ERB Hellas PLC (formerly EFG Hellas PLC)

Annual Report

For the year ended 31 December 2012

Index to the Annual report

Declaration of the managers responsible for financial reporting....................3

Directors' Report....................4

Independent Auditors' Report to the Members of ERB Hellas PLC..............7

Statement of Comprehensive Income....................9

Balance Sheet....................10

Statement of Changes in Equity for the year ended 31 December 2012........11

Cash Flow Statement for the year ended 31 December 2012....................12

Notes to the Financial Statements for the year ended 31 December 2012.....13

Declaration of the managers responsible for financial reporting

Pursuant to Article 3 of Luxembourg's Transparency Law, the undersigned Fokion Karavias, Director of ERB Hellas PLC (the "Company" or the "Issuer"), formerly EFG Hellas PLC, to the best of his knowledge, hereby declares that the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the IASB, as endorsed by the European Union, give a true and fair view of the assets, liabilities, financial position and profit 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

26 June 2013

Directors' Report

The Directors submit their report and the audited financial statements of the Company for the year ended 31 December 2012.

i) Business review and principal activities

The Company is a public limited company with registered number 3798157 and registered office 1st floor, 25 Berkeley Square, London, United Kingdom, W1J 6 HN. The Company's corporate name was amended on 11 October 2012 from "EFG Hellas PLC" to "ERB Hellas PLC", following the General Meeting's special resolution on 4 October 2012.

The Company was incorporated as part of the funding strategy of its Parent Company Eurobank Ergasias S.A. (the "Parent Company" or the "Bank") in order to establish a program for the issuance of medium term debt instruments (EMTN). The EMTN program is listed on the Luxembourg Stock Exchange. This program was last updated in April 2012. The Company has also established a program for the issuance of commercial paper (ECP) that was last updated in May 2009. The Prospectus of EMTN and ECP programs are available at the Parent Company's website (see note 17). The outstanding issues of debt instruments and commercial paper 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 profit for the year amounted to € 1,969 ths (2011: € 3,021 ths). The Board of Directors on 22 October 2012 declared the distribution of an interim dividend of € 3,021 ths (€ 60.42 per share) which was paid on 23 October 2012 (2011: € 4,420 ths, € 88.40 per share).

ii) Business environment, strategy and future outlook

The Company's business strategy and activities are linked to those of its Parent Company. The Greek sovereign debt crisis, which has severely impacted the Greek economy, and the negative consequences from the European debt crisis have adversely affected the Group's operations, 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.

Due to unfavourable developments and implementation issues, the May 2010 programme was abandoned and Greece entered into a new funding and restructuring programme with the EC, the ECB and the eurozone member-states in the Eurogroup meeting of 21 February 2012. The new programme included a new loan funded by the European Financial Stability Facility (EFSF) as well as a structural reforms agenda. The programme aimed at bringing the country's public debt-to-GDP ratio below 120% by 2020.

However, the implementation of the new programme stalled by April 2012 and developments on the public debt front were not encouraging. On the back of these developments, and after the implementation/legislation of a long list of structural reforms and fiscal austerity measures for 2013-16 by the Greek Government, the Eurogroup reached on 26 November 2012 an agreement on a set of new actions for the reduction of Greek public debt to 124% of GDP by 2020 and below 110% of GDP in 2022. The debt path was consistent with debt sustainability levels required by the IMF.

The approval of the above measures by the Parliaments of the eurozone member states and the successful debt-buyback operation, paved the way for the disbursement of € 46.3 bn from the tranche of the EFSF loan approved in the 26 November 2012 Eurogroup meeting.

On 29 April 2013 the Euro Working Group permitted the disbursement of the last tranche € 2.8 bn of the € 49.1 bn and after the Greek government achieved significant progress on the legislation/implementation of the required reforms.

Regarding the outlook for the next 12 months, the main risks stem from the adverse macroeconomic environment in Greece, 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 significant progress made to date could be compromised by external shocks from the global economy as well as implementation risks, political instability and reform fatigue in Greece. The attraction of new investments and the revival of economic growth remain key challenges of the Greek economy.

Directors' Report (continued)

ii) Business environment, strategy and future outlook (continued)

Continuation of the recession could adversely affect the region and could lead to lower profitability and deterioration of asset quality. In addition, increased funding cost remains a significant risk, as it depends on both the level of sovereign spreads as well as on foreign exchange rate risk, due to the unstable nature of some currencies. Relevant information relating to the Parent Company's going concern assessment, credit exposure to Greek sovereign debt and recapitalization process is available in notes 2, 6 and 7 of the Unaudited Condensed Consolidated Interim Financial Statements of Eurobank Ergasias S.A. for 31 March 2013, which was signed on 31 May 2013 (available at website: www.eurobank.gr).

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 key performance indicators 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 successful completion of the Parent Company's recapitalization of € 5,839 million from Hellenic Financial Stability Fund (HFSF), the outcome of Liability Management Exercise (note 19), the support so far of EC/ECB/IMF to the Greek Economy and assuming that (a) the Parent Company, whose Core Tier I Capital at 31 March 2013, according to the new definition set by Bank of Greece, was below 9%, will complete within a reasonable timeframe the additional actions and initiatives scheduled to bring regulatory capital above minimum required (b) the Greek Government fiscal adjustment program will continue to be implemented (c) the ECB and BoG 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.

iii) 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 Note 3 to the 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 2012, which include those of the Company, are discussed in the notes to the Unaudited Condensed Consolidated Interim Financial Statements of Eurobank Ergasias S.A. for 31 March 2013, which was signed on 31 May 2013, as well as, in the Report of Directors and the notes to the Consolidated Financial Statements included in the 2012 Annual Financial Report of Eurobank Ergasias S.A. which was signed on 27 March 2013 (available at website: www.eurobank.gr).

iv) 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.

v) 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.

vi) Parent Company

The Parent Company is Eurobank Ergasias S.A., incorporated in Greece. Parent Company's ownership is analyzed further in note 17.

Directors' Report (continued)

vii) Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the 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 and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

viii) Statement of disclosure of information to auditors

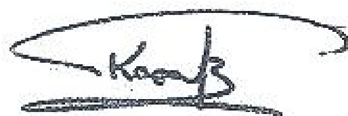
Each director acted during the year and up to the date of the director's report confirms that:

- 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

ix) Independent Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the forthcoming shareholders' Annual General meeting.

By order of the Board



F. Karavias

Director

26 June 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ERB HELLAS PLC

We have audited the financial statements of ERB Hellas PLC for the year ended 31 December 2012 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosure in notes 2 and 3 regarding the Company's ability to continue as a going concern. The recently completed Parent Company's (Eurobank Ergasias S.A.) recapitalisation, the adverse impact in its regulatory capital following the change in the Greek regulatory framework and the existing uncertainties arising from the expected completion of the planned actions to fully restore its capital adequacy 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.

Opinion on other matter prescribed by the Companies Act 2006

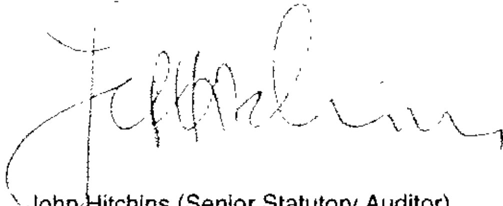
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ERB HELLAS PLC (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Hitchins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 June 2013

Statement of Comprehensive Income

	Note	Year ended 31 December 2012 €'000	2011 €'000
Interest and similar income	5	**85,829**	176,560
Interest expense and similar charges	6	**(83,170)**	(172,215)
Net interest income		**2,659**	4,345
Net gains/(losses) from financial instruments	7	**0**	(0)
Foreign exchange (losses)/gains		**(8)**	27
Operating expenses	8	**(168)**	(262)
Profit before income tax		**2,483**	4,110
Income tax expense	9	**(514)**	(1,089)
Net profit for the year attributable to the owners of the Parent Company		**1,969**	3,021
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the owners of the Parent Company		**1,969**	3,021

The notes on pages 13 to 27 form an integral part of these financial statements

Balance Sheet

	Note	At 31 December 2012 €'000	2011 €'000
Assets			
Deposits with banks	10	**1,307,622**	4,680,189
Derivative financial instruments	11	**18,055**	10,341
Deferred tax asset	15	-	4,390
Total assets		**1,325,677**	4,694,920
Liabilities			
Due to banks	12	**13,780**	1,425
Liabilities evidenced by paper at amortised cost	13	**1,077,909**	4,409,869
Liabilities evidenced by paper designated at fair value	14	**230,386**	267,823
Derivative financial instruments	11	**1,278**	7,742
Income tax payable and other liabilities	15	**321**	5,006
Total liabilities		**1,323,674**	4,691,865
Equity			
Share capital	16	**19**	19
Retained earnings		**1,984**	3,036
Total equity		**2,003**	3,055
Total equity and liabilities		**1,325,677**	4,694,920

The financial statements on pages 9 to 27 were approved by the Board of Directors on 26 June 2013 and were signed on its behalf by:

F. Karavias

Director

The notes on pages 13 to 27 form an integral part of these financial statements

Statement of Changes in Equity for the year ended 31 December 2012

	Share capital €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2011	19	4,435	4,454
Profit for the year	-	3,021	3,021
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended 31 December 2011	-	3,021	3,021
Dividends paid	-	(4,420)	(4,420)
Balance at 31 December 2011	19	3,036	3,055
Balance at 1 January 2012	**19**	**3,036**	**3,055**
Profit for the year	-	1,969	**1,969**
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended 31 December 2012	-	1,969	**1,969**
Dividends paid	-	(3,021)	**(3,021)**
Balance at 31 December 2012	**19**	**1,984**	**2,003**

The notes on pages 13 to 27 form an integral part of these financial statements

Cash Flow Statement for the year ended 31 December 2012

	Note	Year ended 31 December	
		2012 €'000	2011 €'000
Cash flows from operating activities			
Interest received		159,846	186,933
Interest paid		(88,908)	(167,745)
Cash payments to suppliers		(144)	(214)
Income taxes paid		(930)	(2,407)
Cash flows from operating activities before changes in operating assets and liabilities		69,864	16,567
Changes in operating assets and liabilities			
Net (increase)/decrease in deposits with banks		2,935,192	2,607,055
Net (increase)/decrease in other assets		0	12
Net increase/(decrease) in due to banks		12,355	(1,425)
Net increase/(decrease) in other liabilities		97	80
Net cash from/(used in) operating activities		3,017,508	2,622,289
Cash flows from financing activities			
Proceeds from issue of loan notes		0	105,000
Repayments of loan notes		(3,378,497)	(2,397,031)
Net proceeds/(repayments) from commercial paper		(6,685)	(12,636)
Dividends paid		(3,021)	(4,420)
Net cash from/(used in) financing activities		(3,388,203)	(2,309,087)
Net increase/(decrease) in cash and cash equivalents		(370,695)	313,202
Cash and cash equivalents at beginning of year		945,812	632,610
Cash and cash equivalents at end of year	10	575,117	945,812

The notes on pages 13 to 27 form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2012

1. General information

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

The Company's corporate name was amended on 11 October 2012 from "EFG Hellas PLC" to "ERB Hellas PLC", following the General Meeting's special resolution on 4 October 2012 (see note 17).

2. Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as endorsed by the European Union (EU), and in particular with those IFRSs and IFRIC interpretations issued and effective as at the time of preparing these financial statements, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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).

Capital needs of the Parent Company were assessed by BoG at the level of € 5,839 million, in order to be able to achieve the level of Core Tier I capital of 9% throughout the period to end of 2014. 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 includes certain capital strengthening actions.

The Hellenic Financial Stability Fund (HFSF) has already advanced to the Parent Company EFSF notes of total € 5,839 million as advance payment of its participation in the share capital increase of the Parent Company, which qualifies as Tier I capital. The capital increase was certified on 31 May.

On 28 March 2013, the BoG issued an Executive Committee Act (13/28.03.2013) bringing the limit for the Core Tier I capital to 9% of Risk Weighted Assets and for Equity Core Tier I to 6%, effective from 31 March 2013. According to the new definition of Core Tier I capital, AFS reserve is fully recognized, while the deferred tax asset's recognition is limited to 20% of Core Tier I capital. According to the Parent Company's capital adequacy figures at 31 March 2013, and taking into consideration the total level of the share capital increase in the context of recapitalization, the minimum ratio of 9%, pursuant to the new definition, is not met. The Parent Company has examined and is implementing alternative ways of complying with the new regulation, such as the redemption of preferred securities and subordinated debt securities at par with an equivalent increase in the Parent Company's share capital (Liability Management Exercise-LME), which is expected to have a positive impact on its capital and/or its risk weighted assets. The tender period for the repurchase of preferred securities and subordinated debt mentioned above was expired in June 2013 and the total amount accepted was € 317.1 million (see also note 19).

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.

Although the dependence on Eurosystem funding has significantly decreased in the first quarter of 2013, as a result of some limited access to the markets and deposit inflows, these conditions pose a significant ongoing liquidity challenge for the Parent Company and the Greek Banking system in general.

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

2. Accounting policies (continued)

Basis of preparation (continued)

The Parent Company expects that the European Central Bank (ECB) and BoG facilities will continue to be available, until the normalization of market conditions.

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 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 significant progress made to date could be compromised by external shocks from the global economy as well as implementation risks, political instability and reform fatigue in Greece. The attraction of new investments and the revival of economic growth remain key challenges of 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 (as also noted in the latest Troika's progress report on the second macroeconomic adjustment program for Greece), upside risks also exist. Particularly if, first privatisation 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.

Continuation of the recession could adversely affect the Parent Company's operations and could lead to lower profitability, deterioration of asset quality and a further reduction of deposits. In addition, increased funding cost remains a significant risk, as it 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 material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, the Directors, having considered the mitigating factors set out below, the successful completion of the Parent Company's recapitalisation and the outcome of Liability Management Exercise, expect that the Parent Company will complete within a reasonable timeframe the additional actions and initiatives scheduled to bring regulatory capital above minimum required. Hence they are satisfied that the financial statements of the Company can be prepared on a going concern basis:

(a) that the Parent Company continues the implementation of its medium term internal capital generating plan, which includes initiatives generating or releasing Core Tier I capital and/or reducing Risk Weighted Assets, such as the redemption of preferred securities and subordinated debt securities, which is expected to have a positive impact on the Core Tier I ratio,

(b) should they become necessary, 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,

(c) the existence of the comprehensive financial support program of the EC/ECB/IMF (including the € 50 bn recapitalisation facility), aiming to correct Greece competitiveness gap and restore growth, employment and public debt sustainability and secure the banking system's stability,

(d) the Greek authorities' commitment to support the banking system and create a viable and well capitalised private banking sector, and

(e) 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 2012 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 2012 for EU

- IFRS 7, Amendment – Disclosures, Transfers of Financial Assets

The application of the above mentioned standards did not have a material impact on the Company's financial statements for the year ended 31 December 2012.

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

2. Accounting policies (continued)

Basis of preparation (continued)

(b) Standards and interpretations issued but not yet effective for EU

- 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 2013)
- IAS 19, Amendment - Employee Benefits (effective 1 January 2013)
- IAS 27, Amendment - Separate Financial Statements (effective 1 January 2014)
- IAS 28, Amendment - Investments in Associates and Joint Ventures (effective 1 January 2014)
- IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- IAS 36, Amendment - Recoverable Amount Disclosures for Non - Financial Assets (effective 1 January 2014, not yet endorsed by EU)
- IFRS 7, Amendment - Disclosures, Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013)
- 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 2014)
- IFRS 11, Joint Arrangements (effective 1 January 2014)
- IFRS 12, Disclosure of Interests in Other Entities (effective 1 January 2014)
- IFRS 13, Fair Value Measurement (effective 1 January 2013)
- IFRS 10, 11 and 12 Amendments - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (effective 1 January 2014)
- IFRS 10, 12 and IAS 27 Amendments - Investment Entities (effective 1 January 2014, not yet endorsed by EU)
- Annual Improvements to IFRSs 2009-2011 Cycle (effective 1 January 2013)
- IFRIC 21, Levies (effective 1 January 2014, 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 financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) 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 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 recognised 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 2012 (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 Called up share capital denominated in sterling has been translated into euros at the prevailing exchange rate at 31 December 2002, being the date the Company changed its functional and reporting currency from sterling to euros.

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 recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Loans originated by the Company are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised 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 2012 (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 derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

f) Income tax

(i) Current income tax

Income tax payable on profits, based on the applicable tax law is recognised as an expense in the period in which profits arise.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

g) Cash and cash equivalents

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

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

2. Accounting policies (continued)

h) 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.

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.

i) Related party transactions

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

j) 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.

k) 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 program 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 majority of cash proceeds generated from the EMTN and ECP programs are placed on deposits 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. The derivative financial instruments are entered into with third parties. The credit quality of all counterparties is continuously monitored and assessed by the Directors. Financial assets are neither past due nor impaired.

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

3. Principal risks and uncertainties (continued)

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 adjustment efforts and their impact on the Greek economy.

Due to the Greek sovereign debt crisis, Greek banks obtained part of their funding through the European Central Bank (ECB) and the Bank of Greece (BoG). As at 31 December 2012, the Parent Company's net funding from these sources totalled € 29 bn (2011: € 31 bn) while deposit inflows and some limited access to the markets have enabled the relevant balance to stand at € 22.4 bn by the end of March 2013.

The update of the Memorandum of Economic and Financial Policies (MEFP), dated 21 December 2012, includes the commitment that banks, as part of their new restructuring plans, will set out their intentions to broaden their funding base and reduce over time their reliance on emergency liquidity provided by the Eurosystem. The BoG, following the procedures and rules of the Eurosystem, will stand ready to continue disbursing adequate and appropriate emergency liquidity support in a timely manner if needed.

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 to 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 rates applied to loan notes and commercial paper 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 and commercial paper 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 majority of cash proceeds generated from the EMTN and ECP programs 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 third parties.

The amounts disclosed in the table below are the contractual undiscounted cash flows of financial liabilities by remaining contractual maturities at the balance sheet date. The cash flows of derivative financial instruments are grouped together with those for the loan notes:

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

3. Principal risks and uncertainties (continued)

	2012				
	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	400	577,886	202,467	525,732	1,306,485
- Other liabilities	75	-	246	-	321
	475	577,886	202,713	525,732	1,306,806

	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:					
- Commercial paper	4,000	-	-	-	4,000
- Loan notes	8,194	998,110	346,141	3,961,730	5,314,175
- Other liabilities	210	-	406	-	616
	12,404	998,110	346,547	3,961,730	5,318,791

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 requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

Fair value of financial assets and liabilities

Fair value is the amount for which an asset or liability could be 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.

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

3. Principal risks and uncertainties (continued)

Fair value of financial assets and liabilities (continued)

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.

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

	2012			
	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	-	18,055	-	18,055
Total financial assets	-	18,055	-	18,055
Financial liabilities measured at fair value:				
Liabilities evidenced by paper designated at fair value	-	230,386	-	230,386
Derivative financial instruments	-	1,278	-	1,278
	-	231,664	-	231,664

	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:				
Deposits with banks	-	640	-	640
Derivative financial instruments	-	10,341	-	10,341
Total financial assets	-	10,981	-	10,981
Financial liabilities measured at fair value:				
Liabilities evidenced by paper designated at fair value	-	267,823	-	267,823
Derivative financial instruments	-	7,742	-	7,742
	-	275,565	-	275,565

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

4. Critical accounting estimates and judgement

In the process of applying the Company's accounting policies, the Directors make 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 validated 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. To the extent practicable, models use only market observable data (see also note 3).

5. Interest and similar income

	2012 €' 000	2011 €' 000
Interest income on deposits with the Parent Company	85,829	176,560
	85,829	176,560

6. Interest expense and similar charges

	2012 €' 000	2011 €' 000
Interest expense on liabilities evidenced by paper	81,151	168,665
Other interest payable on derivative financial instruments	2,019	3,550
	83,170	172,215

7. Net gains/ (losses) from financial instruments

	2012 €' 000	2011 €' 000
Changes in fair value of liabilities evidenced by paper	(10,730)	(7,994)
Changes in fair value of derivative financial instruments managed with liabilities evidenced by paper	9,638	15,511
Changes in fair value of deposits managed with liabilities evidenced by paper	1,092	(7,517)
Realized gains/(losses) from financial instruments	0	0
	0	(0)

Realized gains/(losses) from financial instruments include early termination fees from deposits with the Parent Company which are offset in the statement of comprehensive income with respective fees from Interest Rate Swaps and gains/(losses) from loan notes.

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

8. Operating expenses

	2012 €' 000	2011 €' 000
Fees payable to the Company's auditor for the statutory audit of the Company's annual financial statements	89	49
Tax services	1	38
EMTN update costs	78	175
	168	262

9. Income tax expense

As of 1 April 2012 the corporate income tax rate in United Kingdom is 24% reduced from the previous 26% rate.

	2012 €' 000	2011 €' 000
Profit before income tax	2,483	4,110
Tax calculated at standard rate of 28% of corporation tax (until 31 March 2011)	-	284
Tax calculated at standard rate of 26% of corporation tax	159	805
Tax calculated at standard rate of 24% of corporation tax	450	-
Prior Year Tax	(95)	-
Total tax charge for year	514	1,089

10. Deposits with banks

	2012 €' 000	2011 €' 000
Deposits with the Parent Company designated at fair value	-	640
Deposits with the Parent Company at amortized cost	1,307,622	4,679,549
	1,307,622	4,680,189
-with original maturity of more than 90 days	732,505	3,734,377
-with original maturity of less than 90 days (cash and cash equivalents)	575,117	945,812

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 and commercial paper.

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

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 utilises 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 financial instruments held are set out in the following table:

	2012			2011		
	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	189,220	18,055	1,278	235,600	10,341	7,742
	189,220	18,055	1,278	235,600	10,341	7,742

12. Due to banks

Due to banks represent amounts received as collateral for derivative financial instruments.

13. Liabilities evidenced by paper at amortised cost

	2012 €' 000	2011 €' 000
Loan notes	1,077,909	4,405,871
Commercial paper	-	3,998
	1,077,909	4,409,869

The loan notes are issued on either a subordinated or unsubordinated basis, are listed on the Luxembourg Stock Exchange and carry interest at relevant currency floating rates plus an additional margin or at fixed rates. 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.

For the commercial paper program, the Parent Company's guarantee is a senior unsecured obligation of the Parent Company ranking at least pari-passu with all of its present and future unsecured and unsubordinated obligations save for such obligations as may be preferred by mandatory provisions of law that are of general application.

The Company has not had any defaults on principal, interest or any other breaches with respect to its liabilities during 2012 and 2011.

As at 31 December 2012, the fair value of notes carried at amortized cost was € 1,033,878 ths (2011: 3,428,361 ths).

In February 2012, the Company has been substituted as issuer of subordinated notes, amounting to € 688,758 ths, by ERB Hellas (Cayman Islands) Limited, a subsidiary of Eurobank Ergasias S.A.

During the year, notes amounting to € 1,148,502 ths, issued by the Company under its EMTN and ECP program, matured.

During the year, the Company proceeded with the redemption of loan notes amounting to € 804,632 ths.

During the year, the Company proceeded with the partial redemption of loan notes amounting to € 693,089 ths.

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 2012 (continued)

14. Liabilities evidenced by paper designated at fair value

	2012 €' 000	2011 €' 000
Loan notes	**230,386**	267,823
	230,386	267,823

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 Company has not had any defaults on principal, interest or any other breaches with respect to its liabilities during 2012 and 2011.

Loan notes designated at fair value had a face value of € 189,220 ths and a cumulative fair value change of € 41,063 ths as at 31 December 2012 (€ 237,332 ths and € 30,333 ths respectively, as at 31 December 2011).

During the year, the Company proceeded with the partial redemption of loan notes amounting to € 52,547 ths.

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

15. Income tax payable and other liabilities

	2012 €' 000	2011 €' 000
Corporation tax	**167**	4,876
Other liabilities	**154**	130
	321	5,006

The sole activity of the Company is the issue of debt instruments guaranteed by the Bank. In the context of its liability management plan, the Bank has acquired notes issued by the Company. These notes, subsequently bought back by the Company at their carrying amount, are cancelled. Gains arising from such acquisitions have been taxed under the applicable tax rates in Greece.

Deferred tax recognized in 2011 in respect of temporary differences between the carrying amounts of liabilities for financial reporting purposes and the amounts used for taxation was reversed in 2012. Particularly, temporary taxable differences arising from the acquisition of debt instruments were fully offset against deductible amounts arising from the cancellation of such instruments.

16. Share capital

	2012 Number	2012 £'000	2011 Number	2011 £'000
Authorised and issued ordinary shares of £1 each	**50,000**	**50**	50,000	50
Allotted and paid up at 25p per ordinary share of £1 each	**50,000**	**13**	50,000	13

The paid up share capital of £ 12,500 is reflected in the financial statements as € 19,216 based on the prevailing exchange rate at 31 December 2002 (€/£ 0.6505) being the date the Company changed its functional and reporting currency from sterling to euros.

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

17. Related party transactions

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

Until 23 July 2012, the Parent Company was a member of the EFG Group, having as operating parent company the "European Financial Group EFG (Luxembourg) S.A." and ultimate parent company the "Private Financial Holdings Limited", the latter owned and controlled indirectly by members of the Latsis family. In particular, the EFG Group held 44.70% of the Parent Company's ordinary shares and voting rights. through wholly owned subsidiaries of the ultimate parent company and the remaining ordinary shares and voting rights were held by institutional and retail investors, none of which, to the knowledge of the Bank, held 5% or more.

On 23 July 2012, 43.55% of the ordinary shares and voting rights held by EFG Group were transferred to ten legal entities, each of which acquired approximately 4.4%, while the EFG Group retained the remaining 1.15%. These entities have formally stated they are independent from each other. As a result, from 23 July 2012, onwards, Eurobank ceased to be under EFG Group's control and will no longer be consolidated in the financial statements of the EFG Group. In addition, the Parent Company's corporate and trade name have already been amended in order to no longer include the "EFG" suffix (see also note 19).

The financial statements of 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 2012		31 December 2011	
	Parent Company €' 000	**Parent Company's Subsidiaries €' 000**	Parent Company €' 000	Parent Company's Subsidiaries €' 000
Deposits with Banks	**1,307,622**	-	4,680,189	-
Liabilities evidenced by paper at amortised cost	**101,832**	**16,563**	877,202	1,169,504
Liabilities evidenced by paper designated at fair value	**61**	**177,275**	7,539	208,731
Interest and similar income	**85,829**	-	176,560	-
Interest expense and similar charges	**8,992**	**19,978**	9,084	61,885
Realized gains/(losses) from financial instruments	**(957)**	-	(1,182)	-

Emoluments of Directors

The Directors provide services to a number of Group companies for which 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 2012 and 2011.

18. Segmental reporting

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

Notes to the Financial Statements for the year ended 31 December 2012

19. Other significant and post balance sheet events

National Bank of Greece S.A. (NBG) Voluntary Tender Offer (VTO) and merger

On 15 February 2013, the National Bank of Greece SA (NBG) acquired 84.35% of Parent Company's voting shares following the completion of a Voluntary Tender Offer (VTO) launched on 11 January 2013. The VTO would have been followed by the merger of the two banks, the process of which initiated on 19 March 2013.

On 28 March 2013, BoG sent letters to all viable banks, including the Parent Company and NBG, stating that each bank should proceed with its recapitalization by the end of April 2013 and requesting them to proceed with the relevant necessary actions. On 7 April 2013, as the joint banks' request for the extension of the recapitalization process up to 20 June 2013 was not granted, the relevant regulatory authorities with the consent of the management of both banks decided that the Parent Company and NBG will be independently recapitalized in full. As a consequence, the merger process of the two banks was suspended.

In this respect, the Extraordinary General Meeting of shareholders of the Parent Company, convened on 30 April 2013, decided the increase of the Parent Company's ordinary share capital, in order to raise € 5,839 million, subscribed by way of contribution in kind from HFSF, in accordance with Law 3864/2010 and Act of Cabinet 38/9.11.2012. On 19 June 2013, following the successful completion of the Parent Company's recapitalization from the Hellenic Financial Stability Fund (HFSF) and the listing of the new shares on the Athens Exchange, the HFSF acquired 3,789,317,358 ordinary shares with voting rights, issued by the Parent Company, representing 98.56% of its ordinary shares with voting rights. As a result of this transaction, the percentage of the voting rights held in total in Parent Company by HFSF stands, as of June 19, 2013, from 0.00% to 98.56%.

Liability Management Exercise

On 29 April 2013, the Board of Directors of the Parent Company decided to proceed with a liability management exercise ("LME") in respect of the five series of preferred securities (Lower Tier I-Series A,B,C,D,E) issued and the single subordinated medium term note (Lower Tier II) (the "Securities") issued by the Bank through its special purpose entities "ERB Hellas Funding Limited" and "ERB Hellas Cayman", respectively. In particular, the Board of Directors decided to execute the LME on a voluntary basis as follows:

(a) repurchase of the tendered Securities at their nominal value; and

(b) undertaking by holders tendering Securities to participate in the new share capital increase, for cash, with the proceeds of the repurchase, at a share issue price equal to the issue price of the share capital increase of € 5,839 million which was fully subscribed by the HFSF, within the framework of Law 3864/2010, i.e. 1.54091078902977 per share.

On 17 June 2013, the Parent Company announced that the tender period for Lower Tier II and Lower Tier I-Series A,B,D,E was expired on 14 June 2013 and that the final amount of the Securities tendered by the holders and accepted by the Parent Company was € 307.5 million.

On 20 June 2013, the ERB Hellas Funding, a Parent Company's subsidiary, announced that the tender period for Lower Tier I-Series C was expired on 19 June 2013 and that the final amount of the Securities tendered by the holders and accepted was € 9.6 million.

The decision on the Bank's share capital increase related to the LME program will be taken by the Annual General Meeting of the Bank's shareholders, which is expected to take place on 27 June 2013. The new capital increase is expected to be completed following the required approvals.

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

Note 2-Accounting Policies

20. Dividends

The Board of Directors on 22 October 2012 declared the distribution of an interim dividend of € 3,021 ths (€ 60.42 per share) which was paid on 23 October 2012 (2011: € 4,420 ths, € 88.40 per share).