EUROBANK ERGASIAS S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MARCH 2014

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Company Registration No: 000223001000

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Consolidated Interim Income Statement

	Note	Three months ended 31 March 2014 € million	2013 € million
Net interest income		**367**	270
Net banking fee and commission income		**46**	45
Net insurance income		**9**	11
Income from non banking services		**10**	8
Dividend income		**0**	0
Net trading income		**6**	(4)
Gains less losses from investment securities		**22**	5
Net other operating income		**1**	(0)
Operating income		**461**	335
Operating expenses	10	**(267)**	(240)
Profit from operations before impairments and non recurring income/(expenses)		**194**	95
Impairment losses on loans and advances	11	**(479)**	(417)
Other impairment losses	12	**(40)**	67
Other non recurring income/(expenses)	12	**100**	(17)
Share of results of associated undertakings and joint ventures		**0**	(0)
Profit/(loss) before tax		**(225)**	(272)
Income tax	13	**77**	70
Non recurring tax adjustments	13	**77**	583
Net profit/(loss) for the period from continuing operations		**(71)**	381
Net profit/(loss) for the period from discontinued operations	14	**(132)**	(3)
Net profit/(loss) for the period		**(203)**	378
Net profit/(loss) for the period attributable to non controlling interest		**4**	3
Net profit/(loss) for the period attributable to shareholders		**(207)**	375
		€	€
Earnings/(losses) per share			
-Basic earnings/(losses) per share	9	**(0.04)**	6.68
-Diluted earnings/(losses) per share	9	**(0.04)**	5.47
Earnings/(losses) per share from continuing operations			
-Basic earnings/(losses) per share	9	**(0.01)**	6.73
-Diluted earnings/(losses) per share	9	**(0.01)**	5.51

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

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

Consolidated Interim Balance Sheet

	Note	31 March 2014 € million	31 December 2013 € million
ASSETS			
Cash and balances with central banks		**1,361**	1,986
Loans and advances to banks		**2,444**	2,567
Financial instruments at fair value through profit or loss		**391**	375
Derivative financial instruments		**1,392**	1,264
Loans and advances to customers	15	**44,292**	45,610
Investment securities	16	**18,422**	18,716
Property, plant and equipment		**747**	770
Investment property	17	**712**	728
Intangible assets		**257**	266
Deferred tax asset		**3,207**	3,063
Other assets	19	**2,273**	2,241
Assets of disposal group classified as held for sale	14	**497**	-
Total assets		**75,995**	77,586
LIABILITIES			
Due to central banks	20	**16,290**	16,907
Due to other banks	21	**10,296**	10,192
Derivative financial instruments		**1,706**	1,558
Due to customers	22	**40,526**	41,535
Debt issued and other borrowed funds	23	**517**	789
Other liabilities	24	**1,866**	2,082
Liabilities of disposal group classified as held for sale	14	**251**	-
Total liabilities		**71,452**	73,063
EQUITY			
Ordinary share capital	25	**1,641**	1,641
Share premium	25	**6,669**	6,669
Reserves and retained earnings		**(5,346)**	(5,095)
Preference shares	26	**950**	950
Total equity attributable to shareholders of the Bank		**3,914**	4,165
Preferred securities	27	**77**	77
Non controlling interest	31	**552**	281
Total equity		**4,543**	4,523
Total equity and liabilities		**75,995**	77,586

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

	Three months ended 31 March			
	2014		2013	
	€ million		€ million	
Net profit/(loss) for the period		**(203)**		378
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- net changes in fair value, net of tax	**(3)**		6	
- transfer to net profit, net of tax	**6**	**3**	18	24
Available for sale securities				
- net changes in fair value, net of tax	**21**		2	
- impairment losses on investment securities transfer to net profit, net of tax	**-**		2	
- transfer to net profit, net of tax	**(15)**	**6**	7	11
Foreign currency translation				
- net changes in fair value, net of tax	**(9)**	**(9)**	11	11
Other comprehensive income for the period		**0**		46
Total comprehensive income for the period attributable to:				
Shareholders				
- from continuing operations	**(67)**		420	
- from discontinued operations	**(140)**	**(207)**	(0)	420
Non controlling interest				
- from continuing operations	**4**		4	
- from discontinued operations	**(0)**	**4**	(0)	4
		(203)		424

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

Consolidated Interim Statement of Changes in Equity for the three months ended 31 March 2014

	Total equity attributable to shareholders of the Bank							
	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Preferred securities € million	Non controlling interest € million	Total € million
Balance at 1 January 2013	1,222	1,451	1,212	(6,134)	950	367	277	(655)
Net profit/(loss) for the period	-	-	-	375	-	-	3	378
Other comprehensive income for the period	-	-	45	-	-	-	1	46
Total comprehensive income for the three months ended 31 March 2013	-	-	45	375	-	-	4	424
(Purchase)/sale of preferred securities, net of tax	-	-	-	(3)	-	-	-	(3)
Preferred securities' dividend paid, net of tax	-	-	-	(5)	-	-	-	(5)
Share-based payment:								
- Value of employee services	-	-	(0)	-	-	-	-	(0)
Purchase of treasury shares	(0)	0	-	-	-	-	-	(0)
Sale of treasury shares, net of tax	6	(3)	-	(1)	-	-	-	2
	6	(3)	(0)	(9)	-	-	-	(6)
Balance at 31 March 2013	1,228	1,448	1,257	(5,768)	950	367	281	(237)
Balance at 1 January 2014	**1,641**	**6,669**	**3,658**	**(8,753)**	**950**	**77**	**281**	**4,523**
Net profit/(loss) for the period	-	-	-	(207)	-	-	4	**(203)**
Other comprehensive income for the period	-	-	0	-	-	-	(0)	**0**
Total comprehensive income for the three months ended 31 March 2014	**-**	**-**	**0**	**(207)**	**-**	**-**	**4**	**(203)**
Acquisition/changes in participating interests in subsidiary and associated undertakings (note 31)	-	-	-	(55)	-	-	267	**212**
(Purchase)/sale of treasury shares and preferred securities, net of tax	(0)	(0)	-	11	-	-	-	**11**
Share-based payment:								
- Value of employee services	-	-	(0)	-	-	-	-	**(0)**
	(0)	**(0)**	**(0)**	**(44)**	**-**	**-**	**267**	**223**
Balance at 31 March 2014	**1,641**	**6,669**	**3,658**	**(9,004)**	**950**	**77**	**552**	**4,543**
	Note 25	Note 25			Note 26	Note 27		

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

Consolidated Interim Cash Flow Statement for the three months ended 31 March 2014

	Note	Three months ended 31 March 2014 € million	2013 Adjusted[1] € million
Cash flows from continuing operating activities			
Profit/(loss) before income tax from continuing operations		**(225)**	(272)
Adjustments for :			
Impairment losses on loans and advances		**479**	417
Other impairment losses and provisions		**(61)**	(66)
Depreciation and amortisation		**25**	23
Other (income)/losses on investment securities	29	**(80)**	(22)
(Income)/losses on debt issued		**5**	(17)
Other adjustments		**(3)**	(0)
		140	63
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**212**	(80)
Net (increase)/decrease in financial instruments at fair value through profit or loss		**9**	269
Net (increase)/decrease in loans and advances to banks		**(69)**	1,048
Net (increase)/decrease in loans and advances to customers		**368**	360
Net (increase)/decrease in derivative financial instruments		**17**	16
Net (increase)/decrease in other assets		**(16)**	(99)
Net increase/(decrease) in due to banks		**(484)**	(4,405)
Net increase/(decrease) in due to customers		**(725)**	1,436
Net increase/(decrease) in other liabilities		**(113)**	11
		(801)	(1,444)
Income taxes paid		**(4)**	(2)
Net cash from/(used in) continuing operating activities		**(665)**	(1,383)
Cash flows from continuing investing activities			
Purchases of property, plant and equipment and intangible assets		**(23)**	(16)
Proceeds from sale of property, plant and equipment and intangible assets		**4**	1
(Purchases)/sales and redemptions of investment securities		**314**	1,242
Acquisition of subsidiary undertakings, net of cash acquired		**-**	(0)
Deemed disposal of subsidiary		**20**	-
Dividends from investment securities, associated undertakings and joint ventures		**0**	0
Net cash from/(used in) continuing investing activities		**315**	1,227
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt issued and other borrowed funds		**(277)**	(405)
Preferred securities' dividend paid		**-**	(7)
(Purchase)/sale of treasury shares		**0**	2
Net contributions by non controlling interest		**192**	-
Net cash from/(used in) continuing financing activities		**(85)**	(410)
Effect of exchange rate changes on cash and cash equivalents		**(0)**	4
Net increase/(decrease) in cash and cash equivalents from continuing operations		**(435)**	(562)
Net cash flows from discontinued operating activities		**20**	(14)
Net cash flows from discontinued investing activities		**(22)**	0
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**(2)**	(14)
Cash and cash equivalents at beginning of period	29	**1,951**	2,214
Cash and cash equivalents at end of period	29	**1,514**	1,638

[1] *Comparative information has been adjusted due to the adoption of indirect method on the presentation of operating cash flows.*

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

1. General information

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 May 2014.

2. Basis of preparation of condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and they should be read in conjunction with the Group's published consolidated annual financial statements for the year ended 31 December 2013. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

Going concern considerations

The financial statements have been prepared on a going concern basis. The Board of Directors has taken into consideration the following factors:

(a) the material economic and market risks and uncertainties that impact the Greek Banking system. The main risks stem from the domestic macroeconomic and political environment, the impact of the significant fiscal adjustment efforts on the Greek economy and the implementation of the structural reforms agenda. The significant progress made to date could be compromised by new delays in official financing, as well as implementation risks, political instability, reform fatigue in Greece and external shocks from the global economy. The restoration of confidence, the attraction of new investments and the revival of economic growth remain key challenges for the Greek economy. On the other hand, as Greece has taken effective action towards fiscal consolidation, has made progress in the budgetary area and with reforms in other key sectors of the economy, upside potential also exists. Particularly if, privatization efforts, associated with the rapid improvement of the investment climate and the restoration of confidence show resilience and are accompanied by sustained strong policy implementation. The recent interest expressed from international investors for the Greek banks’ share capital increases and the corporate bond issuance, constitute together with the decline on 10Yr-bond spreads early signs of improved confidence. The recent quarterly GDP data provided by the Greek statistical authority point towards a narrowing of the recession, at -1.1% of GDP in the first quarter of 2014 from -6.0% in the first quarter of 2013. Continuation of the recession could adversely affect the region and could lead to lower pre-provision profitability, deterioration of asset quality and reduction of deposits. These conditions may impair the Group's capital adequacy position over the foreseeable future.

(b) the reliance on Eurosystem financing facilities, although it is persistently decreasing, is an ongoing liquidity challenge for the Group. At 23 May 2014 the Group’s borrowing from Eurosystem was below € 13 bn (31 Dec 2013: € 16.9 bn).

(c) the ECB comprehensive assessment of eurozone’s most significant banks currently carried out jointly with the respective national competent authorities (NCAs) and EBA, which may lead to different capital needs for the Bank, despite the fact that the methodology and benchmark capital thresholds used by the BoG in the recently concluded capital needs exercise were aligned, to the extent possible, to ECB’s envisaged approach (based on publicly available information as of February 2014).

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

(i) as at 31 March 2014, the Common Equity Tier I ratio (proforma with the completion of the share capital increase and the implementation of Basel II IRB credit risk methodology to NHPB’s mortgage portfolio) stands at 17.7%, well above the statutory limit (note 7);

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

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

(iv) the Group’s continued access to Eurosystem funding (ECB and ELA liquidity facilities) over the foreseeable future.

3. Principal accounting policies

The accounting policies and methods of computation in these condensed consolidated interim financial statements are consistent with those in the published consolidated annual financial statements for the year ended 31 December 2013, except as described below.

New standards and interpretations adopted by the Group

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

IAS 27, Amendment - Separate Financial Statements

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

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

IAS 28, Amendment - Investments in Associates and Joint Ventures

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

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

IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities

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

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

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

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

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

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

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

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

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

IFRS 10, Consolidated Financial Statements

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

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

IFRS 11, Joint Arrangements

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

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

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

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

IFRS 10, 11 and 12 Amendments - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
The amendments clarify the transition guidance in IFRS 10 and provide additional transition relief in IFRS 10, 11 and 12, requiring adjusted comparative information to be limited only to the preceding comparative period. In addition, for disclosures related to unconsolidated structured entities, the requirement to present comparative information for periods before IFRS 12 is first applied, is removed.
The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IFRS 10, 12 and IAS 27 Amendments - Investment Entities
The amendments require that 'investment entities', as defined below, account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss. The only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. Under the amendments an 'Investment entity' is an entity that:
(a) obtains funds from one or more investors for the purpose of providing those investors with investment management services;
(b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) measures and evaluates the performance of substantially all of its investments on a fair value basis.
The amendments also set out disclosure requirements for investment entities.
The adoption of the amendments had no impact on the Group's condensed consolidated interim financial statements.

4. Critical accounting estimates and judgments in applying accounting policies

In preparing these condensed consolidated interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published consolidated annual financial statements for the year ended 31 December 2013.

5. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008, as amended by Laws 3844/2010, 3845/2010, 3872/2010, 3965/2011, 4021/2011 and 4093/2012 and extended by a Ministerial decision issued on 24 January 2014, as follows:

(a) First stream - preference shares
345,500,000 non-voting preference shares with nominal value of € 950 million were subscribed to by the Hellenic Republic on 21 May 2009 (note 26).

(b) Second stream - bonds guaranteed by the Hellenic Republic
As at 31 March 2014, the government guaranteed bonds, of face value of € 13,932 million, were fully retained by the Bank and its subsidiaries (note 23).

(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 31 March 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 31 March 2014, the total carrying value of Greek sovereign major exposures amounted to € 6,316 million (31 December 2013: € 6,473 million). This includes a) Treasury Bills of € 2,884 million (31 December 2013: € 3,164 million), b) GGBs of € 1,223 million issued for the Greek State's subscription to the Preference Shares issued under Law 3723/2008 "Greek Economy Liquidity Support Program" (31 December 2013: € 1,197 million). These GGBs were repaid in full in May 2014, c) other non PSI+ exchanged GGBs of € 871 million (31 December 2013: € 859 million), d) derivatives with the Greek State of € 745 million (31 December 2013: € 634 million), e) exposure of € 198 million relating with Greek Sovereign risk financial guarantee (31 December 2013: € 195 million), f) loans guaranteed by the Greek State of € 242 million (31 December 2013: € 238 million), g) loans to Greek local authorities and public organizations of € 101 million (31 December 2013: € 137 million), h) nGGBs of € 9 million included in trading portfolio (31 December 2013: € 9 million) and i) other receivables of € 43 million (31 December 2013: € 40 million).

7. Capital management

Eurobank's share capital increase and capital management

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

On 14 November 2013, the Bank announced the initiation of the process to raise approximately € 2 bn through a capital increase. On 14 January 2014, the Bank and HFSF announced that the transaction timetable will be adjusted to allow for the finalization of the assessment of forward looking capital needs of the Greek banking sector and the new recapitalization framework.

The capital needs of the Group were reassessed by the 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, to the extent possible, aligned to the envisaged approach of the recently commenced European Central Bank (ECB) Comprehensive Assessment. The capital needs were estimated using a minimum Core Tier I threshold of 8% for the baseline scenario and 5.5% for the adverse scenario, while the regulatory value of the deferred tax asset was limited to 20% of Core Tier I. On 8 April 2014, the BoG following a) the assessment of Eurobank's capital needs amounting to € 2,945 million under the baseline scenario, concluded on 6 March 2014 and b) the capital enhancement plan submitted by the Bank on 24 March 2014, whereby the Bank: i) revised its capital actions providing for an additional positive impact on regulatory capital of € 81 million and proposed to adjust the restructuring plan accordingly and ii) stated that it intends to cover the remaining capital needs through a share capital increase, notified the Bank that its Core Tier I capital should increase by € 2,864 million.

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

(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 will 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. The proceeds will be used to increase the Tier I Capital according to 8 April 2014 resolution of the BoG.

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. The new shares have been listed on the main market of the Athens Exchange and their trading commenced on 9 May 2014. The successful completion of the Bank's capital increase constitutes a step towards further strengthening its capital position and enhances its ability to support the Greek economy.

Capital position

	Pro-forma[(1),(3)] 31 March 2014 € million	31 March 2014 [(3)] € million	Pro-forma[(2)] 31 December 2013 € million
Total equity attributable to shareholders of the Bank	**6,669**	**3,914**	4,165
Add: Regulatory non-controlling interest	**438**	**438**	415
Less: Goodwill	**(23)**	**(23)**	(116)
Less: Other adjustments	**(342)**	**(543)**	(281)
Common Equity Tier I Capital/Core Tier I Capital for 2013	**6,742**	**3,786**	4,183
Add: Preferred securities	**-**	**-**	77
Total Tier I Capital	**6,742**	**3,786**	4,260
Tier II capital-subordinated debt	**275**	**275**	267
Less: Other adjustments	**(74)**	**(136)**	(9)
Total Regulatory Capital	**6,943**	**3,925**	4,518
Risk Weighted Assets	**38,072**	**38,151**	37,166
Ratios:	%	%	%
Common Equity Tier I/Core Tier I for 2013	**17.7**	**9.9**	11.3
Tier I	**17.7**	**9.9**	11.5
Capital Adequacy Ratio	**18.2**	**10.3**	12.2

[(1)] pro-forma with the completion of share capital increase, net of expenses and the implementation of Basel II IRB credit risk methodology to NHPB's mortgage portfolio.
[(2)] pro-forma with the completion of transaction with Fairfax Financial Holdings Limited and the implementation of Basel II IRB credit risk methodology to NHPB's mortgage portfolio.
[(3)] estimated figures, based on CRD IV Regulation 2013/575/EU.

The Group has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the European Union and the Bank of Greece in supervising the Bank. As of 1 January 2014 the capital adequacy calculation is based on Basel III (CRDIV) rules. Main differences of the new framework compared to Basel II concern the treatment of deferred tax asset, minorities and participation in insurance companies.

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

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

Restructuring plan

Following the completion of the Bank's recapitalization process by HFSF in the second quarter 2013, the European Commission has asked that the Greek banks' plans, are revisited and resubmitted for approval. These plans should cover a period until end 2018. On 29 April 2014, the European Commission approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. The Hellenic Republic has committed that the Bank will implement in particular specific measures and actions and will achieve objectives which are integral part of said restructuring plan.

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

Monitoring Trustee

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

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

8. Segment information

Management has determined the operating segments based on the internal reports reviewed by the Executive Board that are used to allocate resources and to assess their performance in order to make strategic decisions. The Executive Board considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business in Greece and other countries in Europe (International). Greece is further segregated into retail, wholesale, wealth management, global and capital markets. During the first quarter of 2014, certain NHPB's key functions have already been integrated with those of Eurobank and therefore as of that period, NHPB's operating results, assets and liabilities have been incorporated into and presented within the other Group segments in Greece. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

The Group is organized in the following reportable segments:

- Retail: incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate: incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities.
- Wealth Management: incorporating private banking services, including total wealth management, to medium and high net worth individuals, insurance, mutual fund and investment savings products, and institutional asset management.
- Global and Capital Markets: incorporating investment banking services including corporate finance, merger and acquisitions advice, custody, equity brokerage, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialised financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- International: incorporating operations in Romania, Bulgaria, Serbia, Cyprus, Ukraine and Luxembourg.

Other operations of the Group comprise mainly investing activities, including property management and investment and the management of unallocated capital.

The Group's management reporting is based on International Financial Reporting Standards (IFRS). The accounting policies of the Group's operating segments are the same with those described in the principal accounting policies.

Revenues from transactions between business segments are allocated on a mutually agreed basis at rates that approximate market prices.

Operating segments

	31 March 2014						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	122	86	12	44	99	4	367
Net commission income	6	17	7	(4)	20	(0)	46
Other net revenue	0	(0)	19	10	15	4	48
Total external revenue	128	103	38	50	134	8	461
Inter-segment revenue	19	5	(14)	(6)	0	(4)	-
Total revenue	147	108	24	44	134	4	461
Operating expenses	(121)	(25)	(14)	(22)	(72)	(13)	(267)
Impairment losses on loans and advances	(271)	(150)	(1)	(0)	(57)	(0)	(479)
Profit/(loss) before tax from continuing operations before one-offs	(245)	(67)	9	22	5	(9)	(285)
One-offs (note 12)	-	(10)	-	-	(30)	100	60
Profit/(loss) before tax from continuing operations(1)	(245)	(77)	9	22	(25)	91	(225)
Profit/(loss) before tax from discontinued operations	-	-	-	-	(77)	(70)	(147)
Non controlling interest	-	-	-	-	0	(4)	(4)
Profit/(loss) before tax attributable to shareholders, after one-offs	(245)	(77)	9	22	(102)	17	(376)
Profit/(loss) before tax attributable to shareholders, before one-offs	(245)	(67)	9	22	(72)	(83)	(436)
Segment assets	25,162	12,959	1,458	12,360	12,600	11,456	75,995
Segment liabilities	23,930	2,732	4,476	28,795	10,958	561	71,452

The International segment is further analysed as follows:

	31 March 2014						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	32	30	19	14	-	4	99
Net commission income	6	6	3	4	-	1	20
Other net revenue	14	1	0	0	-	0	15
Total external revenue	52	37	22	18	-	5	134
Inter-segment revenue	0	0	0	0		0	0
Total revenue	52	37	22	18	-	5	134
Operating expenses	(31)	(21)	(12)	(6)	-	(2)	(72)
Impairment losses on loans and advances	(25)	(19)	(9)	(4)	-	0	(57)
Profit/(loss) before tax from continuing operations before one-offs	(4)	(3)	1	8	-	3	5
One-offs (note 12)	(12)	(18)	-	-	-	-	(30)
Profit/(loss) before tax from continuing operations(1)	(16)	(21)	1	8	-	3	(25)
Profit/(loss) before tax from discontinued operations	-	-	-	-	(77)	-	(77)
Non controlling interest	0	0	0	-	-	-	0
Profit/(loss) before tax attributable to shareholders, after one-offs	(16)	(21)	1	8	(77)	3	(102)
Profit before tax attributable to shareholders, before one-offs	(4)	(3)	1	8	(77)	3	(72)

	31 March 2014						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	International € million
Segment assets(2)	3,715	2,976	1,542	3,021	497	1,056	12,600
Segment liabilities(2)	3,312	2,612	1,130	2,617	491	833	10,958

	31 March 2013						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	151	101	13	(62)	88	(21)	270
Net commission income	7	16	6	(7)	23	(0)	45
Other net revenue	0	0	12	(18)	11	15	20
External revenue	158	117	31	(87)	122	(6)	335
Inter-segment revenue	20	6	(15)	(8)	0	(3)	-
Total revenue	178	123	16	(95)	122	(9)	335
Operating expenses	(108)	(27)	(13)	(16)	(76)	0	(240)
Impairment losses on loans and advances	(250)	(124)	(2)	0	(41)	0	(417)
Profit/(loss) before tax from continuing operations before one-offs	(180)	(28)	1	(111)	5	(9)	(322)
One-offs (note 12)	-	(5)	-	72	-	(17)	50
Profit/(loss) before tax from continuing operations	(180)	(33)	1	(39)	5	(26)	(272)
Profit/(loss) before tax from discontinued operations	-	-	-	-	(3)	0	(3)
Non controlling interest	-	-	0	-	(0)	(3)	(3)
Profit/(loss) before tax attributable to shareholders, after one-offs	(180)	(33)	1	(39)	2	(29)	(278)
Profit/(loss) before tax attributable to shareholders, before one-offs	(180)	(28)	1	(111)	2	(12)	(328)

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

	31 March 2013						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	34	26	12	11	-	5	88
Net commission income	7	7	3	4	-	2	23
Other net revenue	10	0	1	0	-	0	11
Total external revenue	51	33	16	15	-	7	122
Inter-segment revenue	0	0	0	0	-	(0)	-
Total revenue	51	33	16	15	-	7	122
Operating expenses	(34)	(21)	(13)	(6)	-	(2)	(76)
Impairment losses on loans and advances	(18)	(15)	(5)	(3)	-	0	(41)
Profit/(loss) before tax from continuing operations[1]	(1)	(3)	(2)	6	-	5	5
Profit/(loss) before tax from discontinued operations	-	-	-	-	(3)	-	(3)
Non controlling interest	(0)	(0)	(0)	-	-	-	(0)
Profit/(loss) before tax attributable to shareholders	(1)	(3)	(2)	6	(3)	5	2

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

[(1)] *Income/(loss) from associated undertakings and joint ventures is included.*
[(2)] *Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.*

9. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Group has two categories of potentially dilutive ordinary shares: share options and convertible, subject to certain conditions, preferred securities (Series D). In order to adjust the weighted average number of shares for the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Bank's shares for the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is added to the weighted average number of ordinary shares in issue in order to determine the weighted average number of ordinary shares used for the calculation of the diluted earnings per share.

		Three months ended 31 March	
		2014	2013
Net profit/(loss) for the period attributable to ordinary shareholders (after deducting dividend attributable to preferred securities holders and after including gains/(losses) on preferred securities)	*€ million*	**(207)**	368
Net profit/(loss) for the period from continuing operations (after deducting dividend attributable to preferred securities holders and after including gains/(losses) on preferred securities)	*€ million*	**(75)**	371
Weighted average number of ordinary shares in issue	*Number of shares*	***5,469,002,993***	*55,157,915*
Weighted average number of ordinary shares in issue for diluted earnings/(losses) per share	*Number of shares*	***5,469,002,993***	*68,178,185*
Earnings/(losses) per share			
- Basic earnings/(losses) per share	€	**(0.04)**	6.68
- Diluted earnings/(losses) per share	€	**(0.04)**	5.47
Earnings/(losses) per share from continuing operations			
- Basic earnings/(losses) per share	€	**(0.01)**	6.73
- Diluted earnings/(losses) per share	€	**(0.01)**	5.51

Basic and diluted losses per share from discontinued operations for the period ended 31 March 2014 amounted to € 0.02 (March 2013: € 0.05 losses).

Basic and diluted losses per share for the period ended 31 March 2013 have been adjusted taking into account the reverse split of the ordinary shares at a ratio of 10 existing shares for a new share in accordance with the decisions of the Extraordinary General Meeting held on 30 April 2013.

Share options did not have an effect on the diluted earnings per share, as their exercise price exceeded the average market price of the Bank's shares for the period ended 31 March 2014. The Series D of preferred securities (note 27), were not included in the calculation of diluted earnings per share, as their effect would have been anti-dilutive.

10. Operating expenses

	31 March 2014 € million	31 March 2013 € million
Staff costs	**(147)**	(137)
Administrative expenses	**(80)**	(66)
Depreciation and impairment of property, plant and equipment	**(17)**	(17)
Amortisation of intangible assets	**(8)**	(6)
Operating lease rentals	**(15)**	(14)
Total from continuing operations	**(267)**	(240)
Total from discontinued operations	**(7)**	(9)
Total	**(274)**	(249)

The average number of employees of the Group during the period was 18,630 of which the employees of Ukraine subsidiaries was 855 (March 2013: 17,322 of which the employees of Ukraine subsidiaries was 877). As at 31 March 2014, the number of branches of the Group was 1,098 of which the branches of Ukraine subsidiaries was 54.

11. Impairment allowance for loans and advances to customers

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

	31 March 2014				
	Wholesale € million	Mortgage € million	Consumer [1] € million	Small business € million	Total € million
Balance at 1 January	**2,927**	**1,080**	**2,368**	**1,513**	**7,888**
Impairment loss for the period	**182**	**41**	**126**	**130**	**479**
Allowance for discontinued operations	**(43)**	**(46)**	**(2)**	**(36)**	**(127)**
Recoveries of amounts previously written off	**0**	**0**	**3**	**0**	**3**
Amounts written off	**(6)**	**-**	**(3)**	**(2)**	**(11)**
Unwinding of discount	**(23)**	**(13)**	**(3)**	**(31)**	**(70)**
Foreign exchange differences and other movements	**2**	**(0)**	**(12)**	**(1)**	**(11)**
Balance at 31 March	**3,039**	**1,062**	**2,477**	**1,573**	**8,151**

[1] *Credit cards balances are included*

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

	31 March 2014 € million	31 March 2013 € million
Impairment losses on investment property	**(30)**	-
Reversal of impairment on Greek sovereign exposure	**-**	75
Impairment losses on bonds	**(10)**	(8)
Other impairment losses	**(40)**	67
Reversal of provision for claims in dispute (note 30)	**103**	-
Expenses relating with NBG Voluntary Tender Offer	**-**	(17)
Expenses relating with the acquisition of NHPB and New Proton	**(3)**	-
Other non recurring income/(expenses)	**100**	(17)
Total	**60**	50

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

In the first quarter of 2013, the Group proceeded with the reversal of an impairment loss of € 75 million, which was initially recognized in 2011, for a non-PSI exchanged Greek Government bond, which is expected to be repaid in full, after assessing the following quantitative and qualitative information available till the publication date of the interim financial statements: (a) Greece's credit rating upgrade by international rating agencies such as S&P and Fitch, which reflected the increasing prospects of stabilization and improvement of the Greek economy, (b) the continuous increase in the market value of Greek bonds signalling the consequent improvement of credit spreads, (c) that no credit event occurred since the PSI+ on Greek Government obligations and (d) a series of additional qualitative factors enhancing the prospects for improvement of the Greek economy, such as the activity in Greek corporate bonds market, Greek authorities' planning for Greece's return to international bond markets and the investors' interest for participation in the capital increases of Greek banks in the second quarter of 2013.

13. Income tax and non recurring tax adjustments

	31 March 2014 € million	31 March 2013 € million
Current tax	**(9)**	(9)
Deferred tax	**90**	83
Overseas taxes	**(4)**	(4)
Income tax	**77**	70
Change in nominal tax rates	**-**	596
Reversal of provisions for withholding tax claims	**43**	-
Recognition of DTA following Circular 1143/15.05.2014	**34**	-
Other non recurring tax adjustments	**-**	(13)
Non recurring tax adjustments	**77**	583
Total tax (charge)/income from continuing operations	**154**	653
Total tax (charge)/income from discontinued operations	**15**	(0)
Total	**169**	653

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 are subject to 10% withholding tax. In May 2014, the Ministry of Finance with its Circular 1143/15.05.2014 provided clarifications for the application of tax Law 4172/2013. In particular, with the said Circular, it was clarified that the accumulated losses from shares and derivatives which had been recognised in accordance with the former tax Law 2238/1994 can be utilised for tax purposes (i.e. are added to the Bank's carried forward tax losses). Hence, as at 31 March 2014, the Bank recognised in income statement a one off deferred tax asset of € 34 million.

As at 31 March 2014, following a favorable Supreme Court decision, the Group recognised a non recurring tax income of € 43 million due to reversal of provisions in relation to withholding tax claims against the state.

The Bank has been audited by tax authorities up to 2009, has not been audited for 2010 and has obtained by external auditors unqualified tax certificate for years 2011 and 2012, in accordance with article 82 of Law 2238/1994, while tax audit from external auditors is in progress for 2013.

Greek subsidiaries which are subject to statutory audit by external auditors have obtained unqualified tax certificate for years 2011 and 2012 while tax audit for 2013 is in progress. The open tax years of foreign Group's bank subsidiaries are as follows: (a) Bancpost S.A. (Romania), 2011-2013, (b) Eurobank Cyprus Ltd, 2010-2013, (c) Eurobank Bulgaria A.D. and Eurobank A.D. Beograd (Serbia), 2008-2013, and (d) Eurobank Private Bank Luxembourg S.A., 2009-2013. The remaining of the Group's subsidiaries (including Greek subsidiaries), associates and joint ventures (notes 18 and 19), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 1 to 10 open tax years.

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

The movement on deferred income tax is as follows:

	31 March 2014 € million
Balance at 1 January	**3,055**
Income statement credit/(charge) from continued operations	124
Income statement credit/(charge) from discontinued operations	15
Available for sale investment securities	(5)
Cash flow hedges	(1)
Other	8
Balance at 31 March	**3,196**

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

	31 March 2014 € million
PSI+ tax related losses	**1,245**
Loan impairment	**1,302**
Unused tax losses	**359**
Share capital increase and LME expenses	**46**
Cash flow hedges	**30**
Changes in fair value accounted through the income statement & other temporary differences	**214**
Net deferred income tax	**3,196**

The net deferred income tax is analysed as follows:

	31 March 2014 € million
Deferred income tax asset	**3,207**
Deferred income tax liability (note 24)	**(11)**
Net deferred income tax	**3,196**

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

	31 March 2014 € million
Loan impairment	**63**
Unused tax losses	**27**
Tax deductible PSI+ losses	**(11)**
Change in fair value and other temporary differences	**45**
Deferred income tax (charge)/credit	**124**

As at 31 March 2014, the Group recognized net deferred tax assets amounting to € 3.2 billion as follows:

(a) € 1,245 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;

(b) € 1,302 million refer to temporary differences arising from loan impairment that can be utilised in future periods with no specified time limit and according to current tax legislation of each jurisdiction;

(c) € 359 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2018;

(d) € 291 million refer to other temporary differences the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

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

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

14. Discontinued operations and disposal groups

Disposal of Polish operations

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

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

By the end of March 2014 the Group has received € 814 million in cash, of which € 178 million in February 2014. In April 2014, an agreement was reached with RBI and the Group received an additional amount of € 30 million in settlement of the remaining consideration receivable of € 100 million. Hence, as at 31 March 2014 the gain on the disposal of Polish operations was adjusted with € 70 million losses, before tax (€ 51.8 million losses, after tax), while the relating provision recognized in 2013 based on management's estimates of the final amount of the consideration to be received was released accordingly.

Operations in Ukraine classified as held for sale

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

Following the classification of the disposal group as held for sale, in accordance with IFRS 5, an impairment loss of € 74 million was recognised from measuring the disposal group at the lower of its carrying amount and fair value less costs to sell reflecting the uncertainty in the economic and political conditions in the country, escalating during the first quarter of 2014. The above impairment loss has been allocated to the assets of the disposal group.

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

	Three months ended 31 March	
	2014	2013
	€ million	€ million
Net interest income	5	7
Net banking fee and commission income	1	1
Other income	3	(1)
Operating expenses	(7)	(9)
Impairment and remeasurement losses on loans and advances	(74)	(1)
Profit/(loss) before tax from discontinued operations	(72)	(3)
Income tax from remeasurement	(3)	(0)
Profit/(loss) after tax from discontinued operations	(75)	(3)
Gain/(loss) on disposal before tax	(70)	-
Loss on the remeasurement of non-current assets of disposal group	(5)	-
Income tax	18	-
Net profit/(loss) from discontinued operations	(132)	(3)
Net profit from discontinued operations attributable to non controlling interest	(0)	0
Net Profit/(loss) for the year from discontinued operations attributable to shareholders	(132)	(3)

	31 March 2014
	€ million
Cash and balances with central banks	27
Loans and advances to banks	7
Trading and investment securities	98
Loans and advances to customers	343
Other assets	22
Total assets of disposal group classified as held for sale	497
Due to other banks	44
Due to customers	199
Other liabilities	8
Total liabilities of disposal group classified as held for sale	251
Net Group funding associated with assets held for sale	240
Net assets of disposal group classified as held for sale	6

Cumulative losses related to held for sale operations recognised in other comprehensive income as at 31 March 2014 amounted to € 66 million (31 March 2013: € 42 million).

15. Loans and advances to customers

	31 March 2014 € million	31 December 2013 € million
Wholesale lending	**19,279**	19,748
Mortgage lending	**18,709**	18,980
Consumer lending [1]	**7,147**	7,341
Small business lending	**7,308**	7,429
	52,443	53,498
Less: Impairment allowance (note 11)	**(8,151)**	(7,888)
	44,292	45,610
Included in gross loans and advances are:		
Past due more than 90 days	**16,211**	15,753

[1] *Credit cards balances are included*

16. Investment securities

	31 March 2014 € million	31 December 2013 € million
Available-for-sale investment securities	**2,422**	3,113
Debt securities lending portfolio	**15,256**	14,862
Held-to-maturity investment securities	**744**	741
	18,422	18,716

In 2008 and 2010, in accordance with the amendments to IAS 39, the Group reclassified eligible debt securities from the "Available-for-sale" portfolio to "Debt securities lending" portfolio carried at amortised cost. Interest on the reclassified securities continued to be recognised in interest income using the effective interest rate method. As at 31 March 2014, the carrying amount of the reclassified securities was € 1,098 million. If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 31 March 2014 would have resulted in € 311 million losses net of tax, which would have been recognised in the available-for-sale revaluation reserve.

	31 March 2014			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,097	-	10,097
- Greek government bonds	5	2,089	-	2,094
- Greek government treasury bills	443	2,441	-	2,884
- Other government bonds	1,295	397	321	2,013
- Other issuers	342	232	423	997
	2,085	15,256	744	18,085
Equity securities	337	-	-	337
Total	2,422	15,256	744	18,422

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

17. Investment property

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

	31 March 2014 € million
Cost:	
Balance at 1 January	**779**
Transfers from/to repossessed assets	10
Additions	17
Disposals and write-offs	(5)
Impairments	(30)
Exchange adjustments	(2)
Discontinued	(4)
Balance at 31 March	**765**
Accumulated depreciation:	
Balance at 1 January	**(51)**
Transfers from/to repossessed assets	0
Disposals and write-offs	0
Charge for the year	(2)
Exchange adjustments	0
Discontinued	0
Balance at 31 March	**(53)**
Net book value at 31 March	**712**

18. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 31 March 2014:

Name	Note	Percentage holding	Country of incorporation	Line of business
Be-Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services		98.01	Greece	Business-to-business e-commerce, accounting and tax services
Cloud Hellas S.A.	a	33.95	Greece	Real estate
ERB Insurance Services S.A.		100.00	Greece	Insurance brokerage
Eurobank Asset Management Mutual Fund Mngt Company S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Business Services S.A.		100.00	Greece	Payroll and advisory services
Eurobank Equities S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing S.A.		100.00	Greece	Leasing
Eurobank Factors S.A.		100.00	Greece	Factoring
Eurobank Financial Planning Services S.A.		100.00	Greece	Management of overdue loans
Eurobank Household Lending Services S.A.		100.00	Greece	Promotion/management of household products
Eurobank Properties R.E.I.C.	a	33.95	Greece	Real estate
Eurobank Property Services S.A.		100.00	Greece	Real estate services
Eurobank Remedial Services S.A.		100.00	Greece	Notification to overdue debtors
Eurolife ERB General Insurance S.A.		100.00	Greece	Insurance services
Eurolife ERB Life Insurance S.A.		100.00	Greece	Insurance services
Hellenic Post Credit S.A.		50.00	Greece	Credit card management and other services
Hellenic Postbank - Hellenic Post Mutual Funds Mngt		51.00	Greece	Mutual fund management
T Credit S.A.		100.00	Greece	Vehicle and equipment leasing
T Leasing S.A.		100.00	Greece	Leasing
Eurobank Bulgaria A.D.		99.99	Bulgaria	Banking
Bulgarian Retail Services A.D.		100.00	Bulgaria	Rendering of financial services and credit card management
ERB Auto Leasing E.O.O.D.		100.00	Bulgaria	Vehicle leasing and rental
ERB Property Services Sofia A.D.		80.00	Bulgaria	Real estate services
ERB Leasing E.A.D.		100.00	Bulgaria	Leasing
IMO 03 E.A.D.		100.00	Bulgaria	Real estate services
IMO Central Office E.A.D.		100.00	Bulgaria	Real estate services
IMO Property Investments Sofia E.A.D.		100.00	Bulgaria	Real estate services
IMO Rila E.A.D.		100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
ERB Hellas Funding Ltd		100.00	Channel Islands	Special purpose financing vehicle
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
CEH Balkan Holdings Ltd		100.00	Cyprus	Holding company
Chamia Enterprises Company Ltd		100.00	Cyprus	Special purpose investment vehicle
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
NEU 03 Property Holding Ltd		100.00	Cyprus	Holding company
NEU II Property Holdings Ltd		100.00	Cyprus	Holding company
NEU BG Central Office Ltd	b	100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		100.00	Luxembourg	Fund management
Eurobank Holding (Luxembourg) S.A.		100.00	Luxembourg	Holding company
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company
Bancpost S.A.		99.11	Romania	Banking
Eliade Tower S.A.	a	33.95	Romania	Real estate
ERB IT Shared Services S.A.		100.00	Romania	Informatics data processing
ERB Leasing IFN S.A.		100.00	Romania	Leasing
ERB Retail Services IFN S.A.		100.00	Romania	Credit card management
ERB ROM Consult S.A.		100.00	Romania	Consultancy services
Eurobank Finance S.A.		100.00	Romania	Investment banking
Eurobank Property Services S.A.		80.00	Romania	Real estate services
Eurolife ERB Asigurari De Viata S.A.		100.00	Romania	Insurance services

Name	Note	Percentage holding	Country of incorporation	Line of business
Eurolife ERB Asigurari Generale S.A.		100.00	Romania	Insurance services
IMO Property Investments Bucuresti S.A.		100.00	Romania	Real estate services
IMO-II Property Investments S.A.		100.00	Romania	Real estate services
Retail Development S.A.	a	33.95	Romania	Real estate
Seferco Development S.A.	a	33.95	Romania	Real estate
Eurobank A.D. Beograd		99.98	Serbia	Banking
ERB Asset Fin d.o.o. Beograd		100.00	Serbia	Asset management
ERB Leasing A.D. Beograd		99.99	Serbia	Leasing
ERB Property Services d.o.o. Beograd		80.00	Serbia	Real estate services
IMO Property Investments A.D. Beograd		100.00	Serbia	Real estate services
Reco Real Property A.D.	a	33.95	Serbia	Real estate
EFG Istanbul Holding A.S.		100.00	Turkey	Holding company
Public J.S.C. Universal Bank		99.97	Ukraine	Banking
ERB Property Services Ukraine LLC		100.00	Ukraine	Real estate services
Anaptyxi II Holdings Ltd [(1)]		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi II Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi SME I Holdings Ltd [(1)]		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi SME I Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Andromeda Leasing I Holdings Ltd [(1)]		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Andromeda Leasing I Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Byzantium Finance Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Daneion 2007-1 Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Daneion APC Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Daneion Holdings Ltd [(1)]		-	United Kingdom	Special purpose financing vehicle (SIC 12)
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Karta II Holdings Ltd [(1)]		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Karta II Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion II Mortgage Finance Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion III Holdings Ltd [(1)]		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion III Mortgage Finance Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion IV Holdings Ltd [(1)]		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion IV Mortgage Finance Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion Mortgage Finance Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)

[(1)] *not consolidated due to immateriality*

Note: (i) Enalios Real Estate Development S.A., Global Fund Management S.A., Hotels of Greece S.A., Athens Insurance Brokerage Ltd, Security Services Systems Ltd, Proton Mutual Funds Management Company S.A, are dormant/under liquidation subsidiary undertakings not consolidated due to immateriality.

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

Following the completion of the transaction with Fairfax Financial Holdings Limited (note 31), the Group's ownership interest to Eurobank Properties decreased from 55.94% to 33.95% without loss of control. Therefore, the Group's ownership interest to Cloud Hellas S.A., Greece; Eliade Tower S.A., Retail Development S.A., Seferco Development S.A., Romania; Reco Real Property A.D., Serbia, which are subsidiaries of ERB properties, decreased accordingly without loss of control.

(b) NEU BG Central Office Ltd, Cyprus

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

19. Other assets

	31 March 2014 € million	31 December 2013 € million
Receivable from Deposit Guarantee and Investment Fund	**661**	657
Repossessed properties and relative prepayments	**551**	558
Pledged amount for a Greek sovereign risk financial guarantee	**252**	250
Income tax receivable	**264**	223
Prepaid expenses and accrued income	**64**	67
Investments in associated undertakings and joint ventures	**6**	6
Other assets	**475**	480
	2,273	2,241

As at 31 March 2014, other assets amounting to € 475 million (31 December 2013: € 480 million) mainly consist of receivables from (a) settlement balances with customers, (b) guarantees, (c) public entities, (d) fraudulent and legal cases and (e) insurance and brokerage activity.

The following is a listing of the Group's associated undertakings and joint ventures as at 31 March 2014:

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

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

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

Omega Insurance and Reinsurance Brokers S.A., Greece

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

20. Due to central banks

	31 March 2014 € million	31 December 2013 € million
Secured borrowing from ECB and BoG	**16,290**	16,887
Secured borrowing from other central banks	**-**	20
	16,290	16,907

21. Due to other banks

	31 March 2014 € million	31 December 2013 € million
Secured borrowing from other banks	**9,634**	9,359
Secured borrowing from international financial institutions	**273**	293
Other borrowing from international financial institutions	**190**	225
Interbank takings	**187**	287
Current accounts and settlement balances with banks	**12**	28
	10,296	10,192

22. Due to customers

	31 March 2014 € million	31 December 2013 € million
Term deposits	**24,915**	25,850
Savings and current accounts	**13,603**	13,678
Repurchase agreements	**1,439**	1,408
Unit linked products	**475**	479
Other term products	**94**	120
	40,526	41,535

23. Debt issued and other borrowed funds

	31 March 2014 € million	31 December 2013 € million
Medium-term notes (EMTN)	**43**	288
Subordinated	**215**	206
Securitised	**259**	295
	517	789

Medium-term notes (EMTN)

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

Subordinated (Lower TIER II)

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

Asset Backed Securities

In January 2014, the Group proceeded with the redemption of securitized notes of face value of € 26 million acquired from NHPB, at their carrying amount.

Covered bonds and Government guaranteed bonds

As at 31 March 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 € 13,932 million and € 3,550 million respectively, were fully retained by the Bank and its subsidiaries. In March 2014 the Group proceeded with the redemption of covered bonds of face value of € 250 million.

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

24. Other liabilities

	31 March 2014 € million	31 December 2013 € million
Insurance reserves	**1,182**	1,189
Other provisions	**99**	202
Deferred income and accrued expenses	**87**	79
Initial recognition adjustment of sovereign risk financial guarantee	**54**	55
Settlement balances with customers	**41**	72
Income taxes payable	**39**	59
Standard legal staff retirement indemnity obligations	**28**	27
Deferred tax liability (note 13)	**11**	8
Other liabilities	**325**	391
	1,866	2,082

As at 31 March 2014, other provisions amounting to € 99 million (31 December 2013: € 202 million) consist of amounts for (a) outstanding litigations of € 51 million (31 December 2013: € 154 million) (note 30), (b) letter of guarantees of € 23 million (31 December 2013: € 23 million), (c) operational risk events of € 14 million (31 December 2013: € 14 million), (d) untaken vacation indemnity of € 3 million (31 December 2013: € 4 million) and (e) other provisions of € 8 million (31 December 2013: € 7 million).

As at 31 March 2014, other liabilities amounting to € 325 million (31 December 2013: € 391 million) mainly consist of payables relating with (a) suppliers and creditors, (b) bank checks and remittances, (c) contributions to insurance organisations, (d) duties and other taxes, (e) credit card transactions under settlement and (f) liabilities from insurance activity.

25. Ordinary share capital, share premium and treasury shares

The par value of the Bank's shares is € 0.30 per share (31 December 2013: € 0.30). All shares are fully paid. The movement of ordinary share capital, share premium and treasury shares is as follows:

	Ordinary share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January 2014	**1,641**	**(0)**	**1,641**	**6,669**	**(0)**	**6,669**
Purchase of treasury shares	-	(0)	(0)	-	(0)	(0)
Sale of treasury shares	-	0	0		0	0
Balance at 31 March 2014	**1,641**	**(0)**	**1,641**	**6,669**	**(0)**	**6,669**

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

	Number of shares		
	Issued ordinary shares	Treasury shares	Net
Balance at 1 January 2014	**5,469,166,865**	**(173,600)**	**5,468,993,265**
Purchase of treasury shares	-	(18,100)	(18,100)
Sale of treasury shares	-	99,900	99,900
Balance at 31 March 2014	**5,469,166,865**	**(91,800)**	**5,469,075,065**

Post Balance sheet event

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 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 common shares, of a nominal value of € 0.30 each, at an offer price of not less than the nominal value and the minimum price that the General Council of the HFSF would specify in accordance with Law 3864/2010;

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

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

Pursuant to the aforementioned resolutions of the EGM as well as the 29 April and 6 May 2014 Board resolutions:
(i) the share capital of the Bank is increased by € 2,772 million by issuing 9,238,709,677 new shares, of which 8,314,838,710 were allocated to investors participating in the International Offering and 923,870,967 to investors participating in the Public Offering, with a nominal value of € 0.30 each; and
(ii) The share premium is increased by € 92 million.

Incremental costs directly attributable to the aforementioned capital increase of € 2,864 million amounted to € 109 million.

Treasury shares

Under Law 3756/2009, banks participating in the Government's Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

In the ordinary course of business, subsidiaries of the Group may acquire and dispose of treasury shares.

26. Preference shares

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

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

The preference shares pay a non-cumulative coupon of 10%, subject to meeting minimum capital adequacy requirements, set by Bank of Greece, availability of distributable reserves in accordance with article 44a of Company Law 2190/1920 and the approval of the Annual General Meeting. According to Law 3723/2008, as in force, five years after the issue of the preference shares or earlier subject to the approval of the Bank of Greece, the Bank may redeem the preference shares at their nominal value. In case of non redemption at the expiration of the five year period, the coupon is increased by 2% each year.

Based on the 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.

27. Preferred securities

The outstanding amount of preferred securities issued by the Group through its Special Purpose Entity, ERB Hellas Funding Limited, as at 31 March 2014 is analyzed as follows:

	Series A	Series B	Series C	Series D	Total
	€ million	€ million	€ million	€ million	€ million
At 31 March 2014	**2**	**5**	**49**	**21**	**77**

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

As at 31 March 2014, the Series E of preferred securities amounting to € 59 million were fully retained by the Group.

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

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

28. Fair value of financial assets and liabilities

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

Financial instruments carried at fair value

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

These financial instruments carried at fair value are categorised into the three levels of the fair value hierarchy as at 31 March 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 bond loans.

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

	31 March 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
	€ million	**€ million**	**€ million**	**€ million**
Financial assets measured at fair value:				
Financial instruments held for trading	**183**	**1**	**0**	**184**
Financial instruments designated at fair value through profit or loss	**207**	**-**	**-**	**207**
Derivative financial instruments	**0**	**1,385**	**7**	**1,392**
Available-for-sale investment securities	**2,053**	**97**	**272**	**2,422**
Total financial assets	**2,443**	**1,483**	**279**	**4,205**
Financial liabilities measured at fair value:				
Derivative financial instruments	**1**	**1,705**	**-**	**1,706**
Due to customers:				
- Structured deposits	**-**	**19**	**-**	**19**
- Unit linked products	**218**	**257**	**-**	**475**
Debt issued and other borrowed funds:				
- Structured notes	**-**	**37**	**-**	**37**
Trading liabilities	**5**	**-**	**-**	**5**
Total financial liabilities	**224**	**2,018**	**-**	**2,242**

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

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the period ended 31 March 2014.

Following the management's review of the fair value hierarchy categorisation, the Group transferred during the period ended 31 March 2014 derivative instruments of € 7 million from Level 2 to Level 3, which are valued using valuation techniques, where the CVA calculation is based on unobservable inputs that result in a CVA adjustment significant to the entire fair value of the derivative.

Reconciliation of Level 3 fair value measurements

	31 March 2014 € million
Balance at 1 January	**280**
Transfers into Level 3	**7**
Transfers out of Level 3	**-**
Total loss for the period included in profit or loss	**(10)**
Total gain for the period included in other comprehensive income	**(0)**
Foreign exchange differences	**2**
Balance at 31 March	**279**

The loss of € 10 million for the period ended 31 March 2014 is presented in line 'Other impairment losses' in the Group's income statement.

Group's valuation processes

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

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

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

Valuation techniques

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Group and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in circumstances, the Group considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Group applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorized as Level 3 in the fair value hierarchy. The main unobservable input used in their valuation is the recovery rate which was within the range of 50% to 60% for the period ended 31 March 2014. A reasonably possible change of 3% in the recovery rate used would not have a significant effect on their fair value measurement.

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

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

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

The fair values of unquoted available-for-sale bond loans are estimated by discounting the future cash flows, over the time period they are expected to be recovered, including the realisation of any collateral held. In valuing these loans, the Group makes assumptions on expected recoverable amounts and timing of collateral realisation. The main unobservable input used in their valuation is the recovery rate which on average was 50% for the period ended 31 March 2014. A reasonably possible change of 3% in the recovery rate used would not have a significant effect on their fair value measurement.

Financial instruments not carried at fair value

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

	31 March 2014	
	Carrying amount € million	**Fair value € million**
Financial assets		
Loans and advances to customers	**44,292**	**44,500**
Investment securities		
- Debt securities lending portfolio	**15,256**	**14,862**
- Held-to-maturity securities	**744**	**711**
Financial liabilities		
Debt issued and other borrowed funds	**479**	**371**

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

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

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 Group makes assumptions on expected prepayments, product spreads and timing of collateral realisation. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate.

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

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

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

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

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

	31 March 2014 € million	31 December 2013 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**641**	1,021
Loans and advances to banks	**768**	875
Financial instruments at fair value through profit or loss	**105**	55
	1,514	1,951

As at 31 March 2014, an amount of € 51 million, included above, is presented within 'Assets of disposal group classified as held for sale'.

Certain adjustments presented in operating activities are analysed as follows:

Other (income)/losses on investment securities:

	31 March 2014 € million	31 March 2013 € million
Amortisation of premiums/discounts and accrued interest	**(59)**	(23)
(Gains)/losses from sale	**(21)**	1
Dividends	**(0)**	(0)
	(80)	(22)

30. Contingent liabilities and other commitments

	31 March 2014 € million	31 December 2013 € million
Guarantees and standby letters of credit	**655**	679
Other guarantees and commitments to extend credit	**985**	1,007
Documentary credits	**35**	62
Capital expenditure	**15**	8
	1,690	1,756

Legal Proceedings

As at 31 March 2014, there were a number of legal proceedings outstanding against the Group for which a provision of € 51 million was recorded (31 December 2013: € 154 million). As at 31 March 2014, the Group proceeded with the release of the provision of € 103 million, recognized in 2013 based on the management's estimates of the final amount of the consideration to be received for the disposal of Polish operations (note 14).

31. Other significant and post balance sheet events

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

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

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

Under the basic terms of the agreement:

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

(b) Fairfax undertook to purchase Eurobank’s Rights at an aggregate cash consideration of approximately € 20 million and to exercise the purchased Rights as well as its own Rights, thereby investing approximately € 144 million in the Rights Issue. As a result of the Rights exercise, Fairfax 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 remains above 20%; following which management control will automatically pass to Fairfax and Eurobank will retain customary veto rights depending on the level of its shareholding in Eurobank Properties.

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

The share capital increase of Eurobank Properties was fully covered through the payment in cash and amounted to € 193 million. As a result, on 6 February 2014, 40,260,000 new common shares were issued.

Following the completion of the transaction, the Group's ownership interest to Eurobank Properties decreased from 55.94% to 33.95%. In particular, the Group is deemed to have disposed of a 21.99 % of its interest that was held in Eurobank Properties and its subsidiaries: Cloud Hellas S.A., Greece; Eliade Tower S.A., Retail Development S.A., Seferco Development S.A., Romania; Reco Real Property A.D., Serbia, (“ERB properties group”), without loss of control. Control was retained by the Group by virtue of the agreement with Fairfax, which as described in point (c) above, provided the Group with the ability to direct the significant activities of Eurobank Properties. Hence, the transaction was recorded as an equity transaction with non-controlling interests which were increased by € 267 million. The effect of the transaction on the equity attributable to shareholders of the Bank and the regulatory capital is summarised as follows:

	31 March 2014 € million
Carrying amount of interest in Eurobank properties group disposed of [1]	(267)
Consideration received from non - controlling shareholders[2]	212
Decrease in shareholder's equity	**(55)**
Increase in Group's regulatory capital	**157**

[1] Deemed disposal through the aforementioned ERB properties' share capital increase

[2] Consideration is presented net of transaction costs attributable to ERB properties' share capital increase

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

Note 6 - Credit exposure to Greek sovereign debt
Note 7 – Capital management
Note 14 – Discontinued operations.
Note 25 – Ordinary share capital, share premium and treasury shares
Note 32 – Related parties

32. Related parties

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

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

The Group regards other Greek Banks significantly influenced by HFSF, within the context of the Greek Banks' recapitalization, as well as the members of key management personnel of HFSF, their close family members and entities controlled or jointly controlled by the above mentioned persons, as related parties.

The Group's transactions with HFSF's related Greek banks are made in the ordinary course of business, are carried out on market terms, are not influenced by the HFSF as the controlling shareholder of the Bank. As at 31 March 2014, the Group's transactions with the Groups of Piraeus Bank, National Bank of Greece and Alpha Bank relate to interbank receivables of € 55.2 million (31 December 2013 € 46.7 million), interbank liabilities nil (31 December 2013 € 9.7 million), an investment securities portfolio of € 38.2 million (31 December 2013 € 42.1 million) and trading portfolio of € 6.5 million (31 December 2013 € 6 million), which is mainly held by our subsidiary Eurobank Equities S.A. in the context of its business.

Other than the aforementioned transactions with HFSF related Greek banks, a number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. These include loans, deposits and guarantees. In addition, as part of its normal course of business in investment banking activities, the Group at times may hold positions in debt and equity instruments of related parties.

The outstanding balances and the said related party transactions and the relating income and expenses are as follows:

	31 March 2014			31 December 2013		
	Key management personnel (KMP)[(1)] € million	**Entities controlled or jointly controlled by KMP, associates & joint ventures € million**	**HFSF € million**	Key management personnel (KMP)[(1)] € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million
Loans and advances to customers net of provision [(2)]	**3**	**16**	**0**	3	16	0
Other assets [(3)]	**0**	**-**	**2**	0	-	2
Due to customers	**6**	**8**	**0**	7	8	0
Other liabilities	**1**	**-**	**-**	1	-	-
Guarantees received	**0**	**-**	**-**	0	-	-
	three months ended 31 March 2014			three months ended 31 March 2013		
Net interest income	**(0)**	**-**	**-**	0	(0)	-
Net banking fee and commission income	**0**	**-**	**-**	0	0	-
Other operating income/(expense)	**(0)**	**(0)**	**-**	(0)	(0)	-

[(1)]Key management personnel includes directors and key management personnel of the Group and its controlling shareholder and their close family members. As at 31 March 2014, the outstanding balances of the transactions with key management personnel and the relating income and expenses of HFSF are immaterial.

[(2)]Including an impairment allowance of € 8.5 million against loans balances with a Group's joint venture.

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

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 1.3 million (31 March 2013: € 1.6 million) and long-term employee benefits (excluding share-based payments) of € 0.14 million (31 March 2013: € 0.1 million). Additionally, income of € 0.13 million relating with forfeited share options has been recognized in income statement as at 31 March 2014 (31 March 2013: € 0.15 million).

Post Balance Sheet event

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

Accordingly, the members of key management personnel of HFSF, their close family members and entities controlled or jointly controlled by the above mentioned persons continue being regarded as related parties to the Group, whereas Greek Banks significantly influenced by HFSF, within the context of the Greek Banks' recapitalization, cease to be regarded as such.

In addition, in the context of the amended HFSF Law, HFSF has undertaken (a) to enter into a new relationship framework agreement with Eurobank similar to that of the other systemic banks and (b) not to sell any shares that it holds in Eurobank for a period of 6 months after the offering.

33. Dividends

Final dividends are not accounted for until they have been ratified by the Annual General Meeting.

Under Law 3756/2009, as amended by Law 3844/2010, and supplemented by Laws 3965/2011, 4063/2012 4144/2013 and 4261/2014, any distribution of profits to ordinary shareholders of the banks participating in the first stream of the Greek Economy Liquidity Support Program for the financial years 2008 to 2013 could only take place in the form of ordinary shares, other than treasury shares. Based on the 2013 results and Law 3723/2008 in combination with article 44a of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted (note 26).

Athens, 28 May 2014

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