EFG Hellas (Cayman Islands) Limited

Annual Report

For the year ended 31 December 2011

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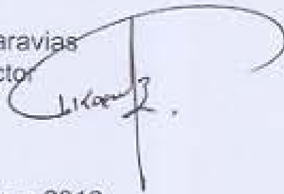
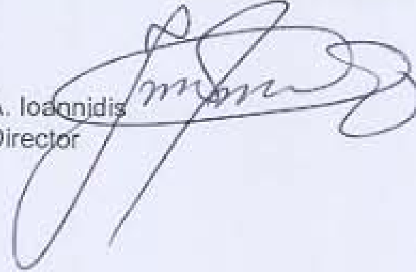
Declaration of the managers responsible for financial reporting

Pursuant to Article 3 of Luxembourg's Transparency Law, the undersigned Fokion Karavias and Anastasios Ioannidis, Directors of EFG Hellas (Cayman Islands) Limited (the "Company" or the "Issuer"), to the best of their knowledge, hereby declare that the annual non statutory financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the IASB, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and that the report of the Directors includes a fair review of the development and performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that it faces.



F. Karavias
Director

15 June 2012



A. Ioannidis
Director

Directors' Report

The directors submit their report and the audited non statutory financial statements of the Company for the year ended 31 December 2011.

a) Business review and principal activities

The Company was incorporated under the laws of the Cayman Islands on 26 April 2002 as an exempted company with limited liability. The Company's registered number is CR-117363 and its registered office Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. It is a wholly-owned subsidiary and financing vehicle of EFG Eurobank Ergasias S.A. (the "Parent Company" or the "Bank") incorporated in Greece.

The Company was incorporated as part of the funding strategy of its Parent Company in order to establish a programme for the issuance of medium term debt instruments (EMTN). The EMTN programme is listed on the Luxembourg Stock Exchange. This programme was last updated in April 2012. The Prospectus of EMTN program is available at the Parent's Company website (see note 15). The outstanding issues of debt instruments are guaranteed by the Parent Company. The net proceeds of each issuance are applied by the Company to meet part of the general financing requirements of the Company's Parent Company and its subsidiaries.

The loss for the year amounted to € 30 ths (2010: € 506 ths). No dividend was paid to shareholders during 2011 (2010: nil).

b) Business environment, strategy and future outlook

The Company's business strategy and activities are linked to those of its Parent Company. The business environment during 2011 and in particular the Greek sovereign debt crisis, have adversely affected the Bank's and the Company's operations, which have been adjusted accordingly in order to be aligned to the prevailing conditions.

In May 2010 the Greek Government entered into an agreement with the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF) (collectively the Official Sector) for a three-year € 110 bn refinancing and restructuring program designed to cover Greece's funding needs until mid-2012. By the end of December 2011, five successive reviews of the implementation of the May 2010 EC/ECB/IMF agreement acknowledged the Greek authorities' achievements, with Greece's primary deficit declining from 10.4% of GDP in 2009 to 2.4% in 2011, and permitted the disbursement of ca € 65bn out of the initial € 110 bn loan. However, the unfavorable global economic environment, the unprecedented austerity measures, and the delayed or fragmentary implementation of a number of agreed structural and fiscal reforms which would have addressed its chronic uncompetitiveness, led the Greek economy to a worse than anticipated recession.

These unfavorable developments necessitated a new funding and restructuring program, agreed with the European Commission, the ECB and the eurozone member-states in the Eurogroup meeting of February 21st 2012. The new program is expected to have a significant beneficial effect on the country's financial position and outlook. This is due to the reduction of public debt and the reduction of its servicing costs from 2012 onwards. The program constitutes a credible opportunity for the Greek economy to remove the uncertainty surrounding it from mid-2010 onwards, ensuring the sustainability of its debt and the stability of the country.

According to the IMF's Report on the 2nd Bailout Program for Greece released in March 2012, Greek GDP is expected to contract by 4.8% in 2012, and there are concerns the recession could be worse. The outlook for 2013 is for stable GDP while positive growth rates are expected from 2014 onwards. The continued rationalization, restructuring and austerity measures are expected to reduce the budget deficit in 2012 to 7.3% of GDP, from an estimated 9.3% of GDP in 2011, and the primary deficit from 2.4% to 1.0% in 2012 and 1.8% surplus in 2013, with most initiatives already underway. The current account deficit excluding energy payments and debt servicing payments, has already been zeroed in 2011. Regarding the outlook for the next 12 months, main risks in Greece stem from the macroeconomic environment, the developments on the eurozone sovereign debt crisis and the success, or otherwise, of the significant fiscal adjustment efforts and their impact on the economy. The progress made to date could be compromised by external shocks from the global economy as well as implementation risks, reform fatigue and political instability in Greece.

The restoration of confidence after the successful implementation of the voluntary debt restructuring program for the private sector (Private Sector Involvement-PSI+), the attraction of new investments and the revival of economic growth remain key challenges of the Greek Economy. Continuation of the recession could adversely affect the region and could lead to lower profitability, deterioration of asset quality and further reduction of deposits.

In this very challenging environment, Eurobank EFG's operations, adjust continuously to the new requirements so as to address effectively the emerging credit, liquidity and macroeconomic risks. The shift towards collateralised lending, self funded growth and the more promising markets has been in place for some time. In addition, the Parent Company continues to reduce its cost base in order to increase the efficiency of operations. It also strengthens collection efforts to maximize loan recoveries by redeploying resources where necessary and implements conservative provisioning policies. Finally, the Parent Company improves continuously the effectiveness of balance sheet management and reinforces its capital and liquidity, undertaking significant strategic initiatives in this direction.

Relevant information relating to the Bank's Going Concern Assessment, Credit exposure to Greek sovereign debt and Recapitalization Process is available in notes 2, 5 and 6 in the 2011 Annual Financial Report of EFG Eurobank Ergasias S.A.

The Directors monitor the progress of the Company by reference to financial and non-financial data available to them on a regular basis. Particular attention is paid to key performance indicators, including net interest margin and the balances of debt instruments outstanding at the reporting date. These are adjusted regularly in line with the requirements of the business and the nature of the monitoring activities. Once the current market conditions and the perspective of Greek sovereign debt improve, the Directors expect the business to continue to develop.

The assessment by the Directors of the Company's ongoing business model is closely associated with the business decisions and operations of the Parent Company. On the basis of the analysis of the Bank's and the Company's capital solvency and liquidity, the support so far of EC/ECB/IMF to the Greek Economy and assuming that (a) the Greek Government fiscal adjustment program will continue to be implemented (b) the recapitalization of the Greek banking system will be promptly and successfully completed and (c) the ECB and Bank of Greece funding will continue to be available, the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. The Directors, therefore, consider it is appropriate to prepare the financial statements of the Company on a going concern basis.

c) Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. All of the key business risks affecting the Company, including credit risk, are managed in coordination with the Parent Company, and are set out in Note 2 in the Basis of preparation section and in Note 3 to the non statutory financial statements.

The Company is a finance vehicle whose principal purpose is to raise debt to be deposited with the Parent Company and its financial position will be influenced by the Parent Company's financial condition. The principal risks and uncertainties of the Parent Company for 2011, which include those of the Company, are discussed in the Report of Directors and the notes to the Consolidated Financial Statements included in the 2011 Annual Financial Report of EFG Eurobank Ergasias S.A. Bank, which was signed on 20 April 2012 (available at webside: www.eurobank.gr).

d) Creditor Payment Policy

The Company's policy concerning the payment of its creditors and service providers is to pay in accordance with its contractual and other legal obligations.

e) Directors

The directors of the Company who acted during the year are as follows:

Anastasios Ioannidis
Nicholaos Karamouzis
Fokion Karavias

None of the directors has or had any notifiable interest in the shares of the Company or any member of the EFG Bank European Financial Group.

f) Parent company

The immediate Parent Company is EFG Eurobank Ergasias S.A., incorporated in Greece. The ultimate Parent Company is Private Financial Holdings Limited (PFH), which is owned and controlled indirectly by members of the Latsis family.

g) Directors' responsibilities in relation to the financial statements

The Directors have prepared these non statutory financial statements for the reasons and with the explanations set out in Note 1 to the non statutory financial statements so as to provide a true and fair view of the state of affairs of the Company and of the profit or loss for that period. The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In preparing the non statutory financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

h) Statement as to disclosure of information to auditors

Each director in office at the date of the director's report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

i) Auditors

A resolution to reappoint PricewaterhouseCoopers Greece as auditors to the Company will be proposed at the forthcoming annual general meeting.

By order of the Board

F. Karavias
Director

A. Ioannidis
Director

15 June 2012

Independent auditors' report to the Directors of EFG Hellas (Cayman Islands) Limited in respect of the non-statutory financial statements

Report on the Financial Statements

We have audited the accompanying non-statutory financial statements of EFG Hellas (Cayman Islands) Limited (the "Company") which comprise the balance sheet as at December 31, 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-statutory financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-statutory financial statements based on our audit. This report, including the opinion, has been prepared for and only for the directors for management purposes in accordance with our engagement letter dated December 19, 2011 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other person to whom this report is shown or into whose hands it may came including without limitation under any contractual obligations of the Company, save where expressly agreed by our prior consent in writing.

Notwithstanding the foregoing, we agree the Audit Report, may be:

1. Laid by the Directors before the shareholders, as a body, at the annual general meeting of the Company for information purposes; and
2. Published by the Directors in a member state of the European Union in accordance with Article 28(B) (8), Chapter XII of the Rules and Regulations of the Luxembourg Stock Exchange.

Notwithstanding (1) and (2) above, we do not assume or accept any responsibility or liability to any individual shareholders of the Company, to any holders of the debt securities issued by the Company or to any other person to whom the Audit Report is shown or into whose hands it may come.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers system of internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter – Going Concern

Without qualifying our opinion, we draw attention to the disclosures made in notes 2 and 3 regarding the Company's ability to continue as a going concern. This includes reference to the impact of the impairment losses resulting from the Greek sovereign debt restructuring on the Parent Company's (EFG Eurobank Ergasias S.A.) regulatory capital, the planned actions to restore the capital adequacy and the existing political and economic uncertainties that could adversely affect the going concern assumption of the Parent Company and therefore the Company. Along with the other matters as set forth in notes 2 and 3, these conditions indicate the existence of a material uncertainty that may cast significant doubt about the Parent Company's and therefore the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Athens, 15 June 2012

PricewaterhouseCoopers
268 Kifissias Avenue
15 232 Halandri
SOEL Reg. No. 113

Statement of Comprehensive Income

	Note	Year ended 31 December 2011 €'000	2010 €'000
Interest and similar income	5	10,226	19,418
Interest expense and similar charges	6	(10,067)	(19,801)
Net interest income		159	(383)
Net gains/(losses) from financial instruments designated at fair value	7	(0)	(115)
Foreign exchange gains/ (losses)		(122)	79
Operating expenses	8	(67)	(87)
Profit/(loss) before tax		(30)	(506)
Income tax expense	9	-	-
Net profit/(loss) for the year		(30)	(506)
Other comprehensive income		-	-
Total comprehensive income for the year		(30)	(506)

Notes on pages 13 to 26 form an integral part of these financial statements

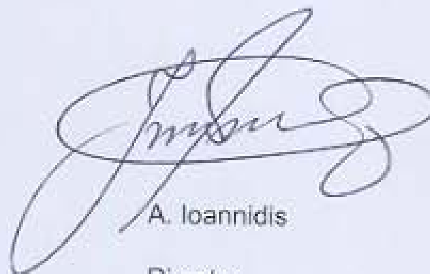
Balance Sheet

	Note	At 31 December 2011 €'000	2010 €'000
Assets			
Deposits with banks	10	170,638	419,158
Derivative financial instruments	11	25,094	23,567
Total assets		195,732	442,725
Liabilities			
Liabilities evidenced by paper at amortised cost	12	-	1,830
Liabilities evidenced by paper designated at fair value	13	177,200	414,526
Derivative financial instruments	11	17,850	25,674
Other liabilities		17	-
Total liabilities		195,067	442,030
Equity			
Share capital	14	16	16
Retained earnings		649	679
Total equity		665	695
Total equity and liabilities		195,732	442,725

The financial statements on pages 9 to 26 were approved by the Board of Directors on 15 June 2012 and were signed on its behalf by:

F. Karavias

Director



A. Ioannidis

Director

Notes on pages 13 to 26 form an integral part of these financial statements

Statement of Changes in Equity for the year ended 31 December 2011

	Share capital €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2010	16	1,185	1,201
Profit/(loss) for the year	-	(506)	(506)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended 31 December 2010	-	(506)	(506)
Balance at 31 December 2010	16	679	695
Balance at 1 January 2011	**16**	**679**	**695**
Profit/(loss) for the year	-	(30)	(30)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended 31 December 2011	-	(30)	(30)
Balance at 31 December 2011	**16**	**649**	**665**

Notes on pages 13 to 26 form an integral part of these financial statements

Cash Flow Statement for the year ended 31 December 2011

	Note	Year ended 31 December 2011 €'000	2010 €'000
Cash flows from operating activities			
Interest received		15,826	22,289
Interest paid		(14,575)	(19,030)
Cash payments to suppliers		(67)	(87)
Cash flows from operating activities before changes in operating assets and liabilities		1,184	3,172
Changes in operating assets and liabilities			
Net (increase)/decrease in deposits with banks		95,085	301,684
Net increase/(decrease) in other liabilities		17	-
Net cash from/(used in) operating activities		96,286	304,856
Cash flows from financing activities			
Proceeds from issue of loan notes		56,568	40,331
Repayments of loan notes		(306,372)	(184,741)
Net cash from/(used in) financing activities		(249,804)	(144,410)
Net increase/(decrease) in cash and cash equivalents		(153,518)	160,446
Cash and cash equivalents at beginning of year		174,458	14,012
Cash and cash equivalents at end of year	10	20,940	174,458

Notes on pages 13 to 26 form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2011

1. General information

These non statutory financial statements were prepared solely to assist the Directors in discharging their stewardship obligations and fiduciary responsibilities in respect of the Company and to assist them voluntarily to comply with Article 28(B)(8), Chapter XII of the Rules and Regulations of the Luxembourg Stock Exchange.

EFG Hellas (Cayman Islands) Limited (the "Company") is a public limited company. The Company is a subsidiary of EFG Eurobank Ergasias S.A. (the "Parent Company" or the "Bank"). EFG Hellas (Cayman Islands) Limited is a finance company, whose sole business is raising debt for the Parent Company via medium term notes listed on Luxemburg Stock Exchange, purchased by institutional and private investors. The listed medium term notes outstanding are guaranteed by the Parent Company. EFG Hellas (Cayman Islands) Limited has no employees, or audit committee.

2. Accounting policies

Basis of preparation

The non statutory financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the European Union and in particular with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

Going concern considerations

The financial statements have been prepared on a going concern basis. In making its assessment of the Company's ability to continue as a going concern, the Directors have taken into consideration the impact of the following factors directly related with the Parent Company's operations:

Solvency risk

The Parent Company has incurred substantial impairment losses as a result of the Hellenic Republic's debt restructuring (PSI+). Such losses had a respective impact on the accounting and regulatory capital of the Parent Company as of 31 December 2011, which fell below the minimum capital requirements as determined by the Bank of Greece (BoG).

Bank of Greece is currently in the process of assessing the capital needs of the Parent Company in order to be able to reach the level of Core Tier I capital of 9% at 30 September 2012 and 10% at 30 June 2013. This assessment takes into account, inter alia, the PSI impairment losses, the results of Blackrock's diagnostic review and the Parent Company's business plan which also include certain capital strengthening actions.

HFSF (Hellenic Financial Stability Fund) has already advanced to the Parent Company notes of € 3.97 bn (face value) as an advance payment of its participation in the future share capital increase of the Parent Company. The said advance qualifies as Tier I capital and brings the total Capital Adequacy ratio above the current minimum level of 8%. In the event that capital needs, as eventually determined by BoG, are higher, any remaining capital shortfall following the private investor contribution, would need to be covered by the second tranche of the recapitalization facility which is conditional on the next EC/ECB/IMF review report on the program implementation by the Greek government. The program implementation could be adversely affected by the continuing political instability in Greece following the inconclusive result of the elections for a new government in May.

Liquidity risk

The inability of the Greek banks to gain access to the international capital and money markets and the reduction of deposits due to heightened sovereign risk and deterioration of the Greek economy led to an increased reliance of the Parent Company to Eurosystem financing facilities. These conditions pose a significant ongoing liquidity challenge for the Parent Company and the Greek Banking system in general. The Parent Company expects that the ECB and Bank of Greece facilities will continue to be available, until the normalization of market conditions.

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

2. Accounting policies (continued)

Basis of preparation (continued)

Going concern considerations (continued)

Other economic uncertainties

The continued deterioration of the Greek economy has adversely affected the Parent Company's operations and presents significant risks and challenges for the years ahead. Currently, there are a number of material economic, political and market risks and uncertainties that impact the Greek banking system. The main risks stem from the adverse macroeconomic environment, the developments on the eurozone sovereign debt crisis and the success, or otherwise, of the significant fiscal adjustment efforts and their impact on the Greek economy. The progress made to date could be compromised by external shocks from the global economy as well as implementation risks, reform fatigue and political instability in Greece. The restoration of confidence after the successful implementation of the PSI+ agreement, the attraction of new investments and the revival of economic growth remain the key challenges of the Greek economy.

Continuation of the recession could adversely affect the Parent Company's operations and in particular could lead to lower profitability, deterioration of asset quality and further reduction of deposits. In addition, increased funding cost remains a significant risk, as it is dependent on both the level of sovereign spreads as well as on foreign exchange rate risk, due to the unstable nature of some currencies.

Notwithstanding the conditions and uncertainties mentioned above, the Directors, having considered the mitigating factors set out below, have a reasonable expectation that the recapitalisation of the Parent Company will be promptly and successfully completed and hence are satisfied that the financial statements of the Company can be prepared on a going concern basis:

a) Bank of Greece (BoG) recommendation of 18 April 2012 and 23 May 2012 for the Parent Company's accession to the provisions of article 6 par. 8 and 10 respectively of Law 3864/2010 as amended (Establishment of the Hellenic Financial Stability Fund-HFSF and Recapitalisation of Greek financial institutions),
b) the HFSF's advance contribution of € 3.97 bn, following the relevant application submitted by the Parent Company and the confirmation received by the BoG about the viability and credibility of the Parent Company's business plan, in order to ensure that the Parent Company is sufficiently capitalized to the current minimum level of 8% (Total Capital Adequacy Ratio),
c) the availability of additional recapitalisation funds from the official sector that can support any capital needs on top of the amounts already committed by HFSF,
d) the existence of the comprehensive financial support program of the EC/ECB/IMF (including the € 50 bn recapitalisation facility), aiming to correct Greece's competitiveness gap and restore growth, employment and public debt sustainability and secure the banking system stability,
e) the Greek authorities' commitment to support the banking system and create a viable and well capitalised private banking sector, and
f) the Parent Company's continued access to Eurosystem funding (ECB and ELA liquidity facilities) over the foreseeable future.

The policies set out below have been consistently applied to the years 2010 and 2011. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(a) Amended and new standards and interpretations effective in 2011

- IAS 24, Amendment - Related Party Disclosures
- IAS 32, Amendment - Classification of Rights Issues
- IFRIC 14, Amendment - Prepayments of a Minimum Funding Requirement
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to various Standards that form part of IASB's 2010 Annual Improvement Project

The application of the above mentioned standards and interpretations did not have a material impact on the Company's financial statements for the year ended 31 December 2011.

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

2. Accounting policies (continued)

Basis of preparation (continued)

(b) Standards and interpretations issued but not yet effective

- IAS 1, Amendment - Presentation of Items of Other Comprehensive Income (effective 1 January 2013)
- IAS 12, Amendment - Deferred tax: Recovery of Underlying Assets (effective 1 January 2012, not yet endorsed by EU)
- IAS 19, Amendment - Employee Benefits (effective 1 January 2013)
- IAS 27, Amendment - Separate Financial Statements (effective 1 January 2013, not yet endorsed by EU)
- IAS 28, Amendment - Investments in Associates and Joint Ventures (effective 1 January 2013, not yet endorsed by EU)
- IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014, not yet endorsed by EU)
- IFRS 7, Amendment - Disclosures, Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013, not yet endorsed by EU)
- IFRS 7, Amendment - Disclosures, Transfers of Financial Assets (effective 1 January 2012)
- IFRS 9, Financial Instruments (effective 1 January 2015, not yet endorsed by EU)
- IFRS 9 and IFRS 7, Amendment - Mandatory Effective Date and Transition Disclosures (effective 1 January 2015, not yet endorsed by EU)
- IFRS 10, Consolidated Financial Statements (effective 1 January 2013, not yet endorsed by EU)
- IFRS 11, Joint Arrangements (effective 1 January 2013, not yet endorsed by EU)
- IFRS 12, Disclosure of Interests in Other Entities (effective 1 January 2013, not yet endorsed by EU)
- IFRS 13, Fair Value Measurement (effective 1 January 2013, not yet endorsed by EU)
- Annual Improvements to IFRSs 2009-2011 Cycle (effective 1 January 2013, not yet endorsed by EU)

IFRS 9 is part of IASB's project to replace IAS 39 Financial Instruments which has not been finalized yet and as a result, it is not practicable to quantify its impact. The application of the other above mentioned standards and interpretations is not expected to have a material impact on the Company's financial statements in the period of the initial application.

The non statutory financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets (including derivative instruments) and financial liabilities at fair value through profit or loss. The Company's presentation currency is the Euro ("€") being the functional currency of the Company. Except as indicated, financial information presented in Euros has been rounded to the nearest thousand.

The preparation of non statutory financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

a) *Interest income and expenses*

Interest income and expenses are recognized in the statement of comprehensive income for all interest bearing instruments on an accruals basis, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

2. Accounting policies (continued)

b) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the statement of comprehensive income. Monetary assets and liabilities denominated in foreign currencies have been translated into the functional currency at the market rates of exchange ruling at the balance sheet date and exchange differences are accounted for in the statement of comprehensive income. Translation differences on financial assets and liabilities held at fair value through profit or loss are reported as part of the fair value gain or loss. The paid up share capital denominated in US dollars has been translated into euros on the exchange rate at the date of issue.

c) Financial assets

The Company classifies its financial assets in the following IAS 39 categories: financial assets at fair value through profit or loss and loans and receivables. Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of selling or repurchasing in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments.

The Company designates certain financial assets upon initial recognition as at fair value through profit or loss when any of the following apply:

- it eliminates or significantly reduces measurement or recognition inconsistencies; or
- financial assets share the same risks with financial liabilities and those risks are managed and evaluated on a fair value basis ; or
- structured products containing embedded derivatives that could significantly modify the cash flows of the host contract.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company upon initial recognition designates as at fair value through profit or loss.

Accounting treatment and calculation

Purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Loans originated by the Company are recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

2. Accounting policies (continued)

d) *Impairment of financial assets*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in interest or principal payments
c) the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
-adverse changes in the payment status of borrowers in the group; or
-national or local economic conditions that correlate with defaults on the assets in the group.

e) *Financial liabilities*

The Company classifies its financial liabilities in the following categories: financial liabilities measured at amortized cost and financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss have two sub categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition.

The Company designates financial liabilities at fair value through profit or loss when any of the following apply:

a) it eliminates or significantly reduces measurement or recognition inconsistencies; or
b) financial liabilities share the same risks with financial assets and those risks are managed and evaluated on a fair value basis; or
c) structured products containing embedded derivatives that could significantly modify the cash flows of the host contract.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires.

f) *Cash and cash equivalents*

Cash and cash equivalents include sight accounts and deposits held with banks with original maturities of three months or less.

g) *Derivative financial instruments*

Derivative financial instruments are initially recognized in the balance sheet at fair value on the date on which a derivative contract is entered and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivative financial instrument are recognized immediately in the statement of comprehensive income.

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

2. Accounting policies (continued)

g) Derivative financial instruments (continued)

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Certain derivatives, embedded in other financial instruments, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the statement of comprehensive income.

h) Related party transactions

Related parties include the Parent Company and fellow subsidiaries and directors. Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and on an arm's length basis.

i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made.

j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution on shares is recognized as a deduction in the Company's equity when approved by the Company's shareholders. Interim dividends are recognized as a deduction in the Company's equity when approved by the Directors.

3. Principal risks and uncertainties

The directors are responsible for the overall financial risk approach of the Company. In this regard, the directors coordinate all financial risk management activities closely with the Parent Company's risk managers to ensure that all significant financial risks of the Company are minimised. The directors have a financial risk management programme in place, the main objective of which is minimising such risks, as follows:

a) Credit risk: The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The cash proceeds generated from the EMTN programme are placed on deposits with the Parent Company. Derivative financial instruments are entered into with the Parent Company. The aggregate carrying amount of these advances to the Parent Company and the derivative financial instruments with positive fair values approximates the maximum exposure to credit risk. Financial assets are neither past due nor impaired.

Macroeconomic Environment Uncertainty

As noted in the directors' report and in the basis of preparation section the main risks of the Parent Company stem from the adverse macroeconomic environment, the developments on the eurozone sovereign debt crisis and the success, or otherwise, of the significant fiscal adjustments efforts and their impact on the Greek economy.

Due to the Greek sovereign debt crisis, Greek banks obtained part of their funding through the ECB and the Bank of Greece. As at 31 December 2011, the Parent Company's net funding from these sources totalled € 31 bn (2010: € 20 bn).

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

3. Principal risks and uncertainties (continued)

International Monetary Fund (IMF) in its report, prepared in the context of Request for Extended Fund Facility (9 March 2012), stresses the support of Troika (European Commission, European Central Bank and International Monetary Fund) and the Greek State to the banking system's liquidity and reiterates the need that dependence on the Eurosystem should be extricated gradually and in an orderly fashion. To this end, medium-term funding plans will be updated after the completion of the recapitalisation exercise to ensure that the gradual unwinding of exceptional liquidity support proceeds at a pace consistent with the macroeconomic, fiscal and financial framework.

Funds from recapitalisation, gradual recovery of private sector deposits, as a result of return to a sustainable path, and restoration of market access over the next two or three years (IMF notes that banks are expected to be able to re-access markets before the sovereign, mainly due to their high capitalisation and low sovereign exposures post-recapitalisation), enhanced by the Parent Company's undertaken initiatives to strengthen its liquidity position, establish the conditions for a substantial reduction of Eurosystem exposure in the medium term.

b) Market risk: The Company is exposed into interest rate and currency risk of which the latter is not considered to be significant. The management has a policy of minimising such risks as follows:

- Interest rate risk: The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Interest rate risk is managed either by placing funds to the Parent Company at variable/fixed rates which change on the same basis as the interest rate applied to loan notes or by the use of interest rate swaps. Expected shifts in interest rates do not have a material impact on the net income of the Company.
- Currency risk: The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Currency risk has been eliminated by placing funds on deposits in the same currency as the loan notes issued.

c) Liquidity Risk: The Company is not exposed to liquidity or cash flow risk because the maturity of its assets and liabilities, and the underlying cash flows, are substantially the same. The cash proceeds generated from the EMTN program are placed on deposits with the Parent Company, on the same terms and in the same currency. Any difference for interest rate risk is covered by swaps entered into with the Parent Company.

The amounts disclosed in the table below are the contractual undiscounted cash flows of financial liabilities for the years 2011 and 2010. The cash flows of derivative financial instruments are grouped together with those for the loan notes.

	2011				
	Less than 1 month € 000	1 - 3 months € 000	3 months to 1 year € 000	Over 1 year € 000	Gross nominal inflow/(outflow) € 000
Financial liabilities:					
- Loan notes	2,482	18,080	14,618	144,067	179,247
Other liabilities	-	-	17	-	17
	2,482	18,080	14,635	144,067	179,264

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

3. Principal risks and uncertainties (continued)

	2010				
	Less than 1 month € 000	1 - 3 months € 000	3 months to 1 year € 000	Over 1 year € 000	Gross nominal inflow/(outflow) € 000
Financial liabilities:					
- Loan notes	8,833	165,686	64,289	183,599	422,407
	8,833	165,686	64,289	183,599	422,407

d) Capital risk management: The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt. The Company is not subject to any external capital requirement.

Fair value of financial assets and liabilities

Fair value is the amount for which an asset or liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available, the fair value of financial assets and liabilities is estimated using present value or other estimation and valuation techniques where all significant inputs are observable. These inputs are mainly related to interest rate curves, fx rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers. The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. In addition, the fair values reported, may be materially different from the values actually realized upon sale or settlement.

All financial instruments that are measured at fair value are categorized into one of the three fair value hierarchy levels at year-end; based on whether the inputs to their fair values are market observable.

i) Level 1 - Quoted prices in active markets for identical assets or liabilities. Quoted prices must be readily and regularly available from an exchange or active index/market location and prices must represent actual and regularly occurring market transactions on an arm's length basis.

ii) Level 2 - Financial instruments measured using valuation techniques where all significant inputs are market observable.

iii) Level 3 - Financial instruments measured using valuation techniques with significant non observable inputs.

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

3. Principal risks and uncertainties (continued)

Fair value of financial assets and liabilities (continued)

The classification of the Company's financial assets and liabilities using the fair value hierarchy is presented in the following table:

	2011			
	Quoted prices in active market (Level 1) € 000	Valuation technique observable parameters (Level 2) € 000	Valuation technique non observable parameters (Level 3) € 000	Total
Financial assets measured at fair value:				
Derivative financial instruments	-	25,094	-	25,094
Total financial assets	-	25,094	-	25,094
Financial liabilities measured at fair value:				
Liabilities evidenced by paper designated at fair value	-	177,200	-	177,200
Derivative financial instruments	-	17,850	-	17,850
	-	195,050	-	195,050

	2010			
	Quoted prices in active market (Level 1) € 000	Valuation technique observable parameters (Level 2) € 000	Valuation technique non observable parameters (Level 3) € 000	Total
Financial assets measured at fair value:				
Deposits with banks	-	10,021	-	10,021
Derivative financial instruments	-	23,567	-	23,567
Total financial assets	-	33,588	-	33,588
Financial liabilities measured at fair value:				
Liabilities evidenced by paper designated at fair value	-	414,526	-	414,526
Derivative financial instruments	-	25,674	-	25,674
	-	440,200	-	440,200

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

4. Critical accounting estimates and judgement

In the process of applying the Company's accounting policies, the Company's Directors makes various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognized in the financial statements within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) *Deposits with banks*

The main asset of the Company is deposits with the Parent Company. The Directors' assessment of the recoverability of this asset is closely associated with the operations of the Parent Company and includes reviews of liquidity and solvency.

b) *Fair value of financial instruments*

The fair values of the Company's financial instruments that are not quoted in active markets are obtained from the Parent Company. The Parent Company determines the fair values by using valuation techniques. which are 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. To the extent practicable, models use only observable data (see also note 3).

5. Interest and similar income

	2011 €' 000	2010 €' 000
Interest income on deposits with the Parent Company	4,452	4,830
Interest income on derivative financial instruments	5,774	14,588
	10,226	19,418

6. Interest expense and similar charges

	2011 €' 000	2010 €' 000
Interest expense on liabilities evidenced by paper	5,620	14,988
Interest expense on derivative financial instruments	4,447	4,813
	10,067	19,801

7. Net gains/(losses) from financial instruments designated at fair value

	2011 €' 000	2010 €' 000
Changes in fair value of liabilities evidenced by paper	(21,379)	(17,037)
Changes in fair value of derivative financial instruments managed with liabilities evidenced by paper	11,400	16,746
Changes in fair value of deposits managed with liabilities evidenced by paper	9,979	176
	(0)	(115)

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

8. Operating expenses

	2011 € 000	2010 € 000
Auditors remuneration		
-Audit of the non statutory financial statements of the Company	28	28
EMTN update costs	39	43
Other	-	16
	67	87

9. Income tax expense

The Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, accordingly, has no liability to taxation in the Cayman Islands. In addition, the Company is non-UK resident and therefore not liable to corporation tax in the UK or any other country.

10. Deposits with banks

	2011 € 000	2010 € 000
Deposits with the Parent Company designated at fair value	-	10,021
Deposits with the Parent Company at amortised cost	170,638	409,137
	170,638	419,158
-with original maturity of more than 90 days	149,698	244,700
-with original maturity of less than 90 days (cash and cash equivalents)	20,940	174,458

Deposits with the Parent Company are on a rolling basis and earn interest at a margin above the relevant currency floating or fixed rates payable on loan notes.

11. Derivative financial instruments

Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. The Company's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligations. The Company utilizes interest rate swaps in order to exchange the fixed rates of structured notes for floating rates as set out in note 3. The fair values of derivative instruments held are set out in the following table:

	2011			2010		
	Contract/ notional amount €'000	Fair values Assets €'000	Fair values Liabilities €'000	Contract/ notional amount €'000	Fair values Assets €'000	Fair values Liabilities €'000
Derivatives held for trading -Interest rate swaps	151,684	25,094	17,850	388,417	23,567	25,674
	151,684	25,094	17,850	388,417	23,567	25,674

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

12. Liabilities evidenced by paper at amortised cost

	2011 €' 000	2010 €' 000
Loan notes	-	1,830
	-	1,830

During the year, notes amounting to € 1,830 ths, issued by the Company under its EMTN program, either matured or were redeemed prior to maturity.

13. Liabilities evidenced by paper designated at fair value

	2011 €' 000	2010 €' 000
Loan notes	177,200	414,526
	177,200	414,526

Under the program for issuance of debt instruments, loan notes are unconditionally and irrevocably guaranteed by the Parent Company, on a subordinated or an unsubordinated basis, as specified in the relevant Final Terms.

Certain loan notes issued by the Company have been designated at fair value through profit or loss, because they share the same risks with linked deposits and derivatives and those risks are managed and evaluated on a fair value basis. Especially for those notes that do not contain embedded derivatives, the designation also addresses any arising accounting mismatch that would occur from their measurement at amortized cost while the linked derivatives would be measured at fair value through profit or loss. As part of the risk management strategy, all these notes are managed either by placing funds (deposits) to the Parent Company on the same terms and conditions with the loan notes or by entering into swap transactions The fair value of loan notes is determined using valuation techniques where all significant inputs are market observable.

The Company has not had any defaults on principal, interest or any other breaches with respect to its liabilities during the year.

During the year, notes amounting to € 31,979 ths were issued by the Company under its EMTN program.

During the year, notes amounting to € 221,709 ths, issued by the Company under its EMTN program, matured.

The Company's risk management strategy for financial instruments is covered in note 3.

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

14. Share capital

	2011 Number	2011 US$'000	2010 Number	2010 US$'000
Authorised ordinary shares of US$ 1 each	50,000	50	50,000	50
Authorised preference shares of US$ 100,000 each	1,500	150,000	1,500	150,000
Issued ordinary shares of US$ 1 each	50,000	50	50,000	50
Allotted and paid up 49,999 ordinary shares at US$ 0.30 per ordinary share and 1 ordinary share at US$ 1	50,000	15	50,000	15

The paid up share capital of US$ 15,001 is reflected in the non statutory financial statements as € 16,436 based on the exchange rate at the date of issue.

15. Ultimate parent company and controlling party

The Company's results are included in the consolidated financial statements of EFG Eurobank Ergasias S.A., its immediate parent undertaking, which is incorporated in Greece.

EFG Eurobank Ergasias S.A. is member of the worldwide EFG Group, which consists of credit institutions, financial services and financial holding companies. The operating parent company of EFG Group is European Financial Group EFG (Luxembourg) S.A., whilst its ultimate parent company is Private Financial Holdings Limited (PFH), which is owned and controlled indirectly by members of the Latsis family.

The financial statements of EFG Eurobank Ergasias S.A. are available from its head office: 8 Othonos Street, 105 57 Athens, Greece, and from its website at www.eurobank.gr.

The volume of related party transactions and the outstanding balances at the year end are as follows:

	31 December 2011		31 December 2010	
	Parent Company € 000	Parent Company's subsidiaries € 000	Parent Company € 000	Parent Company's subsidiaries € 000
Deposits with Banks	170,638	-	419,158	-
Derivative financial instruments (assets)	25,094	-	23,567	
Liabilities evidenced by paper at amortised cost	-	-	87	-
Liabilities evidenced by paper designated at fair value	4,515	130,513	8,117	140,276
Derivative financial instruments (liabilities)	17,850	-	25,674	-
Interest and similar income	10,226	-	19,418	-
Interest expense and similar charges	4,447	-	4,813	-

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

15. Ultimate parent company and controlling party (continued)

Emoluments of Directors

The Directors provide services to a number of Group companies for which they are compensated by the Parent Company. Accordingly, these financial statements include no emoluments in respect of any director as it is not practicable to apportion the salary element. The Company employed no staff during the year (2010: nil).

16. Segmental reporting

The Company operates one business segment i.e. providing funding to its immediate Parent Company, EFG Eurobank Ergasias S.A., through floating and fixed rate loan notes issued to a wide range of investors.

17. Post balance sheet events

In February 2012, the Company substituted EFG Hellas PLC, a subsidiary of EFG Eurobank Ergasias S.A., as issuer of Lower Tier II unsecured subordinated notes amounting to € 688,000 (face amount) and invited their holders to tender existing bonds. The Company has repurchased notes amounting to € 327,416 ths (face amount), generating a gain of € 53 million. The face amount of the remaining notes amounts to € 360,584 ths.