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ANNUAL REPORT 2014

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HISTORICAL MILESTONES

Establishment of Euromerchant Bank S.A., specialising in Investment Banking and Private Banking.

1990

Eurobank-Interbank merger. Acquisition of the branch network of Credit Lyonnais Grece S.A. Euromerchant Bank is renamed to EFG Eurobank S.A.

1997

EFG Eurobank – Ergobank merger; the new bank is renamed to EFG Eurobank Ergasias S.A. Acquisition of a 19.25% participation in Banc Post S.A. Romania.

2000

Acquisition of a 90.8% stake in Postbanka AD Serbia, which is renamed to EFG Eurobank AD Beograd. Acquisition of a majority stake in Banc Post Romania.

2003

Organic growth in the banking market of Poland, through Polbank EFG. Completion of the 100% acquisition of Nacionalna štedionica Banka Serbia, which is merged with EFG Eurobank AD Beograd. Acquisition of an equity stake of more than 90% in DZI Bank Bulgaria.

2006

Eurobank Tekfen is sold to Burgan Bank. A 70% stake in Polbank EFG is transferred to Raiffeisen Bank International.

2012

Following the successful completion of the € 2,864 million Share Capital Increase in May 2014, 64.6% of the Bank's common shares are held by institutional and individual investors. The operational merger with New TT Hellenic Postbank is completed in May, with the integration of former T Bank systems. Showing respect to the customers and the history of TT Hellenic Postbank, the Bank maintains the branch network of the latter as a distinct network, under the "New TT Branch Network" brand name.

2014

1994

Acquisition of 75% of EFG Private Bank (Luxembourg) S.A.

1999

Completion of the mergers between EFG Eurobank, and the Bank of Athens and the Bank of Crete (Cretabank). EFG Eurobank is listed on the Athens Stock Exchange.

2002

Completion of the legal merger with Telesis Investment Bank. Acquisition of a 43% participation in Post Bank Bulgaria.

2004

Acquisition of Intertrust M.F.M.C. Increase of the Bank's participation in Post Bank Bulgaria to 96.74%.

2007

Launch of greenfield operation in Cyprus. Acquisition of 70% of Tekfenbank Turkey, which is renamed to Eurobank Tekfen. Completion of the acquisition of Universal Bank Ukraine. Post Bank-DZI merger in Bulgaria.

2013

Eurobank is recapitalised by the HFSF. The Group grows further, through the acquisitions of New TT Hellenic Postbank and New Proton Bank.

FINANCIAL HIGHLIGHTS



MAJOR FINANCIAL FIGURES	2014	2013	Δ%
Net Interest Income	€ 1,515 m	€ 1,270 m	19.3%
Net Fee & Commission Income	€ 284 m	€ 269 m	5.6%
Total Operating Income	€ 1,889 m	€ 1,558 m	21.2%
Total Operating Expenses	€ 1,054 m	€ 1,038 m	1.5%
Core Pre-Provision Income	€ 745 m	€ 501 m	48.7%
Pre-Provision Income	€ 835 m	€ 520 m	60.6%
Credit Loss Provisions	€ 2,264 m	€ 1,900 m	19.2%
Net Income before non-recurring items	(€ 1,175) m	(€ 1,191) m	(1.3)%
Net Result after non-recurring items	(€ 1,219) m	(€ 1,154) m	5.6%

BALANCE SHEET ITEMS	2014	2013
Consumer Loans	€ 6,759 m	€ 7,285 m
Mortgages	€ 18,335 m	€ 18,699 m
Small Business Loans	€ 7,282 m	€ 7,406 m
Large Corporates & SMEs	€ 19,447 m	€ 19,458 m
Total Gross Loans	€ 51,881 m	€ 52,910 m
Total Customer Deposits	€ 40,878 m	€ 41,250 m
Total Assets	€ 75,518 m	€ 77,586 m

FINANCIAL RATIOS	2014	2013
Net Interest Margin	1.99%	1.74%
Cost to Income	55.8%	66.6%
90 Days Past Due Loans	33.4%	29.4%
90dpd Coverage	56.3%	49.9%
Provisions to average Net Loans	5.2%	4.0%
Common Equity Tier I (CET1)	15.2%	10.4%

LETTER TO SHAREHOLDERS



Dear Shareholders,

The year 2014 was the year when the conditions were set for Europe's gradual exit from stagnation and recession as a result of the global financial crisis. For Eurobank, it was the year when the Bank achieved its fundamental strategic objective of returning to the private sector, as the most internationalized Greek bank, in terms of both its shareholder base and the representation of world-famous blue-chip investors in its Board of Directors.

Developments in the global —and, in particular, European— economic environment were conducive to the creation of favourable growth conditions. The euro was substantially devalued against the other major currencies and, in particular, the US dollar (by 12% year-on-year). At the same time, European interest rates fell to historically low, almost zero, levels. The substantial devaluation of the euro coincided with a rapid drop in international oil prices. As a result, European economies showed the first signs of recovery in 2014, a trend that was consolidated during the first months of 2015.

Finally, another development of great importance was the decision of the European Central Bank to implement a € 1.1 trillion quantitative easing programme, through the purchase of government and other securities in the secondary market.

THE DOMESTIC BANKING SYSTEM

The year 2014 was, on many levels, a landmark for the Greek banking system. Greece's four systemic banks managed to attract private capital of almost € 8 billion, mostly from abroad, thus enhancing the credibility and appeal of the Greek banking sector towards the global investment community, whenever the former is not adversely affected by other economic developments.

Reinforced in terms of capital adequacy, Greek banks successfully passed the Stress Test that was conducted, for the first time, by the European Central Bank. Following the successful completion of the Stress Test, Greece's four systemic banks are now under the supervisory and regulatory control of the Single Supervisory Mechanism (SSM). The SSM was established within the ECB for the purpose of supervising the 120 European banks that were considered to be systemically significant, and is assisted in its work by certain departments of the Bank of Greece, from which it has taken over the task of supervising the said banks. SSM supervision is one of the pillars of the Banking Union, which, in turn, is admittedly the most important institutional development brought about by the need to deal with the impact of the global economic crisis on the structure of the European Union. For the Greek banking system, falling under the regulatory scope of the SSM provides

a major institutional guarantee to both depositors and customers and assures that its growth will be based on leading international standards.

EUROBANK

Eurobank has played a leading role in all the above developments, which will provide the basis for shaping the domestic banking environment for the forthcoming years or, even, decades. The most important development for the Eurobank group was, undoubtedly, the successful Share Capital Increase of € 2.9 billion, which signaled the Bank's return to its natural element, the private sector. Apart from reinforcing the Bank's capital base, the Share Capital Increase provided Eurobank with other major advantages as well. Thus, Eurobank became the only Greek bank to be majority-owned (by almost 65%) by private shareholders, which include international cornerstone investors, demonstrating the confidence shown in its future by prestigious and experienced international funds. It is important to note that, apart from holding equity stakes, leading investment houses (Fairfax Financial Holdings, WL Ross & Co., Brookfield) are also represented by a substantial number of seats in the Board of Directors and its Committees, thus providing their seal of approval to the Management and its strategic choices, and actively contributing, by means of their expertise, to the management of the Group's major issues and the fulfilment of its goals.

Based on the Share Capital Increase, Eurobank successfully passed the ECB's Stress Test, without requiring any further capital injection. Moreover, the qualitative data produced by the unprecedented comprehensive review of banking institutions that preceded the Stress Test, were rather encouraging. The Asset Quality Review (AQR) of the European Central Bank comprised a thorough assessment of banking assets, which certified the quality of our

lending portfolio, especially in comparison with our local competitors. Eurobank achieved first place amongst Greek banks, in terms of the newly-established Non Performing Exposures (NPE) ratio, which has been adopted by the ECB for the assessment of portfolio risks, as well as the coverage of these exposures (by 47.8%). This position was corroborated by Eurobank's year-end financial results.

The operational merger with New TT Hellenic Postbank (New TT) was successfully completed in early 2014, featuring the preservation of the independence of the New TT branch network, pursuant to the "One Bank – Two Branch Networks" strategy. This strategy is tangible proof of the respect shown towards the timeless values represented by TT Hellenic Postbank in the collective conscience of Greek society. The value of saving, that has historically been associated with TT Hellenic Postbank, is now also one of the key values of the Eurobank group, and has re-modelled itself on the basis of Greek society's priorities following the crisis. This vindicated the belief that Eurobank's merger with New TT did not only aim at the absorption of the latter's assets, but the enrichment of the merged Group with the best elements the culture and tradition of both institutions had to offer. This commonly-shared belief helped the smooth and positive transition by the entire personnel and the inclusion of New TT employees, on the basis of the institutional equality regarding labour relations and the equal treatment to Eurobank and New TT employees. This strategy contributed to the maximum utilisation of the complementarity of the two institutions and their successful response to the needs of their unified customer base.

Eurobank implemented a new vertically integrated organisational structure for the management of non-performing loans. To this end, it established the Troubled Assets Group General Division, directly reporting to the Chief Executive Officer. This new

independent unit bears the overall responsibility for managing the Group's non-performing portfolio, as well as designing and implementing viable solutions for customers, households and businesses.

As part of its new administrative structure, Eurobank carried out a radical restructuring of the Corporate Banking Sector. In a very brief period, the Bank also completed the consolidation of specific back-office operations, which was instrumental to achieving its ambitious operating-cost-containment targets.

In 2014, special emphasis was placed on rationalising our international operations, and the results are already visible since the first quarter of this year. Reducing the Group's overseas footprint is one of the commitments made as part of the business plan submitted to the competent authorities (the SSM of the European Central Bank and the Directorate General for Competition of the European Commission), and this is being steadily implemented, given the deadlines that have been set and the conditions prevailing in each individual market, as well as in the global banking sector.

During 2014, Eurobank reduced its Emergency Liquidity Assistance (ELA) financing to zero, therefore reducing its financing costs. In addition, the Bank reduced its dependence from the financing mechanisms of the ECB to very low levels. Developments during the current year made it de facto necessary to resort once again to ELA liquidity, as was, after all, the case with all Greek banks. Despite its adverse effect on costs, this setback will be dealt with, since the Bank is capable of recovering from contingencies and covering its liquidity requirements from sound alternative sources of financing, provided that the externally-imposed conditions are not prohibitive.

THE RESULTS FOR 2014

The prolonged impact of this persistent recession on the real economy, the businesses and the customer base, also had an adverse effect on the Bank's results for 2014. Despite the unfavourable conditions, the Bank registered a positive operating result, featuring excellent performance in key sectors, which corroborates its resilience and its ability to generate revenues even in such a challenging environment.

The year 2014 was marked by a substantial and steady improvement of core profitability. Net interest income exceeded € 1.5 billion, increased by 19%, while operating costs were reduced by almost 10% year-on-year. The results of the ongoing rationalisation of operating costs are already visible since the beginning of 2015, with the cost to income ratio showing steady further improvement. Core pre-provision income rose by almost 50%, the highest rate in the Greek banking sector.

In 2014, Eurobank continued to pursue its conservative provisioning policy, both in Greece and abroad. Aiming at the restructuring of our balance sheet, credit loss provisions for the entire year stood at a rather high € 2,264 million at Group level. By the end of 2014, accumulated provisions amounted to € 9.7 billion, covering 18.8% of total loans and 56.3% of 90 Days Past Due Loans. These provisions are in line with, and almost entirely cover, the European Central Bank's AQR and Stress Test assessments for 2014.

Total Group deposits remained almost unchanged in 2014. Recently, though, deposit growth in Greece has been negative, despite the positive contribution of our international operations, thus impeding our efforts. The deterioration of the deposit base poses one of the greatest challenges for the entire Greek banking system, and the reversal of this trend as soon as possible, as well as the recovery, in a relatively short period, of most of the losses, is a

necessary condition to allow Greek banks to contribute to growth in the economy.

In 2014, special emphasis was placed on the Group's international operations. Pursuing a conservative provisioning policy and reinforcing the balance sheet of its subsidiary banks in all the countries it is operating in (and especially those of our own geographical region – Romania, Bulgaria, Serbia, Cyprus), the Group laid the groundwork for restoring their profitability, as already demonstrated by the results for the first quarter of 2015. A great achievement is that all Group subsidiaries in all the aforementioned countries are now able to finance themselves from their own sources, as their dependence from the parent Bank for the provision of liquidity was reduced to zero in 2014. Finally, their capital adequacy ratios are much higher than the levels set by the local regulators.

At the end of 2014, Eurobank's Management presented a set of strategic targets, under the general title "Commitments 2015". In this context, the Bank's plans included the doubling of annual lending to the private sector and the targeted channelling of funds to key activities that have a positive multiplier effect on growth. That said, broader economic developments hindered our effort to implement this plan within the set schedule. Nevertheless, Eurobank's commitment to focus on financing dynamic Greek entrepreneurship and to support growth, remains intact. For example, in 2014 Eurobank continued to support its customers with new loan disbursements, while the last quarter of the year was the first, after quite a long time, which saw positive credit growth. It is also worth noting that in the first quarter of 2015, and despite the rather adverse circumstances, Eurobank's lending did not turn negative.

Our firm commitment to enhancing entrepreneurship on the basis of extroversion and innovation is expressed through a series of other initiatives launched or continued

by Eurobank during the previous year. Reflecting the Bank's emphasis on collaborating with extrovert enterprises, as well as the importance of exports in regard to the prospects of the Greek economy, the first Eurobank Greek Exports Convention was held in Athens with the cooperation of Greece's three largest export associations, the Panhellenic Exporters Association (PSE), the Greek International Business Association (SEVE) and the Exporters' Association of Crete (SEK), along with the Hellenic Federation of Enterprises (SEV) and the Association of Greek Tourist Enterprises (SETE). The initiative's next step was the organisation of the respective Convention in Thessaloniki.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is a strategic pillar of great importance for Eurobank. Since the beginning of the economic crisis, the Bank has been working to assist society that suffers, excels, creates, and invests.

As part of our social solidarity effort, we continue to collaborate with, and provide tangible support to "Apostoli", the philanthropic organisation of the Holy Archdiocese of Athens.

In 2014, despite many difficulties, the Bank remained true to all the initiatives it had undertaken, both in the field of social solidarity and in other areas, such as education, the link between the academic and the business community and the reward and support of innovative startups. More specifically, the key initiatives included:

- The "Great Moment for Education" programme, which continued for a 12th consecutive year and has awarded a total of 14,000 top-performing high school students from all over Greece.

- The sponsorship of the Sunday Morning Events of the Athens Concert Hall, which are addressed to children.

- The "Greece Innovates!" 3rd Applied Research and Innovation Competition, which is jointly organised with SEV, and provides young scientists and researchers with a means for reaching out to Greece's business community.

- The egg-enter•grow•go innovative youth entrepreneurship programme, which is implemented by Eurobank in cooperation with the Corallia unit of the "Athena" Research Centre, and has already offered young creative people the opportunity to develop and test their own business ideas.

Finally, care for the Environment and Sustainable Growth are key elements of Eurobank's Social Responsibility strategy. In this context, the Bank has co-signed, and adheres to, international policies and commitments, implements certified Environmental Management, Quality, Health and Safety at Work, IT Service, and Business Continuity systems, and is a member of the most important global initiatives, such as the UN Global Compact and the United Nations Environment Programme Finance Initiative (UNEP FI).

CHALLENGES FOR 2015 – STRATEGIC TARGETS

Given the volatile economic environment, the Management has given priority to implementing a two-pronged strategy: on the one hand, to successfully deal with the changing conditions and the challenges they create; and on the other hand to prepare Eurobank, so that it will be ready to fully exploit the opportunities generated by the transition to a phase of stability and growth.

Our main strategic objective for 2015 is to restore profitability at Group level by the end of the year, both in Greece and abroad. In regard to international operations, where there were no unforeseen factors, this objective has already been realised since the first quarter of this year. Despite the objective difficulties we faced in implementing the initial timetable that had been set, we will not renege on this goal, since the restoration of profitability is the most efficient way of safeguarding the Bank, supporting its growth and ensuring its prospects, to the benefit of all stakeholders – employees, customers, and shareholders.

Given the above, we have set four key priorities: managing non-performing loans; securing adequate liquidity for the Bank; continuing to finance our customers and the real economy; and further reducing operating costs.

The greatest challenge that the Greek banking system faces in the short term is the issue of non-performing loans. The Bank has carried out many loan restructuring deals, specifically adapted to each customer's needs, capabilities and financial and family status. Although custom-made solutions require heavy involvement and expertise from the banks, they have proven to be much more effective and expedient for the customers who seek them, as compared to across-the-board solutions, and this is also demonstrated by the fact that they are quite often preferred to all-embracing deals by those who have the option to choose.

The same importance is attached to restoring the Bank's sources of liquidity as soon as the situation returns to normal. We will seek, first the fastest possible return of deposits and, then, the gradual restoration of financing lines from international markets. In the past, Eurobank, based on the confidence of its customers and its international partners, has demonstrated its ability to recover swiftly from similar liquidity crises as soon as their causes are eliminated.

The growth of our operations in Greece is the lever for implementing our business plans in the future. We are moving forward with targeted initiatives, alongside the recovery of the overall economic and business climate. Eurobank was the first Greek banking group that had emphasized that extroverted growth is the only realistic and safe way out of the crisis, as early as its outbreak in 2009, when neither its duration nor its depth could be predicted. The principles that had been laid down at that time, namely the need to help sound and dynamic enterprises seek access to competitive international markets with innovative products and services, still remain strategic. The restoration of positive credit growth at the end of the report year and the preservation of the economy's financing levels under the conditions that have prevailed since then, bears proof of the Group's efforts to support its customers, as well as entrepreneurship, even under the harshest conditions.

Beyond and above all this, our strategic planning for the future of Eurobank is inspired by the aspiration to give new meaning to the concept of Customer Centricity. Eurobank's past is identified with the provision of high-quality services to customers, as well as the creation of products, and the implementation of organisation charts, systems and procedures, which blazed new trails in their time and set a very high bar for the competition. Our aim is to take a step forward, a step that will, at the same time, be the first in the new banking landscape of Greece, a landscape that will incorporate not only the consequences, but also the lessons of the crisis. Today, the strongest competitive advantages of a Bank are intangible. Our intention is to work towards establishing a new organisational culture, founded on the values and

principles it has been consistently adhering to, and immersed in the need to redefine our relationships with the customers, along the lines of transparency and respect to customer interests.

We understand that, due to the shock caused by all those years of economic crisis, we must daily earn and enhance the confidence of our customers, through our initiatives and our professional conduct, building deep, long-standing relationships, driven by sincerity, equity, transparency, honesty, dedication, and reliability.

These values are meaningless unless they are translated into everyday practice; unless they have a tangible effect on the way we are dealing with our customers. First and foremost, by respecting our customers' problems, opinions and preferences and by acting as the guardians of their interests, we establish specific practices that give priority to the products and services the customers really need, even if they, as individual transactions, are less profitable for the Bank.

Our renewed relationship with our customers calls for utilising the strongest competitive advantage Eurobank possesses, i.e. the experience, the high professionalism and competence of its personnel. In this context, it is important to reinforce the relationships of trust between the Management and the employees, at all levels. In this area, we intend to implement a series of initiatives that will enable the Bank to reassess and streamline, on the basis of modern international practices, its personnel assessment, career development, remuneration and incentive systems, in order to instill a feeling of meritocracy, transparency, equal and just treatment, as well as to utilise all personnel feedback by setting new methods of communication.

Creating a new customer-centred model together with our people is a prerequisite for its successful implementation.

Drawing on the lessons from the crisis for our industry, in Greece and abroad, it is imperative to lay down a new and reliable set of corporate governance rules in order to restore confidence among both customers and society at large. The representation of our international shareholders in the Board of Directors and its Committees makes it easier to establish corporate governance rules that adhere to the most demanding international standards of transparency and accountability.

The deep renewal of the Bank-customer relationship, through all these stages, actions and initiatives, is the strategic vehicle that will re-establish Eurobank as the leader of the Greek banking system.

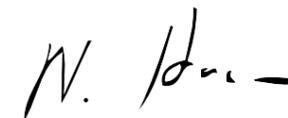
Dear Shareholders,

The challenges we successfully overcame in 2014 are in no way smaller than the ones we are called to handle today.

By emphasizing on the effective and flexible management of non-performing loans; respecting our customers' needs and capabilities; having a clear focus on financing competitive enterprises, households and innovative and extrovert business plans; and implementing modern corporate governance principles, Eurobank can become an industry standard, in a period of continued turbulence. This straightforward business strategy and the Management's unwavering commitment to its implementation, will enable the Bank to create value for its customers, its people, the society of the countries it is operating in and the shareholders that have been supporting the Bank under these extraordinary conditions.

Athens, June 15, 2015

Nikolaos V. Karamouzis
Chairman of the Board of Directors



Fokion C. Karavias
Chief Executive Officer



SHARE CAPITAL INCREASE - CAPITAL ADEQUACY



The Bank's capital requirements were assessed by the Bank of Greece, using the results of the diagnostic study conducted by BlackRock in 2013. On 12.4.2014, the Extraordinary General Meeting of the Shareholders of the Bank approved a Share Capital Increase of € 2,864 million.

On 29.4.2014, both the public offering of new ordinary registered shares in Greece, and the private placement of new ordinary registered shares to foreign investors were oversubscribed, and their offer price was set at € 0.31 per new ordinary registered share. This led to the issuance of approximately 9.2 billion new ordinary registered shares, which were listed in the main market of the Athens Stock Exchange and their trading commenced on 9.5.2014. Pursuant to a relevant decision by the Bank of Greece, the proceeds from the Share Capital Increase were used to increase Tier I Capital.

By successfully carrying out the Share Capital Increase, the Bank further enhanced its capital position.

On 26.10.2014, the European Central Bank and the European Banking Authority (EBA) released the results of the Comprehensive Assessment of the most important systemic banks of the European Union, which was conducted in cooperation with the national competent authorities (NCAs) and the EBA. The results have been derived by the combined effect of the following two main pillars:

- a. The Asset Quality Review (AQR), to enhance the transparency of bank balance sheets, by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions.
- b. The Stress Test (ST), which was performed in cooperation with the EBA to examine the resilience of banks' balance sheets to two stress test scenarios: Baseline and Adverse.

The Comprehensive Assessment combined the aforementioned outcomes and evaluated their effect on regulatory capital, setting the minimum Core Tier I

ratio at 8% under the baseline scenario and at 5.5% under the adverse scenario. Under the Dynamic balance sheet assumption (which takes into account the Share Capital Increase and the Restructuring Plan, as approved by the European Commission) no capital shortfalls were identified, under both the baseline and the adverse scenario.

The Common Equity Tier 1 (CET 1) ratio stood at 15.2% as per 31.12.2014, mainly as a result of the Share Capital Increase, as well as other core and non-core results.

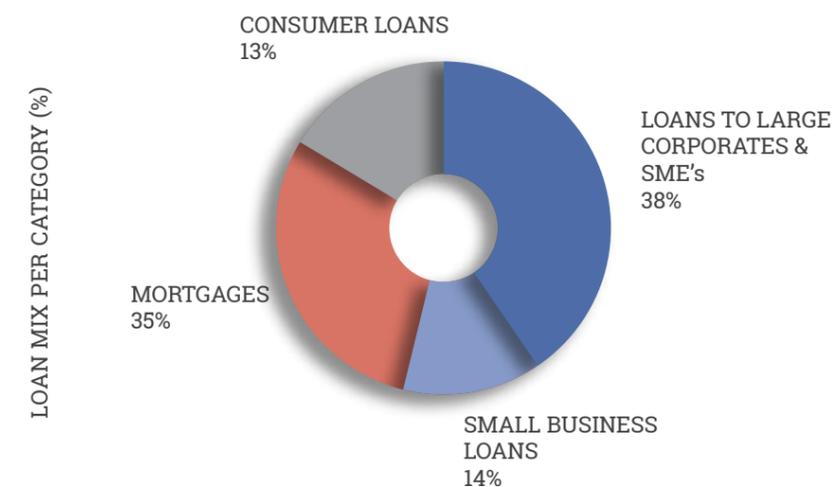
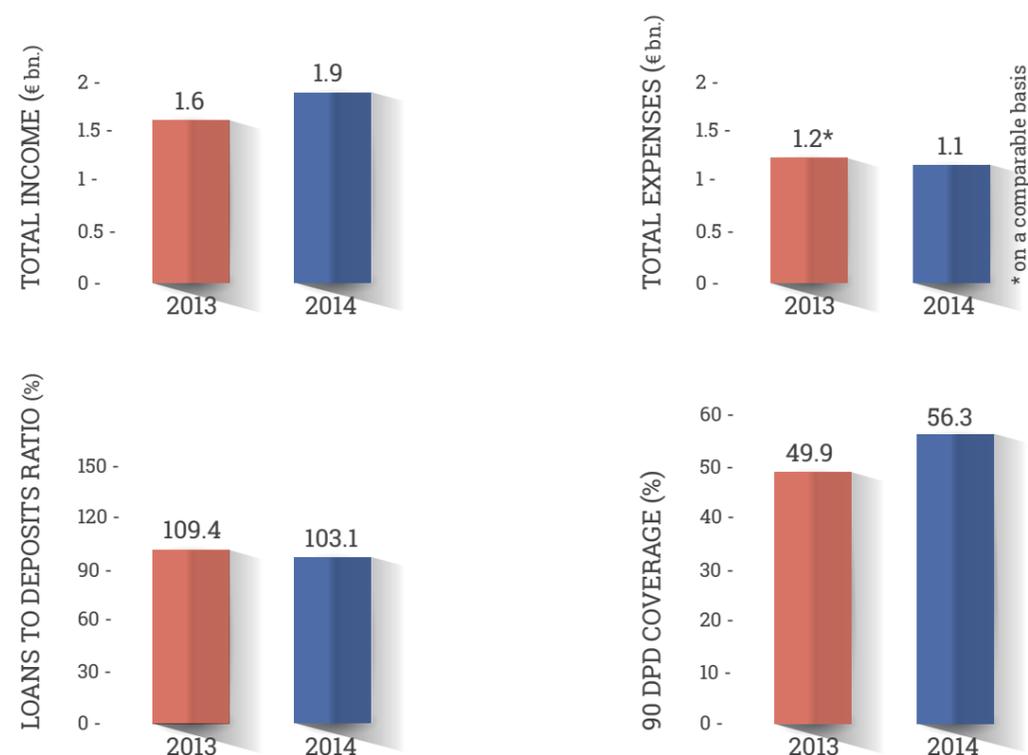
SHAREHOLDERS STRUCTURE

On 9.5.2014 Eurobank completed its Share Capital Increase. The offering was oversubscribed by private, institutional, and other investors, demonstrating their confidence in the Bank's prospects and dynamism.

Following the completion of the Share Capital Increase, the holding of the Hellenic Financial Stability Fund was reduced from 95.2% to 35.4% ordinary shares with voting rights subject to the limitations of art 7a of Law 3864/2010. Of the remaining 64.6%, 58.3% is held by institutional investors and 6.3% is held by private investors.

As a result of the Share Capital Increase, the shareholder base of the Bank includes long-term perspective investors from Europe, the United States, Canada, and Asia, as well as sovereign funds. Certain institutional investors, such as Fairfax, WL Ross & Co Funds, Capital Research and Management Funds, Mackenzie, Fidelity, and Brookfield, invested a total of 46.5% of the funds raised and some are also represented in the Board of Directors of the Bank, as well as the Audit, Risk, Remuneration, and Nomination Committees.

FINANCIAL REVIEW



In a rather challenging macroeconomic and financial environment, Eurobank improved its operating results by increasing its revenues and reducing its expenses and, at the same time, further strengthened its balance sheet by increasing loan impairment allowances. More specifically:

- **Net interest income** increased by 19.3% to € 1.5 billion, from € 1.3 billion in 2013. The expansion of interest income is mainly due to the substantial de-escalation of the cost of deposits in Greece, as net interest income rose by 30.6% in Greece, to € 1.1 billion. At the same time, the net interest margin rose, at the Group level, from 1.74% in 2013 to 1.99% in 2014.
- **Net fee and commission income** rose by 5.6% to € 2,844 million, mainly as a result of increased income from mutual fund and wealth management,

and commission income from non-core banking operations. The ratio of fees over total assets rose to 37 basis points in 2014, from 35 basis points in 2013.

- **Core income** (net interest income and commission income) increased by 16.9% in 2014, to € 1.8 billion from € 1.5 billion in 2013, whereas, including trading results, **total income** rose by 21.2% year-on-year, to € 1.9 billion.
- **Operating expenses** were reduced by 10.1% year-on-year, to € 1.1 billion, and in particular by 11.1% in Greece and by 7.2% abroad.
- **Pre-provision** Income was substantially improved and stood at € 835 million in 2014, as compared to € 520 million in 2013.

- The increase in revenues, combined with the decrease in operating costs, led to an improvement of the **Cost to Income ratio** from 66.6% in 2013 to 55.8% in 2014.
- Aiming at further strengthening its balance sheet, the Bank increased its **provisioning charges** by 19.2% to € 2.3 billion from € 1.9 billion in 2013, increasing the coverage of loans past due by 640 points year-on-year, to 56.3%. At the end of the year, accumulated provisions reached € 9.7 billion, accounting for 18.8% of total loans. The stock of provisions at the end of 2014 is almost aligned with ECB/EBA Comprehensive Assessment projections for the same period.
- **Total 90 Days Past Due Loans** stood at € 17.3 billion or 33.4% of the loan portfolio at the end of 2014, while **90dpd formation** was reduced by 39.9% as compared to 2013.

- **Gross Customer loans** increased by € 164 million (before write-offs) in the last quarter of 2014, with year-end loans to businesses and households amounting to € 26.7 billion and € 25.1 billion respectively.
- **Customer deposits** were reduced from € 41.3 billion in 2013 to € 40.9 billion in 2014, while the **loans to deposits ratio** fell to 103.1%, from 109.4% in 2013.
- **Phased-in CET1 capital** reached € 5.9 billion, accounting for 15.2% of risk weighted assets at the end of 2014.
- The **net result** for 2014 stood at (€1.2) billion.

STRATEGIC TRANSFORMATION PROGRAMME

In September 2013, Eurobank embarked on its Strategic Transformation Programme, aiming to adapt its strategy to the new conditions prevailing in the banking market, enhance its liquidity, improve its efficiency, and restore profitability.

The Strategic Transformation Programme has three main targets:

- a. To optimize risk management and remedial/NPL management.
- b. To improve the customer-service business model, in order to maximize revenues and liquidity.
- c. To transform the Bank's operating model, in order to increase efficiency and reduce costs.

In order to implement this programme, the Bank formed a dedicated internal unit, the Group Transformation Sector, responsible for the overall design and monitoring of the programme. In phase I, the Bank identified which areas of the existing model are in need of improvement, giving priority to specific initiatives. The implementation of the programme continues on-schedule, and the first set of initiatives was completed in 2014. More specifically:

RISK MANAGEMENT AND REMEDIAL/NPL MANAGEMENT OPTIMISATION

In mid-2014, Eurobank established the Troubled Assets Group General Division, a special unit responsible for the comprehensive management of non-performing loans from all business units of the Bank and for all stages of delinquency. Moreover, the Bank developed a customer segmentation framework and set specific strategies per type of customer.

The Troubled Assets Group General Division encompasses:

- The Corporate Special Handling Sector, which was formed in 2013 and is responsible for the settlement and restructuring of corporate loans.
- The Retail Remedial General Division, which is responsible for handling the overdue loans of Consumer and Mortgage Lending, as well as Small Business Banking customers. The General Division is supported by the Group's subsidiaries (FPS and ERS) that specialise in the provision of services to these customer segments.
- The Non-Performing Clients Sector, which was redesigned with a simplified organisational structure, in accordance to best international practice. It handles the loans from all the Bank's business units that have been transferred to denounced status and a legal and collateral workout strategy is pursued.

IMPROVEMENT OF THE CUSTOMER-SERVICE BUSINESS MODEL IN ORDER TO MAXIMIZE REVENUES AND LIQUIDITY

In **Corporate Banking**, the Bank proceeded to the rationalisation of its operating model (front and back-office operations), with the aim of increasing the time available for performing sales and optimising customer service. In this context, the Bank established a Customer Support group, which assists Relationship Managers (RMs) in the daily management of customers, and a Credit Proposal group, mainly responsible for preparing loan proposals. In addition, the Bank introduced the Lean Methodology in its loan approval process, from customer application to actual disbursement, with the aim of increasing the effectiveness of the entire procedure. Moreover, the organisational structure was specified along the lines of the business sectors, while a new customer classification model was created, on the basis of size and expected revenue.

Eurobank completed the organisational restructuring of its **Retail Banking** operations, with the aim of ensuring that the corresponding structure reflects the customer segments on which the Bank focuses (Retail customers, Affluent customers, SMEs and Professionals). Eurobank is diversifying its strategy in regard to these customers, in order to offer optimum service in each segment and secure the corresponding revenues. In Small Business Banking, the Bank reconsidered its customer classification strategy.

Moreover, the Bank implemented the **Dual Branding** strategy, maintaining two distinct Retail Banking networks, the Eurobank branch network and the branch network of the newly-acquired New TT Hellenic Postbank. In 2014, the Bank further rationalised both branch networks, reducing the total number of branches from 536 to 505, also reducing its dedicated Business Centres from 30 to 19. Finally, the Bank thoroughly streamlined the entire Retail Banking product portfolio.

TRANSFORMING THE BANK'S OPERATING MODEL IN ORDER TO INCREASE EFFICIENCY AND REDUCE COSTS

From the outset of the Strategic Transformation Programme, Eurobank proceeded to the centralisation and rationalisation of various back-office units. More specifically, it created a single loan administration unit (Group Loan Administration) as part of its Group Operations, thus centralising the operation of three separate loan administration units of the Large Corporate Banking, Small Business Banking, and Retail Banking divisions, with the aim of increasing efficiency through synergies and improving customer service. In addition, the Bank consolidated its diverse Legal Services units and introduced the one-stop-shop concept for internal customers, in regard to various legal issues, with the aim of improving the services rendered.

CORPORATE GOVERNANCE



Transparency, credibility, social responsibility and accountability are fundamental corporate governance principles in today's corporate and social environment. These principles guide the organisation, operations and activities of the Group and reflect Eurobank's values, thus safeguarding the interests of shareholders and all other stakeholders. The Corporate Governance Code that has been adopted and implemented by the Bank and its subsidiaries, describes corporate governance principles and practices in accordance with Greek law and on the basis of international best practices on corporate governance, as well as the Bank's contractual obligations with the Hellenic Financial Stability Fund (HFSF).

The corporate governance principles applied by the Bank and at Group level ensure that:

- The composition and operation of the Board of Directors ensure transparency, credibility, and consistency during the decision making process.
- All shareholders enjoy equal treatment and protection of their interests. All shareholders have access to adequate and timely information on the business of the Bank and the Group.

- The Internal Control Manual of the Bank, the Internal Governance Regulations of the Bank's subsidiaries, as well as the organisational structure of the Bank and its subsidiaries lead to a clear and distinct distribution of powers and responsibilities, and to the establishment of a concrete environment of internal control.

- There will be no internal or external conflicts of interests.

Finally, in order to ensure the best possible and sustained application of corporate governance principles throughout the scope of its business, the Bank has set up the Group Corporate Governance Division, which establishes the management, operation and control frameworks for Eurobank and its subsidiaries, ensures their proper implementation, and is responsible for informing the competent supervisory authorities in accordance with the legislative provisions in force.

BOARD OF DIRECTORS BOARD COMMITTEES SENIOR MANAGEMENT BODIES

■ BOARD OF DIRECTORS

The Bank is headed by a Board of Directors, which is collectively responsible for the long-term success of the Bank. The Board exercises its responsibilities effectively and in accordance with the Greek legislation, international best practices and the Bank's contractual obligations with the HFSF, under the Relationship Framework Agreement (RFA) signed between the Bank and the HFSF.

The members of the Board are elected by the Bank's General Meeting, which is the supreme body of the Bank, and determines their term of office. The term of the Bank's current Board expires on 27.6.2016 extended up to the final date within which the 2016 Annual General Meeting should be convened. It is noted that the Board has proposed to the Bank's Annual General Meeting that shall convene on 26.6.2015, the extension of the term of the current Board until 27.6.2018, extended up to the final date within which the 2018 Annual General Meeting should be convened.

The Executive Directors have responsibility for the day-to-day management and control of the Group and the implementation of its strategy. The non-Executive Directors are responsible for the overall promotion and safeguarding of the Bank's interests, constructively challenge and help develop proposals on strategy, and approve, revise and oversee the implementation of the remuneration policy both at Bank and Group level.

The Board meets regularly every quarter, as well as on an ad hoc basis. During 2014, the Board held twenty five meetings (compared to forty two in 2013), and the average ratio of the Directors attendance was 94% (compared to 84% in 2013). Decisions are taken following discussions, which exhaust the issues to the satisfaction of all Directors present.

The current Board of Directors of the Bank, which was constituted on 13.5.2015, is as follows:

Board of Directors

NIKOLAOS V. KARAMOUZIS

Chairman, Non-Executive Director

SPYRIDON L. LORENTZIADIS

Vice Chairman, Independent Non-Executive Director

FOKION C. KARAVIAS

Chief Executive Officer, Executive Director

STAVROS E. IOANNOU

Deputy Chief Executive Officer, Executive Director

THEODOROS A. KALANTONIS

Deputy Chief Executive Officer, Executive Director

JON STEVEN B.G. HAICK

Independent Non-Executive Director

BRADLEY PAUL L. MARTIN

Independent Non-Executive Director

STEPHEN L. JOHNSON

Independent Non-Executive Director

WADE SEBASTIAN R.E. BURTON

Non-Executive Director

GEORGE K. CHRYSSEKOS

Non-Executive Director

CHRISTINA G. ANDREOU

Representative of the Greek State under Law 3723/2008, Non-Executive Director

KENNETH HOWARD K. PRINCE-WRIGHT

Representative of the Hellenic Financial Stability Fund under Law 3864/2010, Non-Executive Director

■ BOARD COMMITTEES

The Board of Directors is assisted in carrying out its duties by Board Committees, to which it delegates some of its responsibilities, approves their composition and mandate, receives regular and ad hoc reports, and assesses their performance.

AUDIT COMMITTEE

The primary function of the Audit Committee is to assist the Board in discharging its oversight responsibilities.

The Audit Committee's members are elected by the General Meeting for a term of three years, following proposal by the Board. The Audit Committee as a whole possesses the necessary skills and experience to carry out its duties.

The Audit Committee meets at least eight times per year or more frequently, as circumstances require, reports to the Board on a quarterly basis on its activities, submits the minutes of its meetings to the Board, and annually submits an Activity Report of the Audit Committee to the Board. During 2014, the Audit Committee held fourteen meetings (compared to fifteen in 2013), and the average ratio of attendance was 98% (compared to 88% in 2013).

The composition of the current Audit Committee, following the decisions reached by the Annual General Meeting of the Shareholders of the Bank that convened on 28.6.2014, and the decisions reached by the Board on 28.6.2014 and 13.5.2015, is the following:

Audit Committee

Chairman **SPYRIDON L. LORENTZIADIS**
Independent Non-Executive Director

Members **BRADLEY PAUL L. MARTIN**
Independent Non-Executive Director

STEPHEN L. JOHNSON
Independent Non-Executive Director

KENNETH HOWARD K. PRINCE-WRIGHT
Non-Executive Director,
Representative of the HFSF

RISK COMMITTEE

The Board Risk Committee's role is to approve strategic risk management decisions (e.g. risk appetite, balance sheet profile, and risk management structure). The Board Risk Committee is responsible to monitor the qualitative and quantitative aspects of all market, credit, liquidity and operational risks, and assign credit approval authorities to Management.

The Board Risk Committee members are appointed by the Board for a term of three years, with an option to renew their appointment for three more times. All the Board Risk Committee members have previous experience in the financial services and/or commercial banking industry, and have the necessary qualifications and experience to perform their duties.

The Board Risk Committee meets at least on a monthly basis and shall report to the Board, on a quarterly basis. During 2014 the Board Risk Committee held six meetings (compared to four in 2013), and the average ratio of attendance was 100% (compared to 94% in 2013).

The composition of the current Board Risk Committee, as approved by the Board of the Bank on 16.2.2015, is the following:

Risk Committee

Chairman	WADE SEBASTIAN R.E. BURTON Non-Executive Director
Members	NIKOLAOS V. KARAMOUZIS Non-Executive Director
	SPYRIDON L. LORENTZIADIS Independent Non-Executive Director
	BRADLEY PAUL L. MARTIN Independent Non-Executive Director
	KENNETH HOWARD K. PRINCE-WRIGHT Non-Executive Director, Representative of the HFSF

REMUNERATION COMMITTEE

The Board has delegated to the Remuneration Committee the responsibility to provide specialized and independent advice for matters relating to Remuneration Policy and its implementation at Bank and Group level. The non-Executive Directors have the responsibility to approve, maintain, and oversee the implementation of the Remuneration Policy both at Bank and Group level.

The members of the Remuneration Committee are appointed and approved by the Board every two years. The Remuneration Committee meets at least twice a year. During 2014, the Remuneration Committee held eight meetings (compared to seven in 2013), and the average ratio of attendance was 90% (the same as in 2013).

The composition of the current Remuneration Committee, as approved by the Board of the Bank on 13.5.2015, is the following:

Remuneration Committee

Chairman	BRADLEY PAUL L. MARTIN Independent Non-Executive Director
Members	SPYRIDON L. LORENTZIADIS Independent Non-Executive Director
	WADE SEBASTIAN R.E. BURTON Non-Executive Director
	STEPHEN L. JOHNSON Independent Non-Executive Director
	KENNETH HOWARD K. PRINCE-WRIGHT Non-Executive Director, Representative of the HFSF

NOMINATION COMMITTEE

The Board has delegated to the Nomination Committee the responsibility to consider matters related to the Board's adequacy, efficiency and effectiveness, and to the appointment of the key management personnel.

The Nomination Committee's members are appointed and approved by the Board every two years. The Nomination Committee meets at least twice a year and the Chairman of the Committee presents all relevant decisions to the Board. During 2014, the Nomination Committee held eight meetings (the same as in 2013), and the average ratio of attendance was 94% (compared to 82% in 2013).

The composition of the current Nomination Committee, as approved by the Board of the Bank on 13.5.2015, is the following:

Nomination Committee

Chairman	BRADLEY PAUL L. MARTIN Independent Non-Executive Director
Members	NIKOLAOS V. KARAMOUZIS Non-Executive Director
	WADE SEBASTIAN R.E. BURTON Non-Executive Director
	JON STEVEN B.G. HAICK Independent Non-Executive Director
	STEPHEN L. JOHNSON Independent Non-Executive Director
	KENNETH HOWARD K. PRINCE-WRIGHT Non-Executive Director, Representative of the HFSF

STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee's role is to assist the executive Directors of the Board in planning and developing the Group's strategy.

The Committee's members are appointed by the Board, on the recommendation of its Chairman, following the proposal by the Nomination Committee. The Committee's members are appointed for a term of three years, that can be renewed up to three times. The Committee meets biweekly or ad hoc when necessary.

The composition of the current Strategic Planning Committee, as approved by the Board of the Bank on 16.2.2015, is the following:

Strategic Planning Committee

Chairman	NIKOLAOS V. KARAMOUZIS Non-Executive Director
Members	FOKION C. KARAVIAS Chief Executive Officer
	STAVROS E. IOANNOU Deputy Chief Executive Officer, Group Chief Operating Officer & International Activities
	THEODOROS A. KALANTONIS Deputy Chief Executive Officer, Retail Banking
	CHRISTOS N. ADAM General Manager Group Risk Management, Chief Risk Officer
	KONSTANTINOS V. VASSILIOU General Manager Group Corporate & Investment Banking
	CONSTANTINOS A. VOUSVOUNIS General Manager Troubled Assets Group
	HARRIS V. KOKOLOGIANNIS General Manager Group Finance & Control, Chief Financial Officer

■ SENIOR MANAGEMENT BODIES

The Chief Executive Officer establishes Committees to assist him as required. The most important Committees established by the Chief Executive Officer with approval authority are the Executive Board and the Central Credit Committee.

EXECUTIVE BOARD

The Executive Board manages the day-to-day implementation of Eurobank group's strategy, as defined by the Strategic Planning Committee. The Executive Board meets on a weekly basis.

The composition of the Executive Board, as reorganised on 20.2.2015, is the following:

Executive Board

Chairman **FOKION C. KARAVIAS**
Chief Executive Officer

Members **STAVROS E. IOANNOU**
Deputy Chief Executive Office,
Group Chief Operating Officer &
International Activities

THEODOROS A. KALANTONIS
Deputy Chief Executive Office,
Retail Banking

CHRISTOS N. ADAM
General Manager Group Risk
Management, Chief Risk Officer

KONSTANTINOS V. VASSILIOU
General Manager Group Corporate &
Investment Banking

CONSTANTINOS A. VOUSVOUNIS
General Manager Troubled Assets
Group

HARRIS V. KOKOLOGIANIS
General Manager Group Finance &
Control, Chief Financial Officer

DIMOSTHENIS I. ARCHONTIDIS
General Manager Global Markets &
Wealth Management

CHRISTINA T. THEOFILIDI
General Manager Retail Remedial
Management

IAKOVOS D. GIANNAKLIS
Deputy General Manager, Head of
Branch Network General Division

ANASTASIOS L. PANOUSSIS
Deputy General Manager, Head of
Individual Banking General Division

MICHALIS L. LOUIS
Head of International Activities
General Division

CENTRAL CREDIT COMMITTEE

The Board Risk Committee of Eurobank has delegated to the Central Credit Committee (CCC) the authority to approve unsecured credit requests above € 10 million and up to € 50 million. The CCC meets at least once a week.

Unsecured exposures up to € 100 million and up to a total limit of € 130 million require further approval by the Group Chief Risk Officer. Unsecured exposures over € 100 million require further approval by the Chief Executive Officer.

The composition of the current Central Credit Committee, as reorganised on 2.3.2015, is the following:

Central Credit Committee

Members **IVI F. VIGA**
General Manager Credit Sector

KONSTANTINOS V. VASSILIOU
General Manager Group Corporate &
Investment Banking

SYSTEM OF INTERNAL CONTROLS

■ PRINCIPLES OF INTERNAL CONTROLS

Management has established a System of Internal Controls that is based on international good practices and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Efficient and effective operations.
- Reliability and completeness of financial and management information.
- Compliance with applicable laws and regulations.

■ INTERNAL AUDIT GROUP

The primary role of the Internal Audit Group (IAG) is to assist the Board and the Audit Committee, by providing independent and systematic appraisals of the adequacy, efficiency and effectiveness of all internal controls that are embedded in the Bank's operations and its subsidiaries. The areas in scope of the Internal Audit Group include the Bank and its subsidiaries in Greece and abroad.

A direct reporting line to the Audit Committee strengthens the function of IAG and safeguards its independence. The head of IAG also holds separate private meetings with the Audit Committee. IAG is independent of the Bank units with operational responsibilities, and for administrative purposes reports to the CEO.

The Internal Audit Group follows a risk-based methodology which examines the existence and adequacy of controls that address specific control objectives. Risk assessment covers all units, functions, processes and IT systems of the Bank, and constitutes the basis for the preparation of the audit plan, which leads to the execution of the audit assignments.

The outcome of the internal audit assignments is captured in the audit reports, that are distributed to Management, the Audit Committee and the external auditors. IAG holds regular periodical meetings with the Senior Management to discuss audit findings and progress, and prepares quarterly submissions to the Audit Committee.

IAG in Greece has 85 professionals with significant banking and audit experience. The majority of the IAG staff possesses professional qualifications from internationally recognised professional bodies, such as ICAEW, ACCA, CIA, and CISA.

IAG complies with the Institute of Internal Auditors' (IIA) Framework for the Professional Practice of Internal Auditing and has been certified for the performance of audits in accordance with the IIA Standards.

EXTERNAL AUDITORS

The Annual General Meeting of the Shareholders that convened on 28.6.2014 assigned the statutory audit of the Bank's annual financial statements (consolidated and non-consolidated) for the fiscal year 2014 to "PricewaterhouseCoopers Auditing Company S.A.", which appointed its partner Ms. Despina Marinou, certified auditor (SOEL Reg. No 17681), as the statutory auditor, also appointing its partner, Mr Dinos Michalatos, certified auditor (SOEL Reg. No 17701) as the deputy auditor in case the statutory auditor is prevented from attending to her duties.

In order to safeguard the independence of external auditors, the Bank has been consistently implementing a Policy on External Auditors Independence, as well as a policy in regard to the tendering process followed by the Bank for the assignment of the statutory audit of its financial statements to external auditors.

As part of the Policy on External Auditors Independence, the rules concerning the services provided by external auditors are founded on three key principles, the violation of which could affect the auditors' independence: (1) an auditor may not audit his or her own work; (2) an auditor may not perform any administrative role; and (3) an auditor may not provide any services prohibited by the Law or the Bank's policy.

In 2014, the Bank, in pursuit of this policy, held a tendering procedure for selecting a statutory auditor, and on 16.1.2015 its Board approved "PricewaterhouseCoopers Auditing Company S.A." as the auditing company selected for conducting the statutory audit of the financial statements of the Bank for the period 2016-2019, provided that its appointment will be preceded by an annual proposal by the Board to the General Meeting of the Shareholders of the Bank and a decision of the General Meeting, as well as by any other approval that may be required.

GROUP COMPLIANCE

The Board of Directors has delegated the responsibility for monitoring the activity of the Group Compliance Sector (GC) to the Bank's Audit Committee. Following a Board decision on 16.2.2015 the Head of Group Compliance is reporting to both the Audit Committee and the Chairman of the Board. Group Compliance is responsible for the establishment and implementation of appropriate procedures that ensure the timely, complete and continuous compliance of the credit institution with the applicable statutory framework and the credit institution's own internal regulations. In addition, it coordinates the work of the compliance officers of the credit institution's foreign branches and subsidiary companies in Greece and abroad.

As part of its responsibilities, in 2014 GC:

- Successfully absorbed the operations and personnel of the Compliance divisions of New TT Hellenic Postbank S.A. and New Proton Bank S.A.
- Updated the Compliance Policy and assigned specific compliance functions/roles to authorised personnel of units/divisions and subsidiaries.
- Supported the Bank's units in regard to compliance with the regulatory requirements on Anti-Money Laundering, as part of the integration of the operating systems of the merged banks.
- Trained the Bank's personnel on Anti-Money Laundering issues, focusing on the staff of the merged banks.
- Enriched its internal procedures and systems, in order to ensure more effective compliance with the requirements of Bank of Greece Governor's Act 2652/2012.

- Coordinated the development of appropriate infrastructure for the automated provision of client data to any competent authority.
- Updated the internal procedures concerning investment products and services, in order to incorporate the recent changes in the regulatory framework.
- Completed the actions required for ensuring compliance with the Foreign Account Tax Compliance Act (FATCA).
- Monitored the implementation of the Bank's policies and procedures regarding Consumer Protection.
- Enhanced the monitoring of the domestic and foreign subsidiaries' compliance with the Group's requirements.

At the same time, in order to implement the UN Global Compact's 10th principle against corruption, the Bank has adopted:

- A Personnel Code of Conduct and an Anti-Bribery Guideline.
 - Specialized personnel training programs.
 - Control mechanisms and procedures, and the use of IT systems for the prevention and suppression of money laundering, as well as fraud detection systems.
- In 2015, GC will focus on:
- Updating and further enhancing the Bank's AML IT systems.
 - Supporting the Bank's units and subsidiaries in regard to the updating of internal procedures and policies and their adaptation to the new regulatory requirements.

- Completing IT projects related to the electronic provision of information to supervisory and other authorities.
- Adopting an electronic application for monitoring conflicts of interest.
- Providing further personnel training on compliance issues.
- Enhancing the GC's supervisory role through the extended performance of compliance audits, aimed at ensuring compliance with the applicable laws and regulations.
- Monitoring the implementation of the corrective actions identified by previous audits.

RISK MANAGEMENT

OVERVIEW

The Group acknowledges that risk-taking is an integral part of the activities it undertakes in order to achieve its strategic and business targets. Therefore, the timely and effective management of risks is a key priority of the Management in Greece and abroad.

The Board has entrusted the Board Risk Committee with certain tasks regarding the design and formulation of the risk management strategy, the management of assets and liabilities, and the creation of effective mechanisms for identifying, assessing and managing the risks that emanate from the overall activities of the Group. The Board Risk Committee comprises five non-Executive Directors, meets at least on a monthly basis and reports to the Board of Directors on a quarterly basis.

The Management of the Group has allocated adequate resources for upgrading policies, methods and infrastructures, in order to ensure compliance with best international practices and the guidelines of the Basel Committee, the European Central Bank (ECB), and the European Banking Authority (EBA) on banking supervision.

■ RISK APPETITE FRAMEWORK

The maximum level of risk the Group is willing to assume in order to achieve its strategic objectives, is defined in the “Risk Appetite Framework”, which sets qualitative and quantitative indicators and parameters, including specific risk tolerance limits, both on a risk-specific and an overall basis. The main purposes of defining a risk appetite are compliance with regulatory requirements, safeguarding the Group’s uninterrupted operation, and maintaining strong capital adequacy.

The risk appetite framework is communicated to the Group’s personnel, since it informs the risk management culture of the organisation, and constitutes the cornerstone for setting Risk Policies and Limits, both on the Group level and per business activity.

The risk appetite framework comprises the following parameters:

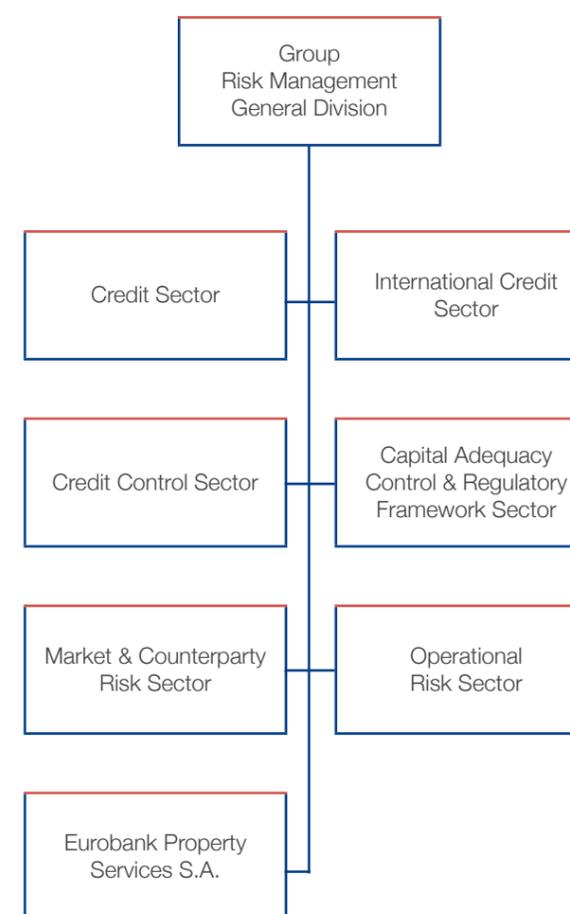
- Risk capacity — reflects the maximum amount of risk the Group can assume given any regulatory and operating constraints (capital adequacy and liquidity constraints and other obligations).
- Risk appetite — reflects the maximum level of risk the Group is willing to assume in order to achieve its strategic and business objectives.
- Risk limits — clearly defined amounts of acceptable risk, set per type of risk by the Group. The limits are monitored by the competent departments on a regular basis.

The risk appetite framework is adequately recorded. The relevant risk assumption limits are evaluated and approved by the Risk Committee and the Board of the Bank, ensuring compliance with the Group’s strategy. Risk appetite tolerance levels are set at different trigger levels, with clearly defined escalation requirements, which enable the appropriate actions to be defined and implemented as required. In cases where tolerance levels are breached, the competent units are responsible for notifying the Risk Committee of the Board in due time.

■ RISK MANAGEMENT STRUCTURE

The Group Risk Management General Division is run by the Group Chief Risk Officer (GCRO), operates independently from the business units and is fully responsible for monitoring credit risk, operational risk, market risk and liquidity risk. It comprises the Credit Sector, the International Credit Sector, the Credit Control Sector, the Capital Adequacy Control & Regulatory Framework Sector, the Market & Counterparty Risk Sector and the Operational Risk Sector. Eurobank Property Services S.A., which is responsible for the appraisal of the properties covering the loans extended by all the units of the Bank, is also subject to the Chief Risk Officer.

Risk Management Structure



CREDIT RISK

■ DEFINITION OF CREDIT RISK

Credit risk is the risk that a counterparty will be unable to fulfil its payment obligations in full when due. Credit risk also includes country, dilution and settlement risk.

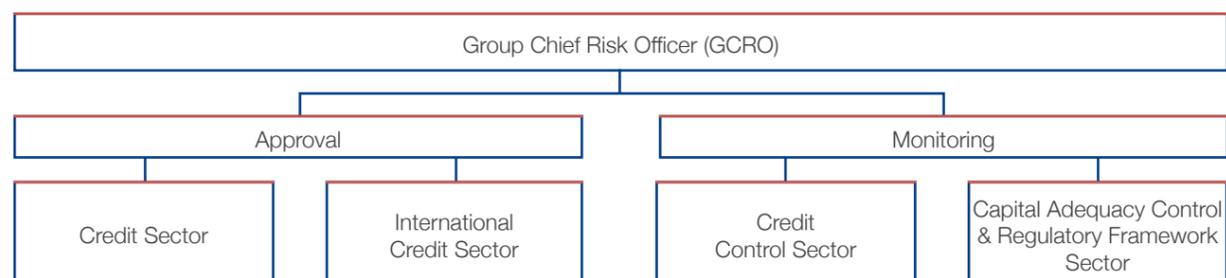
Credit risk arises principally from the corporate and retail lending portfolio of the Group, including credit enhancement provided such as financial guarantees and letters of credit. The Group is also exposed to credit risk arising from other activities, such as investment in debt securities, trading activities and settlement activities. Credit risk is the largest risk the Group faces and is rigorously managed and monitored by centralised dedicated risk units, reporting to the Group Chief Risk Officer.

■ CREDIT RISK MANAGEMENT STRUCTURE

The diagram appearing on the following page depicts the organisational structure of the Bank’s credit risk. The organisation of the credit risk divisions of the Group’s foreign subsidiary banks (Bulgaria, Romania, Serbia, Cyprus, Luxembourg and Ukraine) also follows the same model.

All subsidiary banks implement the same risk management structure and the same control procedures with the parent Bank, directly reporting to the Group Chief Risk Officer. Risk management policies and procedures are approved and monitored by the Bank’s Credit Risk Management units, thus ensuring compliance with the guidelines of the Bank and the implementation of a single credit risk management strategy throughout the Group.

In addition, credit approval and credit review procedures are centralised on the individual country level. Adequate segregation of duties ensures independence among the units responsible for the customer relationship, the loan approval and disbursement process, as well as the monitoring of the loan during its life.

Credit risk organisation

The Credit approval processes in Corporate Banking are implemented through Credit Committees with escalating credit approval levels, in order to manage the credit risk:

- Credit Committees, which approve new credit limits, renew or amend existing ones in accordance with their approval authority levels, and on the basis of total customer exposure, customer risk category (high, medium, low), as well as the value and type of security.
- Regional Credit Committees, which are Bank committees authorized to approve credit limits for International Operations, when these limits exceed country's approval authority and depending on the customer's risk classification.
- Special Handling Credit Committees, which decide on credit issues and on the actions to be taken for specific cases of problematic loans.

In addition, other specialised committees have also been established, with the purpose of monitoring specific portfolios (e.g. loans in arrears subject to settlement, personnel loans). The Credit Committees convene on a weekly basis, or more frequently if required.

CREDIT SECTOR

The Credit Sector is responsible for evaluating credit proposals for large and medium-sized enterprises, as well as for preparing the agendas of the Credit Committees, which discuss the written proposals of the business units. The Credit Sector is a voting member of the Credit Committees. It also approves loans to retail customers (small business and mortgage lending), in case the total exposure of the customer exceeds a predetermined threshold.

Foreign subsidiary banks must also be fully in compliance with the Bank's lending procedures. The International Credit Sector was formed in April 2008, in order to ensure full compliance with the standards applicable on the Group level, and in line with the corporate credit risk management requirements applicable in the countries the Group is operating in.

CREDIT CONTROL SECTOR

The quality of the Group's lending portfolios (business, consumer, and mortgage loans in Greece and abroad) is monitored and assessed by the Credit Control Sector. The Credit Control Sector operates independently from the other units of the Bank and conducts field reviews at the Bank's (corporate and retail) business units. It is also responsible for establishing and reviewing credit policies in regard to the corporate and retail lending portfolios, as well as for the formulation/revision of the corresponding provisioning policies.

CAPITAL ADEQUACY CONTROL & REGULATORY FRAMEWORK SECTOR

The main tasks of the Capital Adequacy Control & Regulatory Framework Sector are the development and implementation of the Internal Ratings Based (IRB) approach in accordance with the Basel framework and the Capital Requirements Directive (CRD) in regard to the Group's lending portfolios. The Sector is also responsible for validating, on an annual basis, the credibility of the models used by the Bank for measuring the risk parameters and capital requirements of the lending portfolios. The Sector's mandate also includes the management of credit-risk related regulatory issues, such as the asset quality reviews (AQRs) and stress tests.

MANAGEMENT OF PAST DUE EXPOSURES

The Troubled Assets Group General Division has the overall responsibility for the management of the Group's problem loan portfolios and ensures the strict monitoring, rigorous control and adaptation of the programmes, acknowledging and taking into account macroeconomic developments, the supervisory and legal framework, best international practices and new or advance internal requirements.

The Troubled Assets Group General Division is working together with the Group Risk Management Division for the mutual understanding and development of the appropriate methodology regarding the assessment of risks emanating from any type of settlement and delinquency, per lending portfolio. The proposals and reports submitted by the Division to the Risk Management Committee are also submitted to the Group Chief Risk Officer on a quarterly basis.

MEASURING CAPITAL REQUIREMENTS FOR CREDIT RISK

In June 2008, the Group obtained the approval of the Bank of Greece to use the Internal Ratings-Based (IRB) Approach for calculating regulatory capital requirements for credit risk. Therefore, effective as of 1.1.2008, the Group has been applying:

- The Foundation Internal Ratings-based Approach for calculating risk-weighted assets for the Bank's corporate loans in Greece.
- The Advanced Internal Ratings-based Approach for the majority of the Bank's retail lending portfolio, e.g. mortgage loans, small business loans, credit cards and revolving consumer loans.
- As of September 2009, the Foundation Internal Ratings-based Approach was applied to the entire corporate lending portfolio of Eurobank Ergasias Leasing S.A. in Greece.
- In March 2010, the Advanced Internal Ratings-based Approach was also applied to the personal and car loan portfolios.

The implementation of the Internal Ratings-based Approach covers 72.2% of the Group's lending portfolio, excluding certain lending portfolio segments that are immaterial in terms of size and risk profile. If the implementation of the IRB approach of Basel II on the lending portfolio of the New TT Hellenic Postbank, whose approval by the ECB is still pending, is also taken into account, the above ratio rises to 82.1%.

■ RATING SYSTEMS

RATING OF LARGE & MEDIUM-SIZED ENTERPRISES

The Bank uses various systems for rating corporate borrowers, in order to determine more accurately the risks related with borrowers with different characteristics. These systems are:

- Corporate lending: Moody's Risk Advisor (MRA) / Internal Credit Rating (ICR) system for customers that cannot be rated by the MRA.

- Specialised lending (shipping, real estate and project finance): slotting methodology.

The MRA aggregates quantitative and qualitative information about enterprises, in order to assess their creditworthiness and determine their credit rating. More specifically, it takes into account the enterprise's financial results and balance sheet structure, the trends prevailing in its industry, the status of its competitors, certain qualitative estimates regarding its management, its overall status, as well as other factors pertaining to the market structure of its industry. Finally, the MRA has been adapted to the Greek business environment.

Certain types of enterprise cannot be evaluated with the MRA, due to the special characteristics of their financial statements, such as insurance companies, state organisations, brokerage firms, and startups. These cases are evaluated with the use of the ICR, which, like the MRA, combines qualitative and quantitative assessment criteria.

In addition, the Bank conducts an overall assessment of corporate customers, based both on the credit rating of the borrower (MRA or ICR) and on the collaterals and guarantees provided against the credit facility, using a fourteen-grade scale. Exposure to credit risk is subject to thorough review by the appropriate approval levels of the Bank, on the basis of the corresponding overall credit ratings.

In the case of specialised lending portfolios, i.e. those whose primary source of repayment is the income generated by the financed assets, instead of the commercial enterprise's individual capacity, the Bank applies the slotting method. Customers falling under the specialised lending category (shipping, real estate and project finance) are classified in five categories: Strong, Good, Satisfactory, Weak, and Default.

The rating systems described above are an integral part of the corporate lending decision-making and risk management procedures:

- In the approval process, both at origination, and upon the renewal of credit limits.
- In the calculation of the Economic Value Added of a lending relationship.
- In Risk Adjusted Pricing.

RETAIL LENDING RATINGS

The Bank assesses the credit risk of loans extended to retail customers on the basis of statistical models, both at origination, and on an ongoing basis, also taking into account behavioural scorecards. These models have been designed to predict, on the basis of the available information, the probability of default, loss given default, and exposure at default. Moreover, they cover the entire range of retail banking products (credit cards, consumer loans, car loans, mortgage loans, and small business loans).

The models are used in the approval process, in credit limit management, as well as in the context of the collection process, for prioritising among loans that need to be immediately handled. In addition, they have often been used for the risk-based segmentation of customers, and they are also used for risk-based pricing in certain segments, or in regard to new products.

The rating systems used by the Bank meet the requirements of the Internal Ratings-Based (IRB) approach of Basel III. The Bank's policy is to validate credit risk assessment models and risk parameters with the use of qualitative and quantitative criteria, in accordance with best international practices and regulatory requirements. This validation is performed on an annual basis and the results are used as the basis for all the necessary adjustments, also taking into account developments in the macroeconomic environment.

■ LOANS AND ADVANCES

The following table presents the geographical and industry break down of the Group's loans and advances to customers at 31.12.2014, as disclosed for IFRS purposes.

31 DECEMBER 2014

	GREECE			REST OF EUROPE			OTHER COUNTRIES		
	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million
Retail Lending	28,667	11,026	(5,177)	3,733	1,008	(508)	6	-	-
- Mortgage	16,592	4,184	(1,363)	1,758	318	(114)	5	-	-
- Consumer	4,055	2,289	(1,761)	871	204	(148)	1	-	-
- Credit Card	1,529	707	(493)	312	79	(63)	-	-	-
- Small business	6,491	3,846	(1,560)	792	407	(183)	-	-	-
Wholesale Lending	13,618	6,347	(3,090)	4,134	1,480	(849)	1,122	159	(117)
- Commerce and services	5,836	2,759	(1,424)	1,616	374	(220)	392	60	(53)
- Manufacturing	3,249	1,129	(501)	517	201	(118)	18	-	-
- Shipping	71	19	(3)	101	46	(30)	571	37	(18)
- Construction	2,153	1,180	(484)	775	485	(222)	11	4	(0)
- Tourism	1,159	503	(122)	59	16	(11)	-	-	-
- Energy	297	14	(13)	63	6	(0)	-	-	-
- Other	853	743	(543)	1,003	352	(248)	130	58	(46)
Public Sector	600	0	(7)	1	-	-	-	-	-
Total	42,885	17,373	(8,274)	7,868	2,488	(1,357)	1,128	159	(117)

■ LOAN PORTFOLIO QUALITY

Seeking to further safeguard its balance sheet, the Bank continued to accelerate credit provisioning at an annual rate of 640 points. By the end of the year, accumulated provisions amounted to € 9.7 billion, covering 18.8% of total loans and 56.3% of 90 days past due loans. These provisions almost fully cover the estimates of the Asset Quality Review (AQR), which was conducted by the European Central Bank (ECB) in 2014. The following table summarizes the lending portfolio's quality:

Loan Portfolio Quality

	> 90dpd ratio (%)	> 90dpd (€bn)	90dpd Coverage (%)
Consumer	45.2	3.1	79.3
Mortgages	22.5	4.1	36.0
Small Business	50.7	3.7	47.2
Corporate	32.9	6.4	63.5
Total	33.4	17.3	56.3

MARKET & COUNTERPARTY RISK

■ MARKET RISK

DEFINITIONS AND POLICIES

The Group is exposed to market risks, which arise from open positions in interest rate, foreign exchange, and equity products, or combinations thereof, which are affected by general and specific market volatility.

In order to ensure the effective monitoring of the market risks that emanate from its overall activities, the Group adheres to certain principles and policies, designed to:

- Establish an effective market risk management framework at Group level.
- Ensure regulatory compliance.

- Create a competitive advantage over competition, through the more accurate and efficient assessment of the risks assumed.

INTERNAL MODELS

The Bank uses its own internal Value-at-Risk (VaR) model —validated by the Bank of Greece since 2005— for calculating capital requirements against the market risk of its trading book, for its activities in Greece.

The VaR method is used for estimating financial risk by calculating the potential loss in the market value of a portfolio, for a specific confidence interval and over a specific period.

VaR models are designed to estimate market risk under normal conditions, based on the assumption that any possible changes in the risk factors that affect these normal market conditions will be normally distributed.

Although VaR is a key tool for estimating market risk, the assumptions it is based on impose certain restrictions. This is why the actual outcomes are systematically monitored through back testing, in order to check the validity of the assumptions and parameters used for calculating VaR.

Average VaR by risk type (Trading and Investment portfolios) - Greece and Cyprus

	2014 € million	2013 € million
Interest Rate Risk	18	12
Foreign Exchange Risk	1	2
Equities Risk	4	4
Total VaR	20	14

STANDARDISED APPROACH FOR MARKET RISK

The Bank uses the Standardised Approach for the measurement of market risk exposure and capital requirements of its subsidiaries in Greece and in International operations. The following table

summarizes the capital requirements for market risk per risk factor, based on the Standardised Approach, as per 31.12.2014 and 31.12.2013.

Capital Requirements for Market Risk per Risk Factor

	2014 € million	2013 € million
General risk of traded debt instruments	3	1
Specific risk of traded debt instruments	2	2
General and specific risks of equities	2	5
Foreign exchange risk	31	37
Total	38	45

■ COUNTERPARTY RISK

DEFINITION

Counterparty risk is the risk that a counterparty in an off balance sheet transaction (i.e. derivative transaction) defaults prior to maturity and the Bank has a claim over the counterparty (the market value of the contract is positive for the Bank).

COUNTERPARTY RISK MONITORING

The current exposure as per 31.12.2014 is presented in the following table:

31 DECEMBER 2014					
	Current exposure before netting € million	Current exposure after netting € million	Netting effect € million	Collateral received / (paid) € million	Total exposure after netting and margin collateral € million
Contracts under ISDA and CSA (derivatives)	2,158	1,281	877	(1,808)	1,528
Contracts under GMRA (repos and reverse repos)	1,303	1,296	7	(206)	1,486
Other contracts (derivatives and repos outside ISDA and CSA, GMRA)	203	203	0	0	203
Total	3,664	2,780	884	(2,014)	3,217

OPERATIONAL RISK

■ GOVERNANCE

Acknowledging the fact that operational risk is embedded in every business activity undertaken, the organisational governance stems from the Board of Directors through the Executive Committee and Senior Management to the Heads and staff of every business unit. The organisational governance is applicable to all jurisdictions accordingly.

Each subsidiary bank of the Group has established an Operational Risk Unit which is responsible for applying the Group's operational risk strategy and framework in the jurisdiction the Bank operates.

The Board of Directors monitors, through the Board Risk Committee, the operational risk level and profile including the level of operational losses, their frequency and severity, and through the Audit Committee, the status of operational risk-related control issues. The Group Operational Risk Committee assesses the operational risks arising from Eurobank's activities, ensures that each business entity has appropriate policies and procedures for the control of its operational risk and that prompt corrective action is taken whenever a high risk area is identified.

The Group Chief Risk Officer is the sponsor of any operational risk related initiative and ensures implementation of the operational risk policy. The Group Chief Risk Officer has the overall responsibility and oversight of the operational risk units in every country where Eurobank operates.

The prime responsibility for operational risk management lies with the respective Heads of each business unit.

The Operational Risk Sector is responsible for defining and rolling out the methodology for the identification, assessment, reporting of operational risk within Board/Risk Committee decisions, implementing regulatory requirements and Group guidelines, monitoring the operational risk level and profile and reporting thereon to the Board Risk Committee, and defining and rolling out the methodology for the calculation of the regulatory capital charge for operational risk.

■ OPERATIONAL RISK MANAGEMENT FRAMEWORK

The Group Operational Risk framework is based on four elements: (1) Principles; (2) Governance & Organisation; (3) Procedures; and (4) Infrastructure.

Operational risk management procedures consist of risk identification, assessment (including measurement and valuation), control management and risk mitigation mechanisms, reporting, as well as performance improvement.

These procedures are supported by, and implemented with the following operational risk tools/methods:

- Risk & Control Self Assessment (RCSA): a method aiming to identify, assess and, ultimately, mitigate operational risk.
- Key Risk Indicators (KRIs): metrics based on historical data relevant to specific and measurable activities indicating operational risk exposures.
- Operational Risk Events: identified and recorded with the purpose of populating the internal operational risk event database.
- Operational Risk Scenario Analysis, which assesses exposure to a range of significant operational risks by examining extreme or catastrophic yet plausible future events.
- Operational risk reporting, for internal use and for regulatory purposes.
- Operational risk capital charge calculation using the appropriate methodology and assumptions.
- Fraud risk management, which constitutes a major commitment of the Group to mitigate fraud risk and reduce fraud losses.

■ OPERATIONAL RISK MEASUREMENT

As required by Basel III for the use of the Standardised Approach, the Group's business activities have been divided into eight business lines and the annualized gross operating income for 2012, 2013 and 2014 is calculated for each business line. The required business line beta factors are then applied to the relevant business line gross operating income, to establish the required regulatory capital per business line, with these numbers summed together to establish the overall Pillar 1 regulatory capital requirements for operational risk.

This calculation represents a revenue based proxy of the Group's operational risk.

COMPREHENSIVE ASSESSMENT OF THE EUROPEAN CENTRAL BANK (ECB)

■ SUMMARY

On 26.10.2014, the European Central Bank (ECB) and the European Banking Authority (EBA) released the results of the Comprehensive Assessment (CA) of the most important systemic banks of the European Union (EU), which was conducted in cooperation with the national competent authorities (NCAs) and the EBA. The CA was conducted prior to the transfer of the full responsibility for the supervision of credit institutions from the national competent authorities to the ECB in November 2014, as part of the Single Supervisory Mechanism (SSM).

The CA evaluated the resilience of each bank, using a single methodology, which was consistently applied to all the participating banks. The results were derived by the combined effect of the following two main pillars:

- The Asset Quality Review (AQR), to enhance the transparency of bank balance sheets, by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions.
- The Stress Test (ST), which was performed in cooperation with the EBA to examine the resilience of banks' balance sheets to two stress test scenarios: Baseline and Adverse.

Capital adequacy was calculated over a three-year horizon (2014-2016), with the common Equity Tier I (CET 1) ratio set to 8.0% and 5.5% for the baseline and adverse scenario, respectively. Moreover, the CA was conducted under both the static and dynamic balance sheet assumption. Under the Static Balance Sheet assumption, the balance sheet as of December 31, 2013 was used as reference; therefore, no other subsequent capital enhancement and/or share capital increase, and no other structural improvement of the operating results were taken into account. Under the dynamic balance sheet assumption, the calculations incorporate the effect of the measures announced and implemented as part of the Restructuring Plans approved by the European Commission for the period 2014-2016. Both assumptions were then stress-tested under the baseline and the adverse scenario.

■ COMPREHENSIVE ASSESSMENT (CA) RESULTS FOR EUROBANK

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

AQR Results

	€ million	Ratio %
CET 1 2013	4,079	10.6
AQR impact	(1,070)	(2.8)
AQR adjusted CET 1	2,979	7.8
AQR adjusted CET 1 post € 2.9 bn share capital increase	5,843	15.3

Comprehensive Assessment (CA) Results

	STATIC		DYNAMIC	
	Baseline	Adverse	Baseline	Adverse
AQR & ST adjusted CET 1, %	2	(6.4)	15.1	5.5
Surplus/(Shortfall), € million	(2,282)	(4,628)	2,403	(18)
Surplus/(Shortfall) post € 2.9 bn share capital increase, € million	582	(1,764)	2,403	(18)

■ EUROBANK'S ASSESSMENT OF THE COMPREHENSIVE ASSESSMENT (CA) RESULTS

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

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

PILLARS OF ACTIVITY



RETAIL BANKING

Even in the toughest economic environment, Eurobank is determined to continue to focus on customer's needs, with the aim of building mutually beneficial relationships based on trust. In 2014 our aim was to:

- Provide our retail customers with customised deposit, savings, investment, and bancassurance products, combined with loyalty and reward programmes.
- Support small and medium-sized enterprises, as well as Greece's professionals, through the New Responsible Lending approach, with the use of structured "Business Check-up" tools.
- Stand responsibly by the side of its Consumer and Mortgage Lending as well as Small Business Banking customers, offering integrated solutions and special loan servicing programmes, tailored to their financial means.

The year 2014 was a landmark year for Eurobank and Retail Banking in particular. The year was marked, first, by the successful completion of the operational merger with New TT Hellenic Postbank and the launch of the Dual Branding Strategy and, second, by the initiation of the strategic transformation

of the Retail Banking operating model, which aimed at the transition from a product-centric to a customer-centric orientation.

The operational merger between Eurobank and New TT Hellenic Postbank was completed in May 2014 and the Bank, adhering to the **"One Bank-Two Branch Networks"** principle, decided to maintain two distinct branch networks, the Eurobank Network and the New TT Branch Network. This strategy has already borne fruit during 2014, since, due to the merger, deposit outflows remained at rather low levels (~3%). Moreover, the productivity of the New TT Branch Network increased markedly, along with the cross-selling ratio across a customer base of at least one million, showing substantial prospects of further growth.

In regards to deposits, the Bank succeeded in reducing total deposit costs by more than 100 basis points, with only a relatively slight drop in total deposits in Greece, by € 1.9 billion (from € 32.9 billion in 2013 to € 31 billion in 2014).

In the area of lending, the Group consistently pursued a conservative credit growth policy, in all Retail Banking segments. In Greece, the demand for mortgage and consumer loans remained low, in contrast with the demand for liquidity by small businesses and professionals, which was much higher. In this environment, in 2014 Eurobank disbursed € 76 million in mortgages (including housing, home equity, and green loans), € 97 million in consumer and car loans, and € 243 million in new loans to small and

medium-sized enterprises, and professionals, also generating a high turnover of more than € 2 billion through the use of POS terminals. In total, Eurobank's retail lending portfolio in Greece remained at 2013 levels, i.e. € 28.6 billion.

Moreover, in 2014 **Retail Banking was organisationally restructured** on two pillars:

- Distribution channels (which include the two branch networks, e-Banking, and the Hellenic Post associated network).
- Client-centred units (Private Banking, Affluent Banking, SME and Professionals Banking), which are responsible for the formation of the overall commercial policy for each segment.

The new structure sets out clear roles, strengthens the front line in the branch networks, and upgrades the importance of e-channels to that of physical channels, in line with the digital future that lies ahead. It also introduces a new distribution network with substantial growth prospects, the Hellenic Post network (through the existing association agreement between Hellenic Post and the Bank).

The Bank's aim is clear: to place the customer at the centre of its business model, in accordance with the principles of the "simplicity, transparency, and human-centricity" triptych. To this end, in 2014 the Bank started implementing initiatives aimed at the simplification, centralisation and integration of Retail Banking operations and procedures, with tangible cost-rationalisation and efficiency gains.

In recognition of these initiatives, Eurobank was named "**Best Retail Bank**" in Greece for 2014 by the internationally acclaimed World Finance magazine, also winning three awards at the prestigious "National Customer Service Awards" of the Hellenic Institute of Customer Service, among 110 nominations from all over Greece.

■ BRANCH NETWORKS

In 2014, Eurobank further rationalised its networks in Greece, with a focus on the provision of optimum customer service, as well as the rationalisation of operating expenses, trying, at the same time, to always stand by the side of Greece's society, and continuing to finance Greek businesses and households.

Once again, the Bank invested in the skills and expertise of its people, always seeing to their training and professional advancement, in order to further improve customer service.

ONE BANK - TWO BRANCH NETWORKS

Further consolidating its strategic position in Greece, in 2013 Eurobank successfully absorbed New TT Hellenic Postbank S.A., following the successful merger with New Proton Bank S.A. The operational merger with New TT Hellenic Postbank was completed in 2014. Showing respect to the history and heritage of TT Hellenic Postbank, which is a byword for friendly, human-centred service and has been building on long-standing relationships with its customers for more than 100 years, Eurobank adopted the "One Bank-Two Branch Networks" strategy, maintaining two distinct branch networks:

- The **Eurobank Network**, which comprehensively and effectively caters to the daily needs of retail customers, as well as professionals and small businesses. Apart from providing state-of-the-art solutions to everyday transaction needs, Eurobank branches are staffed with certified and specialised advisors for Personal Banking clients, as well as for freelance professionals and small businesses, further improving the consistently high quality of services offered by the Bank.
- The **New TT Branch Network**, which provides Greek families with friendly and swift services, founded on the Hellenic Postbank's more-than-centennial tradition and leadership. Respectful to this long-standing relationship of trust with customers, the familiar branches cater to all their banking needs, moving, at the same time, towards a new era, as a modern banking network with state-of-the-art infrastructures, and establishing the role of the Family Banking Advisor, which is designed to provide comprehensive coverage to the needs of Greek families.

The Bank has gradually and successfully implemented the **Dual Branding** strategy, by consolidating back-office operations and providing the network with specialised products, but also enabling customers to choose their preferred service network and perform their everyday transactions at more than 500 branches of the Bank throughout Greece.

For this outstanding customer service experience, and with the Management of the Branch Network standing closer than ever to its people, the Eurobank Network and the New TT Branch Network won three awards at the "National Customer Service Awards 2014" of the Hellenic Institute of Customer Service, in the following categories:

- Professional of the Year
- Manager of the Year (>40 people in Customer Service)
- Manager of the Year (<40 people in Customer Service).

HELLENIC POST (ELTA) BRANCH NETWORK

The Bank has an exclusive cooperation agreement with Hellenic Post (ELTA). As part of this agreement, the Bank's customers have access to the Hellenic Post branch network, which comprises more than 700 points of service throughout Greece and, in many cases, covers geographic areas where banking presence is limited or inexistent.

In 2014, the Group established a new Division within Retail Banking, whose main purpose is to enhance and develop cooperation between the Bank and Hellenic Post.

The focus of the new Division, in close cooperation with the management and personnel of Hellenic Post, is offering simple products and services, especially designed and priced to cover the everyday needs of the Hellenic Post customers, as well as upgrading the service quality on the branch level. In this context, a main interest of the Bank is to provide Hellenic Post employees with regular training, and support their work on a daily basis.

■ DEPOSIT & SAVINGS SOLUTIONS

Deposits are a strategic priority for the Bank, to ensure adequate liquidity, as well as to safeguard and improve profitability. Total deposit balances held with the Bank in Greece stood at € 31 billion by the end of 2014. The Bank's share in the Greek retail deposits market increased by 7%, to 17.55%, with balances of € 24 billion, following the completion of the operational merger with New TT Hellenic Postbank. At the same time, there was a substantial reduction in deposit costs, which helped improve the Bank's results.

Following the operational merger and aspiring to continue to be inextricably identified with the value of saving, the New TT Branch Network continued to offer a wide range of savings solutions, adapted to each customer's needs and stage of life, such as:

- The "**Megalono**" ("growing up") savings account, which is designed for children under the age of 18 and provides an extra boost to their savings, through weekly prize draws that offer them the chance to double their account balances. In 2014, more than 800 children doubled their savings, as the Bank credited their accounts with a total of € 1,500,000.
- The "**18 plus**" account, for young persons aged 18-28, who wish to perform all their everyday transactions freely and to enjoy unique privileges, as well as the chance to enter a prize draw offering a cash award.
- The "**Apotamievo**" ("I save") account, which rewards regular saving with rather high returns.

In 2014, the Bank enriched its deposit product range in Greece, enabling customers to select how they would like to be rewarded for their term deposits: by gaining up to € 200 through the "**Epistrofi**" loyalty programme or by enjoying health benefits through the "**Life & Health**" programme, which offers major cost savings for medical expenses.

In addition, the Bank designed an 18-month term deposit, which offers free access to the capital at any time, as well as the ability to make additional deposits at regular intervals, and is designed for customers wishing to enjoy flexibility and to secure high yields for a long period of time.

Based on "**my account**" programme, in 2014 Eurobank continued to offer flexibility and a multitude

of choices, enabling customers to design their own account, by selecting the features that most effectively meet their own personal needs, such as the option to make additional deposits or choose the frequency of interest payments.

Furthermore, the Bank continued to promote its electronic networks, utilising e-Banking as an additional channel for attracting deposits, through which customers can open bank accounts and term deposits in a matter of a minutes, in a totally secure manner and with preferential terms. By the end of 2014, more than 26,000 customers kept **“Live Accounts”**, for performing their everyday transactions.

Moreover, in 2014 Eurobank continued to offer its **“Misthodosia Pronomio”** (“Payroll Privilege”) and **“Panta Neoi”** (“Always Young”) programmes, which are expressly designed for pension and payroll account holders, and aim at fulfilling their banking needs and rewarding them with everyday life privileges, such as especially designed health plans. With a total customer base of 550,000, which comprises 190,000 private sector employees, 110,000 public sector employees and 250,000 pensioners, in 2014 Eurobank further enhanced its customers’ trust and, capitalising on its competitive advantages, intensified its efforts to increase its “share of wallet” and, ultimately, its profitability/customer ratio.

Finally, the Bank once again offered a comprehensive solutions plan for businesses and freelance professionals that operate in tourist areas, as it regards tourism as one of the key pillars of the effort towards Greek economy’s recovery.

■ MORTGAGES & CONSUMER LOANS

Despite the prolonged downturn in the Greek property market, the Bank captured once again a leading position in mortgage loan disbursements for the year, as the amount of loans disbursed during the second half of 2014 was double that of the first half. Overall, Eurobank’s consolidated Mortgage Lending portfolio stood at € 16.6 billion in Greece, also as a result of the successful operational merger with New TT Hellenic Postbank.

Moreover, Eurobank played a key role in the smooth completion of the first round of the **“Saving at Home”** programme, as it provided financing to more than 9,500 Greek households, in order to improve the energy efficiency of their homes.

Similarly, in 2014 there was a substantial increase

in new consumer loans, which more-than-doubled year-on-year, with the consolidated Consumer Lending portfolio amounting to € 5.6 billion in Greece. The New TT Branch Network was instrumental to the growth of new consumer loans, contributing 40% of total disbursements for the year.

In 2014, the Bank launched, for the first time since 2011, two new consumer lending products, the **“Payroll Personal Loan”** and a **non-overdue debt consolidation programme**, which are respectively designed to provide financing to employees of State Organisations and to consolidate non-overdue obligations from other banks’ consumer loans and credit cards.

■ CREDIT & DEBIT CARDS

In 2014, Eurobank focused its strategy on: a) promoting credit cards through the New TT Branch Network and Hellenic Post; b) utilising its main co-brand partnerships; and c) capitalising on the momentum of the **“Epistrofi”** loyalty programme.

The Bank continued to offer strong co-brand partnerships in Greece, rewarding its customers on the basis of their actual needs, in cooperation with major companies and organisations, and more specifically, the OTE-COSMOTE Group (OTE Cosmote World MasterCard), the EKO petroleum products company, and the three largest malls that are operated by Lamda Development (YES Visa). Moreover, in 2014 Eurobank sustained its strategy for the growth of **contactless transactions** through its credit and debit cards. Accounting for more than 50% of the market, the Bank has already issued more than 200,000 cards that support the “contactless transaction” technology and can be used at 8,500 points of sale in the Greek market.

Overall, the credit card portfolio stood at € 1.2 billion, with a total turnover of € 1 billion.

The growth of debit card usage for purchases was equally rapid, as the relevant turnover increased by more than 50% year-on-year.

In the field of POS Acquiring, Eurobank’s operations showed impressive growth for a fourth consecutive year, breaking the € 2 billion barrier for the first time. The Bank’s merchant network comprises almost 45,000 physical POS (point-of-sale) terminals across Greece, while its e-commerce segment numbers more than 2,500 associated enterprises. Moreover, as a result of an agreement with “China UnionPay”, the largest credit card issuer in the world, the Bank’s terminals now accept all cards bearing the logo of this organisation.

■ REWARDING CUSTOMERS

Rewarding customers, through personalised pricing policies, as well as through loyalty programmes, is an integral part of the Bank’s activities.

More specifically, Eurobank applies a **Risk & Value Based Pricing** policy in the fields of Consumer and Mortgage Lending, with the aim of rewarding Retail customers who present a good credit profile and/or maintain their basic deposit/investment relation with the Bank.

Moreover, with a focus on retaining and satisfying its customers, Eurobank has been rewarding credit and debit card holders through the **“Epistrofi”** loyalty programme, offering them real gains in real euros. In 2014, the Bank enriched the “Epistrofi” programme by integrating new major associates, including the “Public” chain of stores, the “Sklavenitis” supermarket chain, and the “Ilektroniki” electric appliance retailer. As a result, the programme now comprises more than 6,000 merchants all over Greece. Apart from retailers, the programme also includes specialised categories, such as:

- **“Epistrofi Health”**, in cooperation with leading health providers
- **“Epistrofi Hotels”**, at more than 500 hotels & hostels
- **“Epistrofi Automoto”**, for vehicle maintenance services and accessories at selected partners
- **“Epistrofi Taste”**, at 250 selected restaurants all over Greece.

The privileges of the “Epistrofi” programme are also available to the New TT Branch Network customers-holders of credit and debit cards that participate in the programme.

Additionally, the highly acclaimed **“Epistrofi APP”** for smartphones, which enables Eurobank card holders to have direct access to all information pertaining to the programme, was distinguished once again at the “e-volution awards”, winning the gold medal in the “Personalised Services” category.

In addition, the Bank offers the **“Free Banking Transactions”** programme to retail customers and freelance professionals who perform frequent transactions through the Bank, depending on their deposit balances.

■ BANCASSURANCE

Promoting bancassurance programmes is an integral part of Eurobank’s operations, since insurance is a key factor of the financial planning of families, individuals, and businesses.

Over time, the Bank has developed groundbreaking processes, which, even during this persistently tough economic situation, helped achieve significant results in the field of personal, as well as business insurance.

More specifically, in 2014 the Bank sold more than 60,000 new insurance policies. Premium collections exceeded € 312 million, increased by 22% compared to 2013, in an insurance market that, for a fifth consecutive year, showed a marginal drop in turnover. The New TT Branch Network was a major contributor to these results.

Moreover, working together with Eurolife ERB Insurance and continuously monitoring market developments, as well as the trends and behaviours among its customers, in 2014 the Bank introduced an integrated and affordable health plan that offers both hospital and off-hospital care, covering another major need of Greek citizens.

■ PERSONAL BANKING

Eurobank’s Personal Banking service was created with the aim of providing mass affluent customers with a unique banking experience. The service focuses on forging relationships of trust with its customers, in order to cover their unique personalised needs.

The Personal Banking team comprises certified and expertly trained executives, specialised in the analysis of the customers’ needs and the assessment of their investment profiles.

In 2014, the Bank remained highly focused on its affluent customer service model, through programmes designed to improve customer satisfaction, such as Personal Banking events in selected areas all over Greece, the provision of regular market information to customers, and the rewarding of customers through specially designed programmes. Throughout the year, the Bank vigorously continued to establish exclusive service areas, as well as priority tellers, for Personal Banking customers, within the branches.

The consistent application of this targeted methodology resulted in high satisfaction rates among Personal Banking customers, as shown by the relevant surveys that were carried out in 2014. Moreover,

it contributed to the increase of product retention by 4.3%, investment product balances by 12%, and bancassurance product balances by 11%, as compared to 2013.

■ SMALL BUSINESS BANKING

Eurobank remained, once again, the leader in Small Business Banking, with a loan portfolio of € 6.5 billion in Greece, assisting the SME economy with loans of almost € 780 million.

The strategy pursued by the Bank in 2014 was centred on the **New Responsible Lending** approach, which is built on the Professional Advisor concept and the **Business Check-up** methodology, and represents a radical shift, emphasising an holistic approach to business, Advisory Services, and Responsible Lending.

This strategy was supported by a series of actions aimed at both distribution channels and customers:

- Identification and analysis of targeted sectors of interest.
- Network personnel training, emphasizing on comprehensive customer service, and assignment of a specific customer base to each SBB Officer, along with specific qualitative and quantitative targets, as well as an assessment mechanism.
- Engagement of the Account Officers' team in direct selling, thus assisting the network in supporting and developing large clients.

In order to provide the market with the biggest possible liquidity support, the Bank maximised its leverage, actively participating in all State/European financing arrangements, with substantially high capital usage ratios in proportion to the size of its network.

In this context, it concluded a new deal with the Hellenic Investment Fund (IFG) concerning the extension of total loans of € 100 million to SMEs, designed to cover business needs at preferential rates.

At the same time, the extension of Value-Based Pricing to the entire range of operations led to an annual deposit growth of 39% and to a 22% year-on-year increase in the volume of commercial transactions. Targeted placement in certain industries, with a focus on Tourism, along with targeted proposals, led to an increase of deposits by 11% in tourist areas, whilst new innovative products led to an increase of the Bank's shares in the Trade Finance market (FXVIP, autoexports, imports via e-Banking).

GROUP CORPORATE & INVESTMENT BANKING

Responding to the peculiarities of Greece's economic environment, Group Corporate and Investment Banking offered substantial support to businesses, focusing also on maintaining the quality of the loan portfolio.

The main objective of Group Corporate and Investment Banking is to provide fully integrated business solutions to large and complex corporate customers both in Greece and in the region of South Eastern Europe.

The main customer service pillars are the **Global Corporate Clients** unit, responsible for the provision of integrated business solutions to very large clients, covering their complex financing needs; the **Commercial Banking** unit, which is responsible for the provision of services to large and medium-sized enterprises, offering banking products and solutions designed to cover their financing and transactional needs; and the specialised units —**Project Finance, Commercial Real Estate, Leverage Finance, Hotels & Leisure, and Shipping**— which ensure the efficient provision of services, based on industry expertise and knowhow.

The financing and support of strategic sectors of the economy, the identification of alternative capital sources on behalf of clients, the enhancement of extrovert enterprises and, at the same time, the maintenance of the lending portfolio's quality, were the top priorities of Corporate and Investment Banking in 2014, in all the countries the Group is operating in. At the same time, Eurobank, consistently supporting the extrovert sectors of the Greek economy, took certain initiatives, by channelling funds to finance export businesses, and establishing the annual **Eurobank Greek Exports Convention**.

As at 31.12.2014 the total portfolio of loans to large corporations and medium-sized businesses stood at € 15.7 billion on a consolidated basis.

■ GLOBAL CORPORATE CLIENTS

Global Corporate Clients (GCC) is responsible for covering the rising and complex strategic, financial, and banking needs of very large and sophisticated corporate clients, both in Greece and in the region of South Eastern Europe. GCC serves for its clients as the main point of contact for the provision of all financial solutions and products, managing a portfolio which, at the end of 2014, stood at € 3.4 billion, including more than 90 groups, mainly operating in energy, manufacturing, retail trade, services, health, and construction.

Apart from its presence in Greece, the GCC unit is also handling large clients, in cooperation with expert associates of the Group's subsidiary banks, in Romania, Serbia, and Bulgaria, having arranged landmark deals during the past few years.

In 2014, Eurobank preserved its dominant position in the Greek Eurobond market, by participating in all corporate bond issues. The most important issues where the Bank participated as Co-Lead Manager, were the following:

- A € 250 million, seven-year bond for Intralot.
- A € 325 million, five-year bond, and a USD 400 million, two-year bond for the HELLENIC PETROLEUM Group.
- A € 300 million, five-year bond for the TITAN Group.
- A € 700 million, six-year bond for the OTE Group.
- A € 500 million, five-year bond, and a € 200 million, three-year loan for the Public Power Corporation.
- A € 870 million, five-year bond for Poland's PLAY Group.

■ COMMERCIAL BANKING CLIENT FINANCING

The leading purpose of the Commercial Banking (CB) unit is to build strong and solid business relationships with large and medium-sized enterprises, through the provision of mass-produced, or the development of tailor-made financing solutions, as well as an entire range of banking services, in the most efficient manner. The CB unit is staffed with experienced Relationship Managers, who guarantee instant results and high-quality services to their clients. In 2014, the loan portfolio of the Bank's CB unit stood at approximately € 8.5 billion.

CB is divided into two main business sectors: a) **Central Commercial Banking (CCB)** responsible for covering the largest corporate clients, mainly in the region of Attica; and b) the **Commercial Banking Network (CBN)** responsible for the relationships with medium-sized clients, offering country-wide coverage through a network that comprises 19 business centres.

This structure intends at ensuring proximity with the clients and high quality of service, more rigorous performance monitoring and pro-active risk-mitigating actions, as well as maintaining the quality of the Bank's assets.

The CB team offers integrated solutions through structured financing products and services, including transactions that involve treasury, cash management and investment banking products, jointly acting with Eurobank's respective dedicated units. At the same time, CB plays the dominant part in initiatives taken by the Bank with the aim of supporting the Greek economy, such as the Greek exporter support initiative, the financing of raw materials and intermediate goods, and the provision of support to medium-sized (viable) enterprises. More specifically, in the last quarter of 2014, CB launched a major effort, aimed at supporting medium-sized enterprises that command shares in both the domestic and foreign markets. In this context, the CB unit injected fresh funds to a selected clientele of almost 200 enterprises.

Moreover, CB, in cooperation with the European Investment Bank, extended new credit lines totalling € 92 million in 2014, to medium-sized enterprises and local authorities. Also, in December 2014, Eurobank and the Hellenic Investment Fund (IFG) signed an agreement for almost € 100 million in financing, which is expected to be made available to medium-sized and large enterprises during the first semester of 2015.

■ STRUCTURED FINANCE

Structured Finance is provided by three specialised departments: Project Finance, Commercial Real Estate Finance, and Leverage Finance & Special Situations.

PROJECT FINANCE

In 2014, Project Finance focused on the financial advisory services to infrastructure projects, as well as on the management and enrichment of a sound lending portfolio. In regard to the provision of advisory services, a significant achievement was the award of the competitive bids for the privatization of regional airports, a project in which Eurobank acts as Financial Advisor. In terms of lending, emphasis was placed on the completion of new financing deals in the energy sector, on terms that reflected the volatile conditions in the market, which enabled experienced energy groups to realise their investment plans. Finally, it is worth noting that, following the restructurings concluded successfully in 2013, performance of the loan portfolio in 2014 was extremely positive.

COMMERCIAL REAL ESTATE FINANCE

In Commercial Real Estate Finance, the Bank is involved in the structuring and arrangement of complex financing deals for all types of large commercial property (office buildings, malls, and mixed-use complexes). Eurobank provided Financial Advisor services to the Hellenic Republic Asset Development Fund (HRADF), concerning the development of a portfolio of 28 government properties under Sale & Leaseback, a deal that was completed in 2014. In 2014, particular emphasis was placed on handling the non-performing segment of the portfolio, leading to many restructurings and the formulation of a specific plan for the entire portfolio, which is under implementation with very positive results.

LEVERAGE FINANCE & SPECIAL SITUATIONS

Specialising in the provision of financing solutions concerning company acquisitions and complex/structured financing deals, the Leverage Finance & Special Situations Division has become a benchmark in the Greek market, also assisting other units of the Bank, as an internal advisor, in structuring complex

deals and, primarily, complex restructuring deals. Among other things, in 2014 the Division completed two deals, in cooperation with foreign investment funds, concerning the provision of debt capital for the acquisition of Greek companies. The Division consistently maintains open channels of communication with investors in Greece and abroad.

■ HOTEL & TOURISM FINANCING

Given that tourism is one of the main pillars of Eurobank's Corporate Banking strategy, the Bank's aim is to play a key role in supporting this industry. Eurobank, being a partner of the Association of Greek Tourist Enterprises (SETE) for the past 10 years, is consistently and unswervingly supporting tourist enterprises, especially during rather adverse conditions. The tourism industry has certain inherent peculiarities, such as:

- the seasonality of cash flows;
- the need for continuous investment in the maintenance and upgrading of facilities and, therefore;
- high borrowing requirements;
- guaranteed revenues, through agreements with Tour Operators.

The peculiarities of this industry, and the need to address them, led to the establishment of a tourism-specific sector in late 2013. The Hotels & Leisure Sector was entrusted with managing the Bank's tourism portfolio, which stood at € 1.4 billion at the end of 2014.

By means of this newly-established sector, the Bank aims, not only to merely come to the aid of sound hotel operators, but also to contribute in shaping developments in regard to Greece's most important "internationally tradable good". Here are some key facts regarding Eurobank's tourism portfolio:

- Out of a total tourism portfolio of € 1.4 billion, 80% is accounted for by the 30 largest Greek hotel groups, which represent 160 medium-sized and large hotel units, with a total capacity of almost 35,000 rooms.

- The vast majority of tourism investments financed by the Bank is located in three of Greece's most popular vacation destinations: 40% in Crete, 28% in Rhodes, and 18% in Kos.

- More than 80% of the financed hotels are 4 or 5-star facilities, and their vast majority concerns units that were constructed or fully renovated during the past 10 years.

The strategy currently developed by the Hotels & Leisure sector is based on three main axes:

- Restructuring of problematic, albeit reversible, relationships, which includes a series of operational, financing, and capital restructuring arrangements, combined with the identification of strategic investors, with the aim of resetting these relationships on a sustainable and sound basis.
- Selective financing of new investment projects, concerning existing or new resorts.
- Provision of uninterrupted and comprehensive high-quality service to the Bank's clients, with the aim of turning the Hotels & Leisure Sector into a one-stop-shop for the industry, in regard to both Opex & Capex Financing and Financial & Operational Advisory, as well as Management/Lease and Sale Agreements.

It is worth noting, that total loans approved in 2014 amounted to € 82 million, of which € 70 million were extended to new clients, while existing clients were offered restructuring deals worth a total of € 225 million.

Moreover, Eurobank, in keeping with its effort to rearrange Greece's tourism business map on a sound and sustainable financial base:

- Acted as an intermediary for the entry of strategic investors in five hotel units, thus rendering them viable, with the consent of their previous owners.
- Placed new, world-class managers in a hotel enterprise, with the consent of its owner, thus rendering it viable.

■ SHIPPING FINANCE

Eurobank has a steady presence of more than 20 years in the field of shipping finance, working with private, as well as publicly listed companies, and providing loans with conservative terms. Shipping loans are offered to Greek-owned companies with large and medium-sized fleets, mainly for financing either the purchase of second-hand tonnage, or newbuildings. The financed fleet includes vessels that belong in the main categories (dry bulk, wet cargo, and containers).

Apart from financing, the Group also provides its shipping customers with comprehensive corporate, and private wealth management, services. The Group's aim is to preserve, and further develop, the high credit quality of its shipping portfolio, by forging relationships with new shipping groups that meet Eurobank's lending criteria.

The year 2014 was a tough year for the shipping industry. Nevertheless, the Bank added 15 new groups to its portfolio and extended new loans (to existing and new clients) of approximately USD 150 million. At the same time, it adapted the terms of outstanding loans to the conditions prevailing in the shipping market, implementing the Bank's applicable credit criteria. The above actions led to the substantial improvement of profitability, and to the preservation of the high quality of the lending portfolio.

The Bank's involvement in Greek shipping finance for the past two decades has helped create a large deposit base, while total shipping loans (including committed facilities) as per 31.12.2014 stood at USD 1.15 billion.

■ INVESTMENT BANKING

In 2014, Investment Banking was focused on the provision of financial advisory services both to the Greek State, and to private sector companies including private equity firms, on major deals in the fields of mergers and acquisitions, and capital markets.

Specifically, in 2014, the Investment Banking Division, in its capacity as Financial Advisor to the Hellenic Republic Asset Development Fund (HRADF), completed major deals, such as the sale of two prime properties at Kassiopei, Corfu, and Paliouri, Chalkidiki, also acting as advisor in a series of other privatisation processes.

In the private sector, in 2014 Investment Banking acted as an advisor to the Boards of Inform P. Lykos S.A. and M.I. Maillis S.A., concerning the Tender Offers made by their respective Principal Shareholders. Moreover, it provided Financial Advisor services to the Lamda Development Group, and acted as advisor to one of the investors involved in the privatisation of the Independent Power Transmission Operator S.A.

Moreover, in 2014 Eurobank's Investment Banking provided advisory services in a series of major deals, such as the rights issue of Grivalia Properties, which resulted to a formation of a strategic alliance between Eurobank and Fairfax and helped the company raise € 193 million, and acted as the Lead Underwriter and Advisor in the share capital increase of Eurobank and Lamda Development, which amounted to € 2,864 million and € 150 million respectively. Finally, in December 2014 the Division finalised the sale of Eurobank's equity stake in Chipita to the Olayan Group, and continued to manage an investment portfolio which stood at € 33.4 million at the end of 2014.

■ LOAN SYNDICATIONS & DEBT CAPITAL MARKETS

The Loan Syndications & Debt Capital Markets Division is responsible for the arrangement and agency of a wide range of specialised and highly-structured financing deals. The Division acts as Mandated Lead Arranger and Facility Agent in corporate bonds/syndicated loans, convertible bonds, merger & acquisition financing and loan restructurings, remaining one of the leaders in the Greek Syndicated Loans market during the past five years, and arranging some of the most important and pioneering deals on behalf of the largest companies of the Greek market.

By participating in the arrangement of the majority of syndicated loans/corporate bond deals in Greece during 2014, Eurobank maintained its leading role in the market, a market that featured deal volumes of almost € 4.4 billion.

Eurobank was the leader in various syndicated loans, such as the arrangement of a € 145 million loan for JUMBO S.A., and was actively involved in the arrangement of other loans, such as a € 2,200 million facility to the PPC, a € 400 million facility to the HELLENIC PETROLEUM Group, a € 585 million facility to the TITAN Group, and a € 200 million facility to the INTRALOT Group.

In 2014, it acted as Agent in 17 syndicated loans, increasing the number of deals under Eurobank management to 70. It should also be stressed that Eurobank acted as Bondholder and Facility Agent in two syndicated bond issues through which Fortress Investments, as strategic investor, invested € 75 million in the Attica Group.

In the secondary loan market, Eurobank further enhanced its presence, contributing to the effort of optimising the Group's capital adequacy and liquidity.

■ LEASING

Under the current economic conditions, the subsidiary Eurobank Ergasias Leasing S.A. retained its leading position in the Leasing industry by increasing its market share in Outstanding Lease receivables, now standing at 24.7% by year end. The company absorbed T Leasing S.A., a member of New TT Hellenic Postbank. In addition, it carried out a Share Capital Increase which ensured strong capital adequacy. The main strategy that the company followed, in cooperation with the Bank, aimed at assisting the return of the Greek economy back on a growth path by implementing equipment financing transactions with existing and new clients that are distinguished for their dynamic presence and the extrovert orientation of their business. In parallel, the company implemented sustainable lease rescheduling and restructuring plans, thus supporting the uninterrupted operations of many productive enterprises. Moreover, in collaboration with the clients, the company continued to work on urban settlements improving the values of the financed properties. Due to the ongoing economic crisis, the company formed adequate bad debt provisions, and implemented international standards for the impairment of the book values of Real Estate. All the above actions, in conjunction with the high level technical knowhow and expertise, have made the company the top choice for clients seeking Leasing Financing.

■ FACTORING

In 2014, Eurobank Factors S.A. registered its best performance ever, not only maintaining its leading position, but also increasing its market share to more than 38% (Source: Hellenic Factors Association). Its dynamic growth in such an extremely difficult environment resulted from its rather constructive cooperation with the Bank's Commercial Banking network and Global Corporate Clients unit, which delivered attracting new and profitable relationships.

Equally important was the progress of export factoring, which registered impressive gains of 85%, ideally reflecting the Group's focus in supporting extrovert enterprises. In 2014 the company continued to invest in Reverse Factoring Plans, having signed more than 950 contracts since the Plans were first launched.

In export factoring, Eurobank Factors remained among the top-positioned companies in the rankings of Factors Chain International, capitalising on its long-standing and successful partnerships and its reputation as a two-time world-leader in the recent past.

■ TRANSACTION BANKING

Eurobank's Transaction Banking sector, offering high-quality services and addressing our clients' transactional banking needs, continues to forge relations of trust with its clients and to remain the local preferred cash management partner for a substantial number of international banks. In 2014, the Bank was named "Best Domestic Cash Manager in Greece" for a fourth consecutive year, by the internationally acclaimed Euromoney magazine, while it was also named "Best Corporate/Institutional Internet Bank 2014 in Greece" for a fifth year and "Best Treasury & Cash Management Bank 2014 in Greece", by the Global Finance magazine. Despite the adverse economic environment, the growth momentum in promoting alternative/electronic transaction settlement channels and innovative services remained strong within 2014. This momentum contributed to further increase of our trade market share. In addition and in line with the Bank's overall strategy to actively support the Greek exporters, in 2014 the Bank continued to provide to selected clients pre and post Trade financing. The Transaction Banking Sector was heavily involved in providing liquidity to our clients through our participation in "Extroversion" programme of the Export Credit Insurance Organization, as well as in facilitating imports, mainly of raw materials, through the use of International Trade tools such as: confirmed letters of credit, letters of guarantee, stand by LCs, in close cooperation with international banks and the European Investment Bank.

■ INNOVATION- EXTROVERSION- ENTREPRENEURSHIP: KEY STRATEGIC PILLARS

In 2014, Eurobank continued to invest steadily and consistently in major strategic initiatives aimed at enhancing the extroversion of Greek enterprises, in order to support sound entrepreneurship, innovation, and the upgrade of key corporate industries.

EXPORTS

The Bank further consolidated its leading position in this field, by organising the “**1st Eurobank Greek Exports Convention**”, a new institutional initiative that was successfully held in November 2014, under the auspices of the Hellenic Exports Cluster, the Pan-Hellenic Exporters Association (PSE), the Greek International Business Association (SEVE), and the Exporters’ Association of Crete (SEK), as well as the Hellenic Federation of Enterprises (SEV) and the Association of Greek Tourist Enterprises (SETE). The convention, which featured an original econometric study on the prospects of Greek exports, prepared by the Economic Research Division of Eurobank, kicked-off a fruitful debate on the incentives and disincentives for Greek exports, accompanied by institutional-level proposals. The speakers and commentators included the Deputy Minister of Development and Competitiveness, the President of PSE, the President of SEK, the Secretary General of SEV, while the keynote speaker was the President of SEV.

Moreover, **Exportgate.gr**, the innovative Internet portal that aims at enhancing the extroversion of Greek enterprises through their interconnection with foreign buyers, and brings 1,500 exporters together with 30,000 importers from more than 40 countries worldwide, was upgraded in 2014, through the further enhancement of the online community and the development of new exporter information and promotion tools (newsletters for exporters, key services bulleting, target market reports). Exportgate.gr, the outcome of collaboration between SEVE, PSE, SEK and SEV, is now one of the **largest international Trade Portals**, offering, in cooperation with Eurobank’s “Ask the Experts” specialised unit, comprehensive and effective support to exporters, at all stages of their activity.

INNOVATION

The year 2014 marked the launching of the 3rd “**Greece Innovates!**” Applied Research and Innovation Competition, which is jointly organised by Eurobank and SEV. The objective of the Competition is to mobilise the creative forces of the academic and scientific community, in order to draw attention to world-class Greek innovators, and its first stage attracted 208 proposals (September 2014).

The second and third stages of the competition (written assessment of the projects, ratification by the Scientific Board, announcement of qualifiers, roadshows to the scientific community, oral assessment) will culminate in the award ceremony to be held in 2015.

TROUBLED ASSETS MANAGEMENT

In 2014 the Bank took a number of initiatives aiming at the more efficient management of troubled assets portfolio and the adoption of the regulatory requirements of the Bank of Greece Executive Committee’s Act 42/30.05.2014, as amended by Act No. 47/9.2.2015, which detail the supervisory directives for the administration of exposures in arrears and non-performing loans. Besides the direct link with the BoG regulatory requirements, these initiatives are also associated with the Bank’s long standing focus on distressed assets management, as demonstrated by the proactive identification and handling of risks and the effective management of the troubled assets portfolio.

Through the establishment of the Troubled Assets Group General Division (TAG) in July 2014, Eurobank transformed its troubled assets operating model into a vertical organisational structure with direct reporting line to the CEO. This new independent General Division has the overall responsibility for managing the Group’s troubled assets portfolio, and ensures close monitoring, tight control, as well as continuous improvement and adjustment of policies and procedures, by assessing and taking into account the macroeconomic developments, the regulatory and legal requirements, international best practices, and any existing or new internal requirements. In addition, the creation of an independent structure, completely segregated from the Bank’s business units, ensures transparency, flexibility, better prioritization and management accountability, in line with the Bank’s strategic objectives.

TAG cooperates with the Group Risk Management General Division to reach a mutual understanding and develop an appropriate methodology for the evaluation of the risks inherent in every type of modification and delinquency bucket, per portfolio.

The main governing principles of TAG are to:

- Preserve the clear demarcation line between business units and troubled assets management.
- Ensure direct Senior Management involvement in setting the strategy of troubled assets management and in closely monitoring the respective portfolio.
- Ensure a consistent approach for managing troubled assets across portfolios.

- Prevent NPL formation through early intervention and clear definition of primary financial objectives of troubled assets.
- Closely and thoroughly monitor the loan delinquency statistics, as well as define targeted risk mitigating actions to ensure portfolio risk reduction.
- Target maximization of borrowers that return to performing status through modifications or collections.
- Monitor and control of losses related to troubled assets of the Bank.
- Define criteria to assess the sustainability of proposed forbearance or resolution and closure measures and design decision trees.

Almost 2,000 employees across the Bank are involved in the effort to ensure the more efficient management of this portfolio, over 1,150 of which are dedicated professionals within the various operating units of TAG, whose main pillars are:

- The Retail Remedial General Division, which is responsible for remedial management of Individual Banking and Small Business Banking customers.
- The Corporate Special Handling Sector, which is responsible for Corporate Banking clients where short- and long- term modification solutions apply.
- The Non-Performing Clients Sector, which is responsible for Mortgage, Small Business Banking and Corporate Banking customer loans, where collateral workout and closure procedures apply.

Finally, the Troubled Assets Committee (TAC) was also established in order to provide strategic guidance and monitoring of the troubled assets of the Bank. The strategy implemented by the Committee is closely monitored by the CEO, while TAC regularly reports to the Board of Directors of the Group, in order to present the results of the management of troubled assets.

E-SERVICES

In 2014, Eurobank remained true to its strategy for the continuous growth and development of its e-Services, focusing, above all, on the provision of improved services to its customers. This successful strategy leads to increasing customer acquisition and satisfaction rates, as well as to repeated awards for the Bank, both in Greece and abroad (Global Finance, e-volution Awards).

■ EUROBANK e-BANKING & EUROBANK m-BANKING

In 2014, the award-winning e-Banking service sustained its strong growth, expanding its customer base and increasing the number of transactions by 28%. E-Banking accounted for 17.8% of the total transactions performed by Eurobank in 2014, while the relative transactions stood at 70%.

Equally strong was the increase in the usage of the e-Statements facility by 85%, as 139,000 customers have discontinued the receipt of more than 416,000 paper statements through conventional mail, having selected to receive information by electronic means only.

M-Banking services also showed similarly impressive growth rates in 2014, as active users increased by 42.6%, along with a 66% increase in the value of transactions.

In regards to the development of new services, emphasis was placed on offering new types of online payments that can be performed via computer or mobile phone, as well as on upgrades that improve the user's overall digital experience.

Eurobank remains one of the leaders in the Greek e-Banking market, with substantial market shares, while customer satisfaction rates remained high, at 94%. Finally, in 2014 Eurobank received three important awards for its e-Services, from both Greek ("e-volution Awards") and foreign ("Global Finance Best Internet Bank Awards") organisations.

■ EUROPHONE BANKING

EuroPhone Banking re-enforced its position as the largest and most modern banking contact centre in Greece, as it processed almost 1.82 million customer calls in 2014, and executed the largest number of financial transactions and inquiries in the market. A combination of telephone communication with agents and a self-service voice platform, led to the execution of more than 3 million inquiries and financial transactions by the end of the year, with a total volume of almost € 277 million. At the same time, EuroPhone Banking is fully responsible for handling all state-of-the-art means of communication with the customers, such as emails, Personal Messages, click2call & click2chat. Moreover, its team of highly trained agents constitutes one of the key channels for the promotion of the Bank's products and services, increasing its contribution to achieving the Bank's targets.

Following the merger with New TT Hellenic Postbank, two new units came on-stream in 2014 to support the Eurobank and New TT Branch networks, as well as the operations of the Hellenic Post branch network. The aim is, on one hand to assist the Bank's networks in dealing with procedure and system-related issues and, on the other hand, to execute basic banking transactions on behalf of customers serviced through Hellenic Post.

■ ATMs & AUTOMATED PAYMENT SYSTEMS

In the field of Self-Service Banking Terminals, the Bank enables its customers to perform banking transactions easily and securely, 24 hours a day, at more than **820 ATMs** located at Eurobank, New TT Branch Network and Hellenic Post branches and other commercial locations. In addition, customers can use **472 Automated Payment Systems (APS)**, for real-time deposits and payments, as well as transfers to accounts held with other banks. More than 46 million inquiries and financial transactions were performed through ATMs and APS by the end of the year, representing a total volume of more than € 7.5 billion.

Moreover, major initiatives aimed at upgrading customer services were realised in 2014, while new types of transactions were developed, substantially contributing to the growth of the Bank's revenues.

■ E-AUCTIONS & E-INVOICING SERVICES

The year 2014, was the thirteenth year of the Business Exchanges S.A. subsidiary's activity in the field of inter-company transactions: e-Auction, e-Procurement, and e-Invoicing.

During the year, the company successfully conducted 504 e-Auctions, both for the Eurobank group and Government entities, as well as for private sector companies. Moreover, 1,430 requests for quotation (RFQs) were made and 309 Call Offs were submitted to public health providers through the e-Auction service.

In e-Procurement, and as far as the Eurobank group is concerned, transaction volume rose to € 33.1 million in 2014 from € 15.9 million in 2013, spectacularly increased by 108%, mainly as a result of the merger with New TT Hellenic Postbank and New Proton Bank.

Finally, in the field of e-Invoicing services, the turnover of services related to the electronic filing and management of invoices grew by 17.6% year-on-year.

WEALTH MANAGEMENT

The purpose of the wealth management services offered by Eurobank has always been to ensure the provision of world-class wealth management to clients. In this context, the Bank's activities in this area during 2014 focused on four main targets:

- Further enriching the international options offered to clients, in response to the current macroeconomic developments in Greece and abroad.
- Maintaining the Bank's leading position in the field of Wealth Management, where both Private Banking and Eurobank Asset Management M.F.M.C. preserved their long-standing leadership in the Greek market. The year 2014 was the first time that Eurobank's Private Banking was named "**Best Private Bank**" in Greece by two international institutions. Eurobank Asset Management M.F.M.C. remained the **No. 1 company in terms of assets under management** in Greece (ranking based on the total assets of UCITS and institutional portfolios under management, according to the Hellenic Fund and Asset Management Association's data as per 31.12.2014), with total assets under management of € 3.6 billion. Of these, € 2.2 billion are mutual funds under management, € 727 million are institutional and private client portfolios under management, more than € 100 million concern advisory asset management, and more than € 590 million concern third-party mutual funds, which are distributed through Eurobank's Private Banking in Greece, Cyprus, and Luxembourg, as well as through sub-distributors.
- Preserving the assets under management by offering clients, among other things, the option of utilising the Private Banking services offered by the Group in Greece, Luxembourg, Cyprus, and the United Kingdom.
- Providing clients with comprehensive Wealth Management support, through the Discretionary Portfolio Management and Investment Advisory services, as well as with regular updates on the current financial environment, mainly through the Eurobank Private Circle Events.

■ MUTUAL FUND MANAGEMENT

Eurobank Asset Management M.F.M.C, a wholly-owned subsidiary of the Eurobank group, is the largest fund manager in Greece according to the Hellenic Fund and Asset Management Association's data, with total assets under management and supervision of € 3.6 billion as per 31.12.2014.

In the field of mutual fund management, Eurobank Asset Management M.F.M.C. was **ranked first, for the seventh consecutive year**, among the Greek management companies, based on the net assets of its mutual funds under management, with a market share of 35.2% (including the mutual funds of TT-ELTA M.F.M.C). Specifically, the net assets of mutual funds under management rose by 6.8% in 2014 and stood at € 2.2 billion at the end of the year, of which € 1,831 million corresponded to Eurobank Asset Management M.F.M.C and € 324 million to TT-ELTA M.F.M.C.

Once again, the returns achieved by the investment managers' team of Eurobank Asset Management M.F.M.C. brought the company to the top of the market, especially in the **Funds of Funds** category.

In particular, the Eurobank (LF) Fund of Funds - Real Estate was ranked **first among 265 mutual funds** in the Greek market, with a return of 31.79%. Moreover, the Eurobank I (LF) Fund of Funds - Dynamic Fixed Income was ranked first in the bond funds of funds category, with a return of 10.17%. Finally, in the balanced funds of funds category, the Eurobank Balanced Blend Fund of Funds was ranked second, with a return of 10.16%.

In the money market mutual fund category, Eurobank Asset Management M.F.M.C. held the first four places with the Eurobank NTT USD Dollar Money Market, the Eurobank Dollar Plus Money Market, the Eurobank (LF) Income Plus \$, and the Eurobank NTT Money Market (EUR). Moreover, the Interamerican Dollar (USD) Bond Fund was ranked first in the government bond funds-developed countries category with a 17.04% return, while the Eurobank (LF) Global Bond and the Eurobank (LF) Greek Government Bond Fund were among the top-five in the bond funds-global and bond funds-Greece categories, respectively. Finally, the Eurobank I (LF) Equity - Middle East North Africa was ranked second in the equity funds-Emerging Markets category, with a total return of 18.28%.

The skills of the investment managers' team of Eurobank Asset Management M.F.M.C. were also distinguished by **Citywire Global**, the international

financial information and manager rating house, which awarded the AA and A ratings to two bond mutual fund managers and an honorary distinction (+) to two equity mutual fund managers. Moreover, in June 2014 Citywire Global awarded the Company with the highest distinction (Platinum) in the Bonds-Eurozone and Equity-Eurozone categories, a distinction which was maintained at the semi-annual review of December 2014.

Furthermore, the **Morningstar**[®] international rating agency gave five-star –the highest– rating to the Eurobank I (LF) Special Purpose-Blue Chips Protect, Eurobank (LF) Cash Fund (EUR), and Interamerican Money Market funds. Nine out of the 69 mutual funds managed by Eurobank Asset Management M.F.M.C. and distributed in Greece, Bulgaria, Romania, Cyprus, and Luxembourg, were ranked with four stars.

These distinctions, together with the distribution agreement signed by Eurobank Asset Management M.F.M.C. with international distribution platforms, boosted the brand awareness of the company's mutual funds abroad, and helped attract international institutional investors, for the first time since the company's inception.

■ INSTITUTIONAL ASSET MANAGEMENT

Eurobank Asset Management M.F.M.C. also specialises in the field of institutional asset management and is actively involved in the tenders for the appointment of external managers of institutional investor funds, both in Greece and abroad.

In 2014, the company was selected as one of the domestic asset managers of another two institutional investors from the field of occupational pension funds, which published Calls for Bids for the management of their portfolios. Moreover, the company's strong presence in Cyprus led to the assignment of four new management contracts by three provident funds. These assignments brought total funds under management to more than € 460 million, raising the total number of portfolios to 19.

Impressive growth of 45% was also recorded by both the assets and number of portfolios managed by Eurobank Asset Management M.F.M.C. on behalf of Private Banking clients in Greece, Cyprus and Luxembourg, with total assets of € 270 million. In all three countries the company is also offering Fund Selection Services for the analysis, evaluation, classification and active selection of third-party

mutual funds, which are distributed to private and institutional clients through Eurobank Private Banking, with total funds under distribution of approximately € 590 million at the end of 2014.

Moreover, the company provides institutional investors with investment advice on how to structure their portfolios, either through the selection of individual securities, or through the selection of third-party mutual funds. Total funds under advice exceeded € 100 million in 2014.

■ PRIVATE BANKING

The year 2014 was another year full of challenges for Private Banking. Although domestic interest rates were falling and the international environment was very supportive, and despite the recovery of the economic climate in Greece at the beginning of the year, the third quarter was marked by uncertainty and the deterioration of investor confidence towards the country.

These factors led to a slight decrease in funds under management, which, for the period from October 2014 till the end of the year, was mainly due to impairment losses incurred by portfolios investing in domestic securities. Notwithstanding all the above, in 2014 the **overall return on assets under management**, as well as total pre-provision income increased by 4% year-on-year.

Eurobank's Private Banking consistently seeks to provide clients with a wide range of choices that guarantees world-class wealth management and matches the financial conditions prevailing at each given time. This was the background of the initiatives taken by the Bank during 2014, which included:

- Ongoing development of the **Open Architecture strategy**, which provides clients with access to third party funds. In this area there has been a substantial increase of invested funds, while the groundwork was laid for the introduction of new income distribution share classes.
- Further promotion of the Discretionary Portfolio Management service, which is offered through Eurobank Asset Management M.F.M.C., and enables clients to enjoy professional portfolio management by a leading Greek company. Ten percent of funds under management are now placed in this service.

- Promotion of the option of using the Private Banking services offered by the Group in Luxembourg and Cyprus, with the aim of retaining client funds.

- Extension of Advisory Services to areas such as Account Consolidation and Virtual Advisory, which enable clients to have a more holistic view of their worldwide investments.

- Provision of clients with continual, systematic and timely updates on current developments in the financial environment. In this context, the Bank further built up the **"Eurobank Private Circle Events"**, a series of informative events exclusively for Private Banking clients, and resumed the publication of **"Limited Edition"**, a top-quality magazine, which covers wide range of topics of international interest and is addressed to Private Banking clients.

The Bank's strong commitment to the provision of top-quality services to its clients, culminated in the continuous distinctions bestowed to its Private Banking operations. In 2014, Private Banking was, for the first time ever, simultaneously named **"Best Private Bank"** in Greece by two acclaimed international institutions, the "World Finance" magazine, as well the "The Banker" & "Professional Wealth Management" magazines of the Financial Times Group, thus winning a total of **ten distinctions in nine years**.

INTERNATIONAL CAPITAL MARKETS & TREASURY

■ GLOBAL MARKETS TRADING SECTOR

In 2014, the Eurobank group was ranked fourth among 22 primary dealers in the primary and secondary markets for Greek government bonds. The Group is also a member of the ESM market, along with 44 international organisations, and is engaged in interest rate derivatives trading through the stock exchange, bond derivatives trading through the EUREX, and bond trading through the EuroMTS. The Group was also actively engaged in foreign or local currency-denominated government bonds in the local markets of Southeast Europe.

In regard to investment and trading, the Group applies strict limits, which are daily monitored by the Risk Management Division. Trading limits include:

- The amount of exposure to counterparty risk, according to the credit risk assessments for each counterparty;
- Exposure to foreign countries;
- The limits concerning the concentration of various maturities;
- The monitoring of Value-at-Risk (VaR).

The trading control system supports the Dealing Room in monitoring and managing Eurobank's positions and exposures in a precise and efficient manner, while an auxiliary IT platform for cash management has been developed and is continually upgraded.

■ TREASURY

Liquidity remained one of the Bank's top priorities in 2014. Positive macroeconomic developments and the investment prospects that emerged in Greece created the necessary conditions for the successful recapitalisation of the Bank, which had immediate positive effects on liquidity and led to the Bank's gradual return to the interbank market.

With the strategic objective of reducing the Bank's reliance on Eurosystem financing, while also diversifying as much as possible its funding sources and managing the Bank's funding cost, Treasury undertook several initiatives. Key highlights:

- The successful issuance of a medium-term bond.
- The substantial growth of the volume of secured funding transactions — through the use of the Bank's unencumbered assets — with many major international financial institutions, to cover liquidity needs in the context of the above strategic objective.
- The optimal use of the relevant Bank's balance sheet assets in an effort to manage/maintain the appropriate level of contingency liquidity buffer.
- The reduction of deposit costs, in collaboration and coordination with other units of the Bank.

As a result, the Bank's usage of Bank of Greece's Emergency Liquidity Assistance (ELA) facility was completely eliminated in the second quarter of 2014, while its funding cost was also significantly reduced.

■ PRODUCT SALES AND STRUCTURING

The Group has established a dedicated Sales & Structuring Sector, which focuses on the design of tailored solutions, with the aim of creating added value for its clients and cultivate relationships of trust. The Sector's experienced personnel enables it to provide reliable and high-quality information and services to

private, corporate, institutional and shipping clients.

The proposals of the Sector result from the systematic analysis of current market data, as well as the needs and financial information of corporate clients, and concern Liquidity Management, Investment Strategies, Exchange Rates, Interest Rate Fluctuations, as well as Raw Material Prices.

In 2014 the Bank confirmed its leading position in the field of Corporate Bond issues. The Sales Sector was successfully involved in the arrangement of most Eurobond issues on behalf of Greek companies and was instrumental to the successful raising of more than € 3.0 billion from international capital markets.

■ GLOBAL MARKETS INTERNATIONAL (GMI)-SUBSIDIARIES

The Global Markets & Treasury Division offers a holistic and standardised approach in the countries of South-Eastern Europe that the Eurobank group has presence, based on a central management model run by Greek HO GMI Division. The strategic objective of the Eurobank group is to preserve and develop, through the experienced staff of local Treasury Units, its important regional footprint in the fields of liquidity management, foreign exchange, interest rates, fixed income, and derivatives trading, as well as the sales of financial and investment products in the local markets.

In 2014, the Group, managed to:

- Significantly increase liquidity position at the subsidiaries level and ensure its efficient and optimum allocation within the Group.
- Increase interbank limits and the number of international counterparties, which are trading directly with the Group's subsidiaries, despite the adverse international environment.
- Substantially decrease the cost of deposits, along with an overall increase in deposits volumes regionally.
- Downsize bond portfolio and mitigate the respective risks assumed, whereas at the same time maintain a leading role in the primary and secondary market dealership of local government bonds, the provision of liquidity to local and international counterparties (in the fixed income and currency markets), as well as the provision of services to a diverse client base (private, corporate, and institutional investors).

EQUITIES BROKERAGE

In 2014, Eurobank Equities, the Group's brokerage subsidiary, accounted for 17.4% of total trading in the Athens Stock Exchange, capturing **the number one place in terms of market share for a sixth consecutive year**, and persistently being the number one choice of the largest and most important institutional investors, as well as 20,000 private investors.

The company has been a leader in the brokerage market for the past 12 years, and offers a full range of services, including trading in equities, derivative products, bonds, and mutual funds traded all over the world. The company's services are accessible through the **eurobanktrader** electronic trading platform, as well as a great many specialised executives, exclusive dealers, and Financial Intermediation and Investment firms, providing geographical coverage to almost all parts of Greece.

Being a leader in the institutional investor market, Eurobank Equities participated in the **"3rd Greek Investment Forum"** that was held in New York, and the **"9th Annual Greek Roadshow"** that was held in London under the auspices of the Athens Exchange. These two conventions have become an institution for the Athens Exchange, since they include more than 1,000 meetings with over 200 foreign institutional investors.

In 2014, Eurobank Equities was named **Top Brokerage company in Greece** by the Thomson Reuters EXTEL investor survey, while the company's Analysis Division captured the first place in the Greek market — also according to the same survey. This Division provides all the company's investment services units with active and continuous support, through detailed analyses and estimates on 29 listed companies, which account for 90% of total market capitalisation in the Athens Stock Exchange. In addition, the Division has a special International Market desk, while in 2014 it started producing reports on Greek corporate bond issues.

Based on their many years of experience, as well as the use of cutting-edge technology, the Market Making Division, which provides liquidity to 21 stocks and 34 derivative products, and the Proprietary Trading Division, play a key role in the company.

It is worth noting that the company attaches great importance to the continuous detection, measurement, and management of risks, whose supervision has been entrusted to a specialised team of associates.

INSURANCE OPERATIONS

Eurolife Insurance Group, the Group's subsidiary that comprises Eurolife ERB General Insurance S.A. and Eurolife ERB Life Insurance S.A., ERB Insurance Brokers, as well as the Romanian life and property insurance subsidiaries, Eurolife ERB Asigurari de Viata and Eurolife ERB Asigurari Generale, aims at assisting clients-insureds in all their activities, family or business-related, and seeks to further develop its operations, in both the Greek and overseas markets.

Despite the downward trends prevailing in insurance due to the persistent recession, Eurolife ERB Insurance Group kept its third place in Greece, capturing 10.1% of the total market, and increasing its share in Life Insurance to 16.9% (from 14.8% in 2013) and in General Insurance to 3.7% (from 3.4% in 2013).

In 2014, the two Greek companies showed substantial pre-tax profits of € 70 million. At the same time, they strengthened their already high capital adequacy, having fulfilled their statutory obligations in regard to the technical reserves and the solvency margin as per 31.12.2014. It should be noted that own funds under the Solvency I framework covered the Required Solvency Margin by 510% in Life Insurance and 379% in General Insurance, based on data as per 31.12.2014.

In 2014, the two companies focused on:

- Alignment with the new Solvency II regulatory framework, which is also a strategic priority.
- Improvement of existing products and procedures, and the creation of new ones, with the aim of catering to the clients' needs.
- Meaningful and constructive development, retention, and recruitment of people, recognising that the workforce is the driver of uninterrupted and increasing growth.

ERB Insurance Brokers subsidiary also holds a prominent position in the Greek insurance market, as it sustained its momentum, with an increase in premiums under management and commissions, and showed pre-tax profits of € 1.1 million. The company successfully completed, following an effective negotiation, the settlement of the largest property insurance claim in the Greek market during 2014, and adapted its operations in line with the radical overhaul of the regulatory framework.

Correspondingly, in Romania, Eurolife ERB Asigurari de Viata and Eurolife ERB Asigurari Generale, the local life and property insurance companies of the Group, increased their penetration of the customer base of Bancpost, through the provision of savings/investment solutions, delivering pre-tax profits of almost € 1 million.

Total premium production of the Eurolife Insurance Group, in Greece and abroad, stood at almost € 400 million, showing a remarkable 16.2% year-on-year increase.

OTHER ACTIVITIES

■ SECURITIES SERVICES

In 2014, the Group focused on the provision of the fullest possible range of post-trade services to institutional investors in Greece and in the countries of Southeast Europe where it operates. In this context, the Group successfully responded to a series of regulatory changes, managing, at the same time, to innovate, in response to the institutional investors' ever-changing needs. The guarantees of this success were its highly specialised personnel, long-term relationships of customer support, as well as the prestige resulting from its long-standing constructive and direct cooperation with Regulators and Institutional Counterparties.

Once again, the quality of the Group's Post-Trade Services was internationally recognised. In the Greek market, the Eurobank group was awarded, for a tenth consecutive year, "**Top Rated Custodian for Domestic, Foreign and Leading Institutional Investors**" by the internationally acclaimed Global Custodian and Global Finance magazines. Similar distinctions were achieved in the countries of Southeast Europe, where, for a fifth consecutive year, Bancpost and Postbank were awarded "Top Rated Custodians for Foreign and Domestic Institutional Investors" by the Global Custodian magazine in Romania and Bulgaria, respectively. In the same survey, Eurobank Cyprus was awarded "Top Rated Custodian for Foreign Institutional Investors" in Cyprus, for a sixth year in a row.

■ REAL ESTATE

The year 2014 was a **landmark** for Eurobank Properties, the Group's real estate subsidiary. At the beginning of the year, the company completed with great success a € 193 million Share Capital Increase and sealed the strategic partnership between its two principal shareholders, Eurobank and Fairfax Financial Holdings, thus laying the foundations for the creation of the most important property firm in Greece and a key player in the local real estate market. In early summer 2014, Eurobank sold a 13.5% stake (worth € 119 million) to leading international institutional investors, such as Wellington Management. These two deals enabled the company to attract foreign direct investment of more than € 300 million, in a very short period of time.

The greatest change that occurred during 2014 was the company's renaming from Eurobank Properties to **Grivalia Properties**. The new name reflects the three key ingredients of the company: its Greek roots, its Values, and its Investment character.

In 2014, the company returned to profitability, with net profits of almost € 50 million. Property income stood at € 50.6 million (up by 38%), while valuation losses were reversed, not due to substantial changes in the circumstances, but mainly as a result of very successful investments made during the year. The successful completion of all 2014 deals, which stood at a total of € 210.3 million and, in some cases, were realised for the first time in Greece, reflects the quality of the company's personnel and its capacity to carry out complex, large-scale investments.

New investments are in the pipeline for 2015 (of which, deals worth € 75 million have already been agreed upon and announced), which mark the company's decision to gradually place its liquidity in selective property acquisitions, mainly focused on generating capital gains.

Finally, as part of its Corporate Social Responsibility (CSR) drive, the company has embarked on projects for upgrading its existing portfolio, with the aim of gradually creating an optimum environmental footprint portfolio; it also established a CSR fund (as a percentage of annual net operating profits), designed to provide financial support to vulnerable social classes, students and universities, charities etc.

■ PAYROLL SERVICES

Being a great asset in the field of payroll services and having consolidated its position at the top of the Greek market, even during the recession, the Group's subsidiary Eurobank Business Services entered new markets in 2014, offering specialised advisory services and software to its clients' Human Resources departments.

Especially in the field of Payroll Business Process Outsourcing, Advisory, HR Technology, and HR Managed Services, in 2014 the company offered high-quality services to more than 540 corporate clients, which account for 39,000 employees and 25,000 pensioners, substantially enhancing the Bank's customer base.

INTERNATIONAL PRESENCE



Eurobank group has established a presence in Eurozone-member states (Cyprus, Luxembourg), EU-member states (Romania, Bulgaria and the UK), accession states (Serbia), as well as in Ukraine.

On 31.12.2014, the Group's foreign subsidiaries (excluding the operations of the Ukrainian subsidiary, which are classified as held for sale) had total loans and advances to customers of € 7.6 billion, deposits amounting to € 9.9 billion and a network of 450 branches and 33 business centres. Eurobank group is committed to the region of Central and Eastern Europe, the main pillar of its strategy being the support of the real economy, with a focus on sectors that have a multiplier effect on the growth of the local communities.

Pre-provision income from international operations stood at € 254 million in 2014, as compared to € 242 million in 2013 (a year-on-year increase of 5%),

while operating expenses were reduced by 7% year-on-year. As a result, the cost to income ratio was substantially improved, to 52% in 2014, as compared to 55% in 2013.

The Group maintains long-standing partnerships with international organisations, such as the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC) and the European Investment Bank (EIB), in order to channel, through its subsidiary banks in Romania, Bulgaria and Serbia, credit facilities aimed at supporting Small and Medium-sized Enterprises. The existing partnerships, as well as any additional specialised trade-finance facilities with these organisations, constitute a strategic decision of the Group, aimed at better exploiting any opportunities presented worldwide for supporting the region's economies and businesses.

ROMANIA

Bancpost continued to actively support import and export activities in Romania, which constitute a key pillar of its strategy to boost the local economy. Total foreign trade volumes through the bank exceeded € 2 billion in 2014. This development was based on the intensive usage of the trade finance facilities provided by international financial institutions, as financing through IFC and EBRD programmes increased by 28% in 2014, as compared to 2013.

The Bank supported Corporate and Small Business banking customers through various financing packages, marketing events and workshops. In addition, it participated as a partner in two sessions of “The Regional Finance and Investment Conference for South East Europe”, a major economic event organised by Euromoney and the Forbes Economic Forum.

Apart from its Corporate Banking initiatives, Bancpost also assisted its retail customers get through this challenging economic phase, while, at the same time, it offered products designed to cover its customers’ insurance needs, through the ERB Eurolife Insurance subsidiary.

In Retail Banking, in 2014 special emphasis was placed on improving sales effectiveness. Bancpost maintains leading market positions in household lending, point-of-sale financing, deposits and payroll services.

In the field of credit cards, Bancpost offers its customers products guaranteed by the three industry leaders: American Express, VISA, and MasterCard. The use of Visa cards issued by the bank continued to grow in 2014, leading Visa Europe to name Bancpost “Credit Card Champion” for a third consecutive year. At the same time, Bancpost was designated number one cards player in the market by the Lafferty report (together with the local ERB Retail Services subsidiary), since it commands a 15% share in Romania’s total active credit card market.

Bancpost’s tradition in innovation in e-banking solutions for businesses was enriched by FastMobile, a new Mobile Banking solution for payments performed directly from mobile devices, which is integrated in the Bancpost Mobile App. Bancpost has won several awards in the field of corporate e-banking, in regard to both the number of users and the volume of the relevant transactions. The

most recent one was the “Award for the highest value of transactions performed through a mobile banking service launched in 2014”.

As far as the bank’s economic performance is concerned, at the end of 2014 total loans (before provisions) stood at € 2.5 billion, while total deposits amounted to € 1.9 billion. Operating expenses were reduced by 13.5% year-on-year. The capital adequacy ratio of Bancpost stood at 18.75%, much higher than the 10% limit set by the country’s Central Bank.

BULGARIA

In 2014, Bulgaria’s economy expanded by 1.7% year-on-year, as compared to 1.1% in 2013. Economic activity in the country was driven by domestic demand and investments, while net exports contributed negatively, due to stronger-than-expected imports and weaker exports, affected by the crisis in Russia and Ukraine.

The banking system remained stable and profitable, while customer confidence remained high. The system’s liquidity and capital adequacy were very satisfactory.

Postbank’s liquidity ratio stood at 39.14% and capital adequacy ratio at 24.83%, well above the market average.

Despite the challenging macroeconomic environment and the stagnant lending market, 2014 was a positive year for the Bulgarian subsidiaries in terms of sales and assets growth. Postbank became the fifth largest bank in terms of assets and gained market shares in both lending and deposits. The bank is also among the market leaders in credit and debit cards, factoring services for corporate clients, investment banking and custody services. It also continued to be one of the leading institutions in the Bulgarian money and capital markets and was an active participant in the interbank currency market and the fixed-income securities market. It is one of the most experienced and reliable investment intermediaries, constantly present in the Top 10 in terms of transactions.

During the year, Postbank continued to invest in the provision of innovative solutions for retail customers, making special offers to mortgage and consumer lending customers and offering Postbank credit cardholders a new service for payment in equal monthly installments via credit cards. In addition, the bank further improved the My Rewards loyalty programme for its credit cardholders and expanded

its retailers’ network.

Moreover, as part of the new customer-centric model for its retail banking operations, in December 2014 the bank opened its first two specialised Small Business Banking centres.

In 2014, Postbank reinforced its leadership position in the market of corporate factoring services for export-oriented corporate clients or domestic merchants in Bulgaria. The bank attracted new corporate clients, as well as new partners of its existing clients, building a sustainable and profitable portfolio.

In February 2014, the bank was awarded for “Contribution to the Financing of Energy Efficiency Projects”, as part of the final implementation of the EBRD-funded programme “Energy Efficiency Renewable Energy Credit Line”. In April 2014, the bank signed a BGN 10 million (€ 5.1 million) agreement with the National Guarantee Fund of the Bulgarian Development Bank, regarding the implementation of a new guarantee scheme for loans to micro-, small and medium-sized enterprises.

In June 2014, the Bulgarian Credit Rating Agency (BCRA) reaffirmed Postbank’s long-term financial rating at BB+, its short-term rating at B and a stable outlook.

For a fourth consecutive year, Postbank was named “Top Rated Custodian for foreign and domestic institutional clients”. Moreover, it was ranked Number 1 brand and company by the EFFIE Effectiveness Index Bulgaria 2014. Finally, Postbank was nominated National Champion of Bulgaria at the European Business Awards and will represent the country in the “Innovation in business” category, with the product “Saving Mortgage Loan”.

SERBIA

In 2014, Serbia’s economy contracted by 1.8%, as a result of lower personal consumption and weak external demand, while the current account deficit stood at 6% of GDP, mirroring that of the previous year. The Consumer Price Index (CPI) remained at low levels (1.7%) throughout the year, while unemployment stood at 16.8%. Serbia embarked on a fiscal consolidation path, following a three-year precautionary arrangement with the International Monetary Fund that includes economic austerity measures, aimed to create a fiscally healthy environment, which will enable the economy to

return to the growth path, starting in 2016.

In 2014, the total assets of Serbia’s banking sector fell by 1.3% (in EUR terms) to € 24.6 billion. The sector preserved its high liquidity, while non-performing loans remained at high levels (21.5%).

On 31.12.2014, the bank’s network comprised 95 retail branches and 8 business centres, while the bank’s total assets stood at € 1.4 billion. Despite the pointedly difficult economic situation, Eurobank Serbia succeeded in preserving its loan book, through selective growth in profitable and healthy business segments.

In Retail Banking, the bank expanded its payroll solutions range, adding cheques functionality, combined with new debit and credit cards. The highlight of the card business in 2014 was the launch of the exclusive collaboration with Manchester United FC, through which Eurobank Serbia is offering unique co-branded cards. During 2014, the number of credit cards grew by 9% as compared to 2013, and the bank closed the year representing 17% of the card market.

In regard to consumer loans, in 2014 Eurobank Serbia remained among the most important forces in the market. In the first half of the year, the “Do not throw it away” refinancing loans campaign was a great success, while cash loans were dominant during the second half of the year, mostly as a result of the “Take 100, pay back 110” campaign. The introduction of this cash loan with fixed terms attracted great interest from the public, primarily because of its transparency, which is also one of the bank’s guiding business principles.

In Corporate Banking, Eurobank Serbia focused on maintaining a healthy relationship with existing clients and extending its operations to new clients, especially small and medium-sized enterprises. During 2014 the bank strengthened its fee generation activities, through a number of initiatives in hedging, transactional business and other banking services offered to large corporates.

CYPRUS

In 2014, Eurobank Cyprus Ltd, celebrated its seventh anniversary, by achieving positive results that strengthened its position in the Cyprus Banking Sector. More specifically, net profits after taxes as per 31.12.2014 stood at € 28.8 million. Customer deposits increased by 34%, leading to surplus liquidity in excess of € 2 billion, while the loans to deposits ratio (excluding loans secured by deposits) stood at 28%.

The bank is strongly capitalised, with the capital adequacy ratio (CAD) exceeding 20%, while the non-performing loans ratio, based on the new regulations of the European Banking Authority (EBA), stood at 7.3%, significantly lower than the average of the banking sector of Cyprus.

The successful performance in 2014 further strengthened the bank's leading position in the areas of International Business Banking, Wealth Management, Corporate and Commercial Banking and Capital Markets. The bank continued to be focused on providing high-quality services to its clients, based on its high calibre personnel, long experience in the market and innovative product range.

It is also worth mentioning that Eurobank Cyprus was recognised as "Best Private Bank" in Cyprus for 2014 by the Euromoney magazine, for the fifth time in the last six years. This award is an obvious recognition of the superior quality of service provided by the bank, the professionalism of its highly qualified personnel and its high level of operational excellence.

LUXEMBOURG

Eurobank Private Bank Luxembourg S.A. (ERBL), originally established in 1986, is engaged in the business of providing Private Banking, Wealth Management, Investment Advisory and Lending for corporate and private clients. In addition to the standard products and services of a private bank, ERBL provides its clients with a wider offering that includes:

- Financial Engineering
- Estate planning
- Fiduciary agreements
- Discretionary Asset Management
- Investment funds
- Alternative investment consultancy

The bank is an autonomous organisation, incorporated under Luxembourg law and regulated jointly by the European Central Bank (ECB) and the Commission de Surveillance du Secteur Financier (CSSF). It is armored with an exceptionally strong capital position (capital adequacy ratio above 40% throughout 2014) and ample excess liquidity. In the context of its conservative risk approach, ERBL's liquidity is placed only with high rated banks and the Central Bank. Furthermore, ERBL has no interbank exposure towards any peripheral Eurozone financial institution, and holds no investments in peripheral European sovereign risk. ERBL's overall strong position, combined with Luxembourg's AAA rating and the country's progressive and transparent legal, tax and regulatory framework, opens to clients an array of banking and wealth management possibilities unparalleled within the Eurozone and beyond.

On 29.4.2015, the Prudential Regulatory Authority granted the approval for Eurobank Private Bank Luxembourg S.A. to open a branch in London. The branch, which will open during the first half of 2015, will enhance the Group's overall Private Banking/Wealth Management profile, by expanding the ERBL's successful model to a global banking centre outside the Eurozone.

UKRAINE

The year 2014 was ripe with difficulties and challenges for Ukraine, as a result of the political developments and the events in the eastern part of the country. Military actions in Eastern Ukraine had a major negative effect on the economy, with a significant reduction in the country's GDP, the devaluation of the local currency, the significant rise of the inflation rate and a negative impact on its banking system, with deposit outflows and a deterioration in the loan quality of the bank's portfolios.

Universal Bank was naturally affected by the above, nevertheless it managed to maintain proper loans to deposits balance and ensure strong liquidity, thus confirming its reputation as a reliable European bank and keeping fruitful co-operation with its customers. In the end of 2014, it was publicly acknowledged by Forbes annual rating, which put Universal Bank as 14th in the rank of 20 most reliable banks in Ukraine, out of 163 financial institutions.

Despite the adverse market situation during 2014, Universal Bank maintained a strong capital adequacy ratio of 18.28%, against a minimum required limit of 10% and managed to further reduce its operating expenses by € 11 million (33% year-on-year), driven by cost-containment initiatives spurred up by local currency devaluation.

The bank's conservative risk policy, customer-centric approach and focus on transactional banking, led to positive pre-provision income, which stood at € 3.4 million, with loan loss provisions fully covering credit risks.

LONDON

The London branch of Eurobank has been operating since 1992. It offers a full range of Commercial Banking Services, such as current accounts, deposit accounts, commercial loans and Letters of Guarantee. The branch complements the UK financial services needs of the Group corporate clients, as well the family financial needs of high net worth individuals that would like to use London as the basis for their Banking.

The branch is renowned for its expertise in Shipping and London Real Estate matters via a direct and personal contact basis. The clientele includes UK residents of Greek origin, as well as EU residents that engage in business in London.

Following a strategic review, the branch will be transferred to Eurobank Private Bank Luxembourg in 2015 and will operate under the name of Eurobank Private Bank Luxembourg S.A. London Branch. This move will upgrade the services offered to existing clients and will enhance the ability to obtain synergies, by adding Private Banking in the branch's range of products.

2014 MOMENTS



Our people at the Naxos branch of the Eurobank Network



Our people at the Serres branch of the New TT Branch Network



egg - enter-grow-go. Eurobank supports innovative youth entrepreneurship. The premises that host the Programme's participating teams



The Group's volunteers and their families at the 6th "Greece Race for the Cure", which was organised by the "Alma Zois" Association



The CEO, Mr. Fokion Karavias, delivering a speech at a Christmas meeting of the Group's executives in December 2014



"Great Moment for Education" programme. Eurobank rewarded top-performing Greek high school graduates for a 12th year in a row



"Greece innovates!" 3rd Applied Research and Innovation Competition



The Postbank Bulgaria team participated in the Postbank Business Run 2014 for the support of the "Best Start for Every Child" programme



The money box, symbol of saving, celebrated its 80th anniversary in 2014



Members of the key team responsible for the Eurobank - New TT Hellenic Postbank merger on the day of the operational merger



New TT Branch Network celebrated World Savings Day with events held in schools all over Greece



Eurobank was distinguished for its energy efficiency management in December 2014, by winning the gold medal in the category at the Environmental Awards

CORPORATE RESPONSIBILITY



Today, as society continues to face increasing challenges and to yearn for a better future, the Eurobank group recognizes that Corporate Responsibility is a key driver of its strategic planning, operations and social contribution. The Group responds to the tough demands of our times with sensitivity, deference, and increased corporate responsibility, always trying to help improve the economic and social environment in which it operates.

The primary concern and top priority of this collective effort is the people of the Group, who constitute its most valuable asset and competitive advantage. Based on this philosophy, as well on respect, understanding, meritocracy, and mutual trust, the organisation initiated a series of employee-centred initiatives in 2014, including the completion of the integration of the new colleagues from New TT Hellenic Postbank and New Proton Bank.

Driven by transparency, credibility, modern corporate governance and honesty, the Group continued to forge strong bonds of mutual trust and cooperation with Shareholders, Employees, Customers and Suppliers, the Business Community, the State, the Media, the Regulators, as well as state Organisations & Agencies. The Group continued to fortify its operations, by upgrading its internal governance regulations and internal audit mechanisms, improving its procedures, as well as continually renewing its relationship and communication with its customers.

Being a fundamental part of the Group's actions and initiatives during 2014, Corporate Responsibility was further developed on the basis of a human-centred approach and a moral obligation towards society, actively supporting the pillars of education,

innovation, youth entrepreneurship, social cohesion and the environment.

For 12 consecutive years, the Group has been consistently rewarding and supporting top-performing students from all over Greece, thus promoting learning, noble competition, and education, and offering assistance to institutions and organisations that support children and vulnerable social groups. The Group educates schoolchildren and young people on the principles of economics, produces cultural events addressed to children, and helps highlight the pedagogical role of sports in shaping young people, by supporting Greek sport.

In addition, as part of its firm commitment to promoting youth innovative entrepreneurship, the Group continues to support young people with creative ideas, offering an integrated framework of business incubation, complete with the infrastructures and tools required for transforming ideas into fully-fledged business plans. By bringing together the business and academic communities through the Applied Research and Innovation Competition, the Group systematically helps to promote competitiveness, encourage research and enhance the extroversion of the Greek economy.

Finally, the Group is committed to the principles of sustainable development and care for the environment, which constitute an integral part of its strategy, culture, and operations, as attested to by its major initiatives, certifications, compliance and international awards, but above all, by the specific targets it sets for improving energy efficiency and implementing responsible environmental management practices.

SOCIETY

■ SOCIAL SOLIDARITY

Despite Greece's ongoing dire economic situation, in 2014 the Eurobank group supported a large number of agencies and non-profit organisations, whose main purpose is to protect children.

"APOSTOLI" ("MISSION") OF THE HOLY ARCHDIOCESE OF ATHENS

The social involvement of Eurobank increased significantly in 2014, as it actively supported the work of "Apostoli" ("Mission"), the philanthropic organisation of the Holy Archdiocese of Athens, whose purpose is to support and improve the living conditions of underprivileged social groups.

Through the **"Apostoli supports the pupils"** programme, Eurobank covered the cost of 20,000 "parcels of love", which contained food items that were distributed to financially weaker families of elementary and secondary education students. The programme was implemented in cooperation with the Greek Ministry of Culture, Education and Religious Affairs and aimed at offering effective support to families in need, in a manner that ensured their anonymity and dignity and, of course, the smooth continuation of their relations within the school environment.

SUPPORT TO PUBLIC WELFARE INSTITUTIONS

In 2014, the Eurobank group focused its support on a large number of institutions and non-profit organisations that support children and vulnerable social groups and are active both in Athens and across Greece.

In December 2014, Eurobank supported the work of the "Merimna" Charitable Association of Alexandroupolis, the Papadopouleion Nursery of Kalamata and the Public Welfare Centre of the Region of Epirus-Children's Protection Branch of Thesprotia, which is based in Igoumenitsa.

Moreover, as part of its Christmas activities, Eurobank supported the "DEMETRION" Creative Occupation Centre of the "Apostoli" philanthropic organisation of the Holy Archdiocese of Athens, by

paving with a special material the yard of the Centre, where almost 60 children daily enjoy educational support and entertainment programmes. In addition, a special event was held in the premises of the Centre, in the presence of His Beatitude, Ieronymos II, Archbishop of Athens and All Greece, where the Management of Eurobank handed out presents to the children.

HAMOGELO TOU PAIDIOU - SOS CHILDREN'S VILLAGES

Eurobank, focusing on initiatives for assisting children in real need, supported in 2014 the organisation "To Hamogelo tou Paidiou" ("The Smile of the Child") and the SOS Children's Villages by placing distinct donation boxes in Eurobank and New TT Branch Network branches.

PNOE - FRIENDS OF CHILDREN'S INTENSIVE CARE

For the past 14 years, Eurobank has been steadily supporting the great effort of the "PNOE – Friends of Children's Intensive Care" non-profit organisation, helping it realise its objectives, which focus on the creation and material support of paediatric intensive care units in Greece's public hospitals, the provision of support to children hospitalised in Intensive Care and their parents, and the provision of further training to the doctors and nurses of Intensive Care units.

"FASHION TARGETS BREAST CANCER" CAMPAIGN

The Bank's collaboration with the "Fashion Targets Breast Cancer" (FTBC) campaign started in 2004, with the launch of the EuroLine Style card, the first women-only credit card. For the past 11 years, Eurobank has been consistently supporting the campaign's efforts in Greece, actively contributing to the attainment of its goals, i.e. to inform and raise the awareness of women about the importance of the prevention and timely diagnosis of breast cancer.

POSTBANK BULGARIA - BEST START FOR EVERY CHILD

In Bulgaria, Postbank continued for another year to work with UNICEF, as part of the "Best Start for Every Child" programme, in order to attract donations for the

creation of health centres for mothers and children. The programme has its own dedicated platform for donations, options for donating via ATMs or online banking applications etc. In addition, the bank joined the "Postbank Business Run" relay race, which was organised by the "Begach" running club with the participation of 63 companies and with the aim of raising money to support the programme.

In recognition of its strategic partnership with UNICEF Bulgaria as part of the "Best Start for Every Child" programme, Postbank won the "Best Donation Programme" award of the Bulgarian Donors' Forum in 2014.

BANCPOST ROMANIA - THE NO PROJECT

In Romania, Bancpost continued in 2014 its participation in "The NO Project" campaign, which is organised in collaboration with the National Agency Against Trafficking in Persons (ANITP), as well as two major NGOs. This is a campaign designed to raise awareness among young people on human trafficking, using art, sports, music, dance and the social media as its vehicles. In recognition of its contribution to raising public awareness on human trafficking, Bancpost received the Special Award for Corporate Social Responsibility within the 2014 Oskar Capital Gala.

BANCPOST ROMANIA - SUPPORTING CHARITIES

In 2014, Bancpost supported many charities through the voluntary contribution of its employees, who participated in social solidarity programmes, as well as by encouraging donations to various humanitarian purposes, such as the sale of handmade products for the support of two local orphanages.

EUROBANK SERBIA - BIG HEART

In Serbia, Eurobank and the "Ana and Vlade Divac" Foundation continued to support the "Big Heart" programme through the MasterCard credit card, in order to raise money for the restoration of recreation areas in day care centres and elementary schools all over the country. 22,000 cards have been issued since the programme's launch in 2010, and their use has made it possible to reconstruct 25 recreation areas in various Serbian cities.

After the May floods, priority was given to addressing the needs of kindergartens in stricken areas, in conjunction with other special victim-support initiatives, such as donations in cash and in kind.

■ EDUCATION

Eurobank group, recognizing the key role of education, has been systematically and effectively supporting programmes and initiatives that promote education and demonstrate the importance of timeless values, such as learning, noble competition and the effort to attain great goals.

"GREAT MOMENT FOR EDUCATION" PROGRAMME

In order to support and reward the young people's effort to master knowledge, in 2003 Eurobank created the "Great Moment for Education" programme, which is implemented with the support of the Greek Ministry of Culture, Education and Religious Affairs.

Each year the programme rewards top-performing high school students from each of the 1,700 General and Vocational, public and private, daily and night, high schools of the country, who get the highest grades (above 18) at the university admission examinations. Each award is accompanied by a € 800 cash prize, deposited in a Eurobank account in the name of the distinguished student.

In 2014, Eurobank successfully completed the **12th cycle of the programme, by rewarding a total of 988** top-performing graduates from all over Greece.

The award ceremonies for the graduates of the 2013-14 school year were held in nine cities: Athens, Thessaloniki, Patra, Larissa, Heraklion, Ioannina, Tripoli, Veria, and Chalkis. In Athens, in particular, an emotional ceremony was held at the Athens Concert Hall, with the attendance of over 1,000 students, parents, teachers and members of the academic community, where top-performing graduates received their awards for their academic distinction at the pan-Hellenic university admission examinations for the school year 2013-14. Honorary plaques were given to the high schools that produced the graduates who scored the highest university admission exam grade in each School District of the region of Attica. The events were honoured by the presence of many personalities from the country's political, economic, and social life.

The "Great Moment for Education" programme is one of the most important Corporate Social Responsibility initiatives of Eurobank, having evolved into an institution, which is warmly welcome by the students and their families, their teachers, as well as the local societies throughout Greece. This response

adds value to the programme and bears excellent proof that the Group's initiative is on target. Overall, more than **14,000 distinguished high school graduates** from all over Greece have received awards since the launching of the programme.

MONEYPEDIA

Eurobank, in cooperation with the Athens University of Economics and Business (AUEB), has been offering a pioneering financial literacy programme for young people aged 18-25. The purpose of the moneypedia.gr website is to educate visitors on key economic principles, sound financial management practices and entrepreneurship-related issues. Its contents have been edited by professors of the Athens University of Economics and Business, a highly acclaimed Greek school of economics, thus providing young people with much-needed and reliable information on banking and economic subjects. It also offers handy digital tools to familiarize users with basic, as well as more complex, financial transactions, and with organising their financial affairs, also offering practical advice on the development and growth of young entrepreneurship.

WORLD SAVINGS DAY - 80 YEARS OF MONEY BOXES!

The money box, the greatest symbol of savings in Greece, celebrated its 80th anniversary in 2014 and Eurobank celebrated with it the World Savings Day on October 31.

Money boxes were first introduced by TT Hellenic Postbank in August 1934 and very soon became a beloved symbol of children's savings. The money box could only be opened with the use of a special key, which was kept at the branches, in order to "protect" children's savings from the temptation of spending, a tradition that carries on till this date. Each money box was numbered and every year the money boxes' serial numbers were entered into a prize draw with the winners receiving small cash prizes and having their names published in the newspapers.

The initiative proved to be very successful and TT Hellenic Postbank promoted the philosophy of saving to the Greek family, through a series of further initiatives, such as unique wall calendars featuring savings-related themes and symbols, as well as relevant book publications.

Today, the value of saving is more topical than ever before and reminds all of us that we can attain our goals through patience, perseverance and methodical work. Above all, it is a value that must be taught to successive generations.

Eurobank, in keeping with the TT Hellenic Postbank tradition and honouring the timeless value of saving, organised in October 2014, for the occasion of the World Savings Day, celebrations and educational events, whose main theme was **"80 years of money boxes: 80 years of teaching us how to hold on to our dreams!"** As in every other year, the Branch Managers of the New TT Branch Network visited elementary schools all over Greece, delivered speeches aimed at propagating the value of saving to the next generation and distributed money boxes to the schoolchildren, along with the educational fairy tale "The little pocket and the piggy bank."

In addition, the Bank organised celebrations in major Greek cities, and, as a tangible reward of the effort to save, presented 80 winners of a prize draw with a money box containing € 500.

EUROBANK SERBIA - AWARDS

For the ninth consecutive year, Eurobank Serbia supported the work of the "Crown Prince Aleksander Foundation" by rewarding the 500 top-performing high-school graduates, with the highest grades in the country.

POSTBANK BULGARIA - STOP, SAVE THE CHILD!

In Bulgaria, Postbank participated in 2014 in the "Stop, Save the child!" national road safety campaign, which aimed at providing information on proper road behaviour, traffic accident prevention and the protection of human life.

■ CULTURE

The involvement of the Eurobank Group in the support and promotion of Culture has been a tradition since its very inception. Deeply convinced that all opportunities for intellectual improvement must be encouraged, Eurobank is actively helping to get the public acquainted with classical, as well as modern cultural creations.

ATHENS CONCERT HALL

SUNDAY MORNING AT THE ATHENS CONCERT HALL

Eurobank sponsored once again the "Sunday Morning" programme of the Athens Concert Hall for the 2014-2015 season. This is a highly successful series of events, which was realised for a 19th consecutive year by the Athens Concert Hall and is addressed to children and young people.

The Sunday Morning Events aim at introducing children to the magical world of music in an interactive and pleasant manner, and help to familiarize children with music, through a combination of knowledge and entertainment. The programme included concerts featuring popular themes from the symphonic repertoire, and much more, such as "The amazing journey of classical music", "Nikos Kypourgos - Songs for Children" and "Music for our ... eyes!".

"ADAGIO" PERFORMANCES

During the Easter holiday of 2014, Eurobank sponsored the "Adagio" cycle of events of the Athens Concert Hall, by helping stage two shows of paramount artistic value, in perfect harmony with the devout spirit of those days.

On April 14th, the Athens Concert Hall presented "St John's Passion" by Johann Sebastian Bach, with the multiple-award winning Armonia Atenea - The Friends of Music Orchestra musically reproducing the Divine Drama on period instruments. On April 15th, a large audience enjoyed "Epitaphios", a work that symbolizes an entire era and is the artistic culmination of the collaboration between composer Mikis Theodorakis and poet Yannis Ritsos.

GREEK NATIONAL OPERA

OPERA - "DON GIOVANNI"

Eurobank sponsored a pioneering and innovative performance of the Greek National Opera, Mozart's "Don Giovanni", which is considered a masterpiece of the Western World.

The show was staged in June 2014 by the Greek National Opera as part of the Athens Festival and for four unique evenings transfixed the audience of a crowded Odeon of Herod Atticus.

■ SPORTS

Since its very inception, the Eurobank group has demonstrated its commitment to promoting sport, and acknowledges its educational nature and importance, especially in regard to shaping young people, providing them with a moral value system.

HELLENIC BASKETBALL FEDERATION

Eurobank has been the exclusive sponsor of all Greek National Basketball teams since 2001. This is the longest active partnership in Greek sport and one of the longest in Europe.

Greek Basketball has demonstrated that whoever strives consistently and continuously to create, stand out and succeed, can achieve ambitious goals. This partnership has proven to be one of the most successful, as Greek Basketball has brought Greece a total of 22 medals since 2001. The most important are the Silver Medals at the 2006 World Championship and the Young Men's World Championship of 2005. In 2015, the Men's National Team will participate in the EuroBasket championship.

SPYROS GIANNIOTIS - MARATHON SWIMMER

In 2014, Eurobank commenced its sponsorship of the efforts of marathon, open water swimmer Spyros Gianniotis to achieve a distinction at the Rio de Janeiro Olympic Games in 2016.

Spyros Gianniotis is a member of the Greek National Swimming Team and has participated in and excelled at Olympic Games, as well as World and European Aquatics Championships. He is two-times winner of the open water world championship, while in 2012 he was nominated for the "Athlete of the Year" title in this category.

BANCPOST ROMANIA - INTERNATIONAL CHESS FESTIVAL

In Romania, Bancpost sponsored the "Bancpost International Chess Festival" that was organised for a 17th year by the "Caissa Chess Club" and hosted the participants in its own training centre. The event is supported by the World Chess Federation (FIDE) and aims at propagating chess and integrating it to education.

CUSTOMERS

■ RESPONSIBLE CUSTOMER INFORMATION

Creating relationships of trust and offering high-quality service form the cornerstone of the Bank's cooperation with its customers. Transparency, credibility and safe transactions in products and services are the main pillars of the transactional relationships the Bank develops with them.

Seeking to earn its customers' trust and recognition, the Bank has adopted mechanisms and processes for the distribution and sale of all its products and services, in line with the Data Protection Act. The Bank's strategic decision is to offer reliable services and financial products, on one hand by adhering to the applicable regulations and, on the other hand, by using simple, straightforward, and accessible procedures and forms, to ensure that all the services and products it offers are simple and easy-to-use, reliable, and appropriate for the profile of the customer who uses them.

In order to ensure the above, the Bank provides its customers with appropriate and clear information about the type and characteristics of the products/services it offers at the pre-contractual stage, upon signing the contract, periodically throughout the duration of the contract, and after its expiry, keeping records for the period stipulated by the applicable laws, as a minimum.

The General Terms of Transactions (GTTs) and the Agreement for the Provision of Payments Services provide customers with all the information deemed necessary prior to initiating a contractual relationship with the Bank, or following an application for the provision of any service. Moreover, customers are advised that GTTs and the Agreement for the Provision of Payment Services apply to all their contractual relationships with the Bank, and may be amended and/or specified by separate agreements that contain more specific terms in regard to certain services/products. It should be clarified that, by means of the GTTs and the Agreement for the Provision of Payments Services, the customers are also informed in advance about the processing of their personal data, as well as about the recipients of the processed data. Moreover, payment services are also governed by the Payment Systems Directive (PSD) of the EU.

More specifically, in regard to lending products, during the pre-contractual stage customers may receive oral and written information regarding the characteristics of the product they are interested in, while the use of numerical examples enables them to ascertain, in a simple and understandable manner, their rights and obligations for the use of a lending product. Moreover, whenever customers actually use a lending product, they sign and receive a copy of the relevant agreement; afterwards they receive information on a regular basis, as provided for by the law.

Similar information is provided to investment product customers, by certified executives, at the pre-contractual stage, upon signing the agreement, and on a periodical basis.

All customers can also receive, whenever they require, information about their contractual relationship with the Bank, from any branch of the Bank's network or online, through Eurobank e-Banking, provided they have access for performing transactions and receiving information.

Recognizing that online information has become one of the most important and direct means of communication, the Bank seeks to provide both prospective and existing customers with as much information as possible in regard to the products and services it offers, through the www.eurobank.gr website. Moreover, the Bank is taking all the necessary and critical IT precautions, in order to offer a secure environment for performing electronic transactions. This allows the Bank to guarantee and pledge that it will cover any loss of money that may occur as a result of unauthorized electronic transactions.

The above framework describes how the Bank has chosen to establish relationships with its customers, aiming at long and successful partnerships, honesty, mutual trust, and the efficient management of the customers' financial and investment needs, by adhering to the laws and regulations, and to banking ethics, emphasizing on the creation of value for each individual customer.

■ RESPONSIBLE MARKETING & COMMUNICATION

As part of its ongoing effort to explore the customers' needs in depth, and produce responsible solutions and advertising, Eurobank has been implementing all mechanisms and procedures required by the regulatory framework and the Bank's governance, to ensure honest and not misleading promotion of its products and services.

More specifically, each new activity is designed by taking systematic and methodical steps, also requiring the involvement of all competent units and the approval of Legal Services, pursuant to the regulations on non-misleading communication.

Moreover, the Group Marketing & Communications Sector employs systematic procedures and centralised mechanisms in order to ensure frequent communication with customers, establish proper ways of informing them about new products and services, and guarantee the proper implementation of the Data Protection Act. The Bank's approach to developing and managing customer relationships includes regular analyses concerning the segmentation of its customer base, on the basis of distinct criteria. These analyses enable the Bank to identify each individual client per segment, and to provide targeted communication and more effective service to them through all its channels.

The Bank is systematically conducting quantitative and qualitative customer satisfaction surveys, as well as surveys aimed at the development and optimisation of its communications, products and services. The Bank also monitors customer satisfaction levels across all service channels, through scientific measurements that cover the entire Greek jurisdiction. Since 2014, the customer satisfaction survey includes the New TT Branch Network customers. The results regarding the overall experience of the Bank's customers during 2014

were on the whole positive, driven by the high quality of service through all networks, physical and electronic.

Having continuous, open, and honest dialogue with its customers as a fundamental aim, in 2014 the Bank held more than 150 meetings in more than 20 cities all over Greece, in order to brief its customers, understand their demands, and offer integrated solutions to their financial, personal, family and business needs. During these meetings the Management and staff of Eurobank informed customers and associates about the products and services of the Group, as well as on current developments in the economic and banking landscape, and exchanged views in regard to their needs and concerns.

■ CUSTOMER RELATIONS

In an extremely tough year for Greek society, building strong relations and strengthening cooperation with customers, proved to be a major challenge and a key strategic objective for Eurobank. The Bank, more than ever before, is committed to the provision of high-quality customer service, demonstrating respect and esteem towards customers.

Eurobank, acknowledging the importance of customer complaints as a valuable source of information about the customers' needs and expectations, has advanced complaint management systems in place, and has established flexible and innovative, ISO 9001-certified procedures designed to offer swift and quality customer service.

The Group Client Relations Office, acting in a transparent and accountable manner, and in cooperation with the competent units of the Bank, coordinates and supervises the processing of customer complaints and sees to their fair and impartial management, also promoting the development of a single complaint management culture. Aiming at the creation of mutual trust, the Office's executives are always standing, respectfully, honestly and amicably, by the side of the Bank's customers, ready to listen to their problems and needs, and seeking the best solution for each individual customer.

A major tool for augmenting the customers' positive experience is the Customer Care Call, which is made after the completion of each case's management, since personal contact with the Office's representatives helps maximize customer satisfaction and develop steady and long-standing relationships with the Bank.

The Client Relations Office collects customer feedback through the following channels of communication: the branch networks; Eurobank e-Banking; EuroPhone Banking; and the Group's website.

The information extracted from the customers' complaints and feedback is analysed by means of state-of-the-art methods designed to identify the causes of the complaints, and leads to immediate corrective action, on one hand in order to avoid similar situations in the future and, on the other hand, to upgrade and optimize the products and services offered.

At the same time, the Group Client Relations Office is in direct and constant communication and cooperation with state agencies, consumer unions and the Hellenic Ombudsman for Banking-Investment Services. It also represents the banking sector in the Hellenic Federation of Enterprises (SEV) working group on consumer-related issues, advancing and promoting the Group's active interest in developing actions and taking initiatives aimed at optimising customer service.

INNOVATION & YOUNG ENTREPRENEURSHIP

■ EGG - ENTER GROW GO



Egg - enter•grow•go is a Corporate Social Responsibility initiative of Eurobank, designed and implemented in

collaboration with the Corallia unit of the Research Centre “Athena”, with the aim of supporting youth innovative entrepreneurship and improving sustainable employment opportunities in Greece, especially for young people.

The Programme provides teams of young entrepreneurs with an integrated framework of business incubation, acceleration and co-working space by offering them a range of supporting actions and tools that help them develop and accelerate their business plans, original ideas or prototypes, transforming them into complete marketable products and services.

STRUCTURE OF THE PROGRAMME

The Programme comprises three stages:

enter: the Programme is open to young people from all over Greece, whose innovative ideas cover all industries. The applicants may submit their proposals, as specified in the call for Expression of Interest; the proposals are evaluated by distinguished experts on the basis of their innovation, prospects, and viability.

grow: young people whose business plans qualify for entry to the Programme are initially assisted in setting up their own business (if not already active). For the next twelve months —the duration of each “cycle” of the Programme— they are given the opportunity to focus intensively on developing their idea/business by utilising the infrastructure and support services offered by the Programme, and seek partnerships and synergies with other participants, as members of a dynamic “ecosystem”, demonstrating in practice the potential and viability of their business plan.

go: participation in the Programme is completed, with all participating businesses having managed to bring their business plans to maturity, and being perfectly ready to make their entrepreneurial “leap”:

to capitalise on the value of their idea by using their own resources or an investment scheme. The Programme’s organisers support the participating businesses with financial and advisory services, also helping them network with investment fund managers.

BENEFITS OF THE PROGRAMME

■ **Mentoring** by distinguished and acclaimed persons from all industries and disciplines who provide each participating team with advice on business development issues. These are people with experience and a strong business background, ready to embrace and support young entrepreneurs, and, at regular meetings with them, offer advice, guidance and encouragement, also suggesting solutions to the challenges they face.

■ **Building Infrastructure**, comprising fully functional and properly equipped office clusters, close to the centre of Athens, which house young entrepreneurs throughout their participation in the Programme. The building offers state-of-the-art technological infrastructure and appropriately arranged premises for mentoring, support services, and business training. It also offers common areas (conference rooms, training and entertainment areas etc.) that promote the exchange of ideas, networking with research institutions and enterprises, as well as cooperation for achieving economies of scale and joint initiatives.

■ **One-stop-shop services** that cover all key business operation and startup issues faced by each participating team, and, in particular, accounting and corporate management services, human resource management services, corporate identity and communication services, copyright and legal protection services, Information technology support services, as well as financial advice and networking with investment funds.

■ **Bootcamp Training** in areas of critical importance for a successful business operation, through a pre-defined intensive training programme, as well as additional lectures on specialised topics throughout the duration of the Programme. The intensive training programme has a duration of three months and covers various subjects, such as: project management, copyright management, corporate communication, strategic marketing, product development, accreditation and quality control, investment and asset management, exports, public financing, investor presentation skills etc.

ADMINISTRATION & OPERATION OF THE PROGRAMME

The Programme is run by executives of both organisations —Eurobank and Corallia— and is supervised by a 9-member Advisory Board, composed of distinguished scientists, businesspeople, and market experts.

The high quality of the programme’s services and infrastructure is guaranteed by a wide network of leading companies and organisations from the Greek and international markets, while the mentors’ team comprises distinguished and acclaimed persons from all industries and disciplines, who provide all participating business teams with advice on business development issues.

ACHIEVEMENTS OF THE PROGRAMME

In almost two years of operation, **egg** has established itself as the most complete business acceleration programme in Greece. Also, it is highly regarded by both domestic and foreign audiences, has substantially improved its positive image with tangible results in Greece and abroad, and has become a role model for every new initiative taken in the ecosystem of Greek startups.

Following the completion of its first cycle in June 2014, and during the second cycle, which will be completed in June 2015, **egg** has the following achievements to show:

- 41 business ideas were turned into modern enterprises.
- 55 specialised vocational training seminars.

- 230 private consultations with mentors.
- 330 one-stop-shop sessions on business operation issues.
- 24 original products or services were introduced to the market.
- 32 new associates were hired by the founding teams.
- 24 partnerships and synergies between companies participating in the Programme.
- 3 patent applications submitted by egg companies.

Moreover, **egg’s** footprint on Greek society is enhanced through a series of actions taken by the Programme and its teams, with the aim of:

- Establishing contacts in Greece and abroad, in order to support the Programme.
- Improving the know-how of the Programme and its teams/companies.
- Supporting and developing synergies in the innovation ecosystem.
- Establishing business networking and promotion for its companies.

■ “GREECE INNOVATES!” APPLIED RESEARCH AND INNOVATION COMPETITION



With the aim of encouraging research, innovation and extroversion, as key pillars for improving Greece’s competitiveness, Eurobank and the Hellenic Federation of Enterprises (SEV) have been jointly organising the “Greece Innovates!” Applied Research and Innovation Competition since 2010.

The Competition, which has become an institution for private sector initiative, was established by Eurobank and SEV for the purpose of mobilising the creative forces of the academic and scientific community, in order to draw attention to world-class Greek innovators.

The main objective of the Competition is to build channels of communication and collaboration between the academic and the business community, for the productive implementation of applied research and innovation proposals, through the creation of products and services that help improve everyday life, as well as develop and enhance the economy’s extroversion.

The “Greece Innovates!” Competition is addressed to research groups, individual researchers as well as companies involved in production and/or research in Greece, and aims at:

- Promoting innovation as the driver of Greece’s economic growth, business development, and the enhancement of employment — especially for young people.
- Mobilizing the country’s creative forces.
- Connecting the academic community with entrepreneurship and production.
- Attracting private capital for the realisation and commercial exploitation of the relevant proposals.

The assessment of the proposals comprises two stages: the written assessment stage, whose completion produces the 20 qualifiers to the next stage and the oral assessment stage.

Written Assessment: The Written Assessment of the proposals is conducted by specialized evaluators, under the supervision of a Scientific Board that comprises distinguished scientists and highly-esteemed academics, on the basis of the following criteria:

- Improvement of everyday life – Sustainability
- Originality
- Enhancement of Competitiveness
- Possibility of wide practical application and commercial exploitation
- Improvement of the position of the organisation/ business
- Extroversion
- Repeatability and diffusion of benefits.

A maximum of 20 proposals that pass the written assessment stage (up to 10 in Applied Research and up to 10 in Innovation) are presented to the public through a series of initiatives including regional events held in metropolitan areas with universities, the publication of a relevant album, the Competition’s Internet platforms, Media promotional activities, as well as extended print and electronic media publicity actions.

Oral Assessment: A maximum of 20 candidates that qualify for the oral assessment stage, are called to participate in this final process, which is carried out in a transparent and unbiased manner, during an open session. The oral assessment is conducted by a three-member committee, appointed by the Scientific Board for each candidate, which consists of reviewers who also took part in the written assessment, or other judges of a high stature in the scientific and business communities.

Two monetary prizes are awarded in each field (first and second prize in Applied Research and first and second prize in Innovation), accompanied by an honorary plaque.

The first two Competitions, which were completed in 2011 and 2013, demonstrated that **there is another Greece, that of ingenuity, excellence, and creation**, to be found in Greek research centres, universities and enterprises, along with a strong and valued scientific community that produces internationally competitive knowledge, actively contributing to the effort of restoring

Greece’s status as a society of action and creative adjustment. These two Competitions rewarded **41 innovative ideas**, services and products from the fields of applied research and innovation, paving the way for the commercial development of many of them.

3rd “GREECE INNOVATES!” COMPETITION

The year 2014 marked the launching of the “Greece Innovates!” 3rd Applied Research and Innovation Competition.

The initiative was supported by an extensive promotional programme in all conventional media, and aimed at informing the public about the launching of the 3rd cycle of the Competition, in order to attract entry applications. The campaign also included presentations at universities and research centres, as well as participations in innovation expositions, with the aim of motivating the country’s creative forces to join the 3rd “Greece Innovates!” Competition.

The Competition was supported by 360° digital communication, designed to directly reach out to all the people whose creative work is worth promoting through “Greece innovates!”. By promoting the relevant content, the Competition’s Internet channels provided all interested persons (scientists, researchers, students, entrepreneurs), with an **online bridge** that connects research and innovation with entrepreneurship, while the publicity enjoyed by the finalists of the previous Competitions **had a highly positive effect, creating role models for the next generation.**

Based on the above strategy, the “Greece innovates!” Competition won the **“Best Use of Social Media”** award for 2014, at the Hellenic Management Association’s Corporate Affairs Excellence Awards.

The first stage of the 3rd Competition ended in September 2014, having attracted a total of **208** proposals, which attest to the institution’s recognition by the country’s scientific and business communities. Out of these, 29 concerned the “Applied Research” category and 179 the “Innovation” category, while it is worth noting that strong interest was shown by businesses, which submitted a total of 72 proposals. The projects submitted to the 3rd “Greece innovates!” Competition covered a wide range of applications in the following fields: the environment, health/medicine, information technology, communications/internet applications, primary sector/food, energy conservation/renewable energy, tourism/culture.

The written assessment, the selection of the 20 finalists, and the completion of the 3rd Competition will culminate in 2015 with the award ceremony, following the extensive promotion of the award winners in the conventional media, the social media, and the Competition’s site, as well as in the business and academic community, through events held in the Greek periphery.

It is worth noting that all three “Greece innovates!” Competitions attracted a total of 747 applications (180 in the “Applied Research” and 567 in the “Innovation” category).

OUR PEOPLE

Our people are the Organisation's greatest asset and its strongest competitive advantage, especially as the economic and social environment calls for flexibility, sensitivity and care both for our customers and for our fellow citizens.

Over time, the Group's primary commitment has been to work systematically and efficiently to attract, develop and retain its people. In this context and, through the implementation of sophisticated selection, training, evaluation and compensation methods, special emphasis has been placed upon:

- Covering job positions by means of selection and evaluation systems founded on meritocracy, according to the needs and requirements of each field of work.
- Providing all employees with equal training and career advancement opportunities. The provision of equal career advancement opportunities is an integral part of the Bank's human resources policies, irrespective of gender, race, religion, or age.
- Nurturing an environment of constant recognition and reward, in accordance with the values of the Group.
- Providing employees with continuous information and ensuring the transparency of all practices and procedures related to the development of employees.

A key achievement in 2014 was the integration of the employees from New TT Hellenic Postbank and New Proton Bank, through procedures that ensured the creation of a climate of mutual trust and a feeling of meritocracy and continuity.

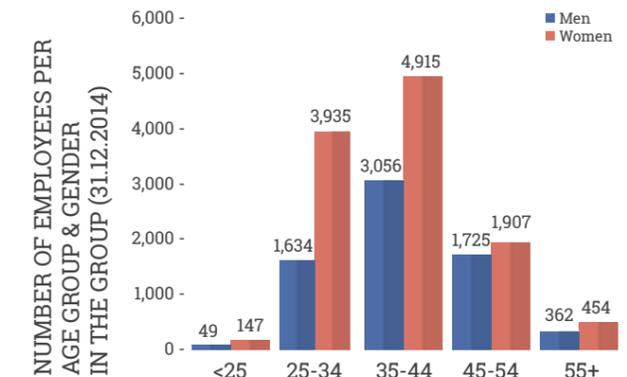
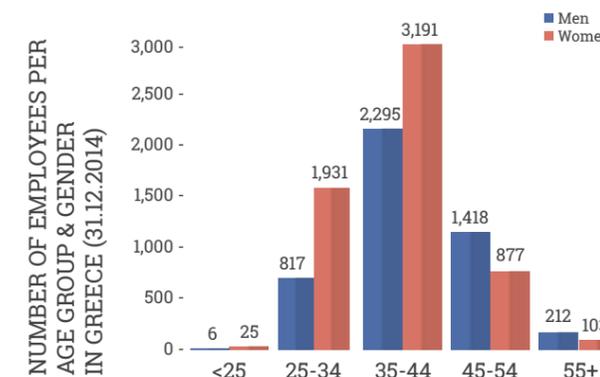
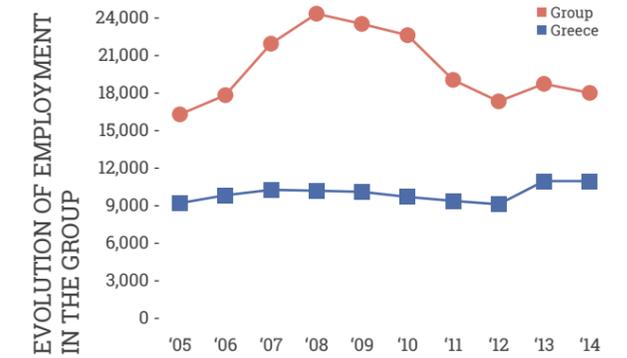
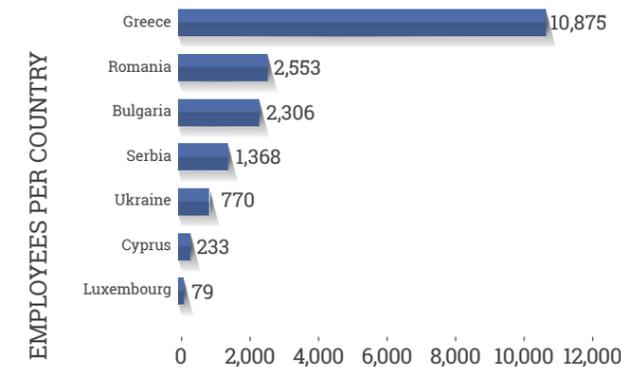
■ INTEGRATION OF NEW TT HELLENIC POSTBANK & NEW PROTON BANK PERSONNEL

The operational merger between Eurobank and New TT Hellenic Postbank was completed in 2014, following the merger with New Proton Bank, in 2013, thus creating major synergies for all employees of the newly unified Eurobank Ergasias S.A.

The integration of all new employees was carried out in accordance with Eurobank's labour guidelines and operating model and on the basis of transparency, meritocracy, and objectivity. In this context, the Bank organised introductory meetings for the majority of the personnel from the two banks (1,447 people), with an emphasis on those working in Centralised Services. The meetings were conducted with the participation of specialised executives from the Human Resources General Division and the Heads of the respective Units. The objectives of these introductory meetings were:

- The optimum utilisation of human resources, taking into account the Group's needs.
- The promotion of the skills of each employee from the two banks.
- The smooth transition to and integration into the new Group.
- The support in establishing a common corporate culture and identity.

Furthermore, for the effective integration of the new employees, a specially designed training course framework was implemented regarding the Bank's operating systems, products and procedures. These courses were delivered to more than 5,500 participants, through more than 46,500 man-hours.



■ EMPLOYMENT

At the end of 2014, the Eurobank group, which includes the Bank and its subsidiaries, employed a total of 18,184 people: 59.8% in Greece and 40.2% abroad.

On a Group level, more than 75% of employees are less than 45 years old, while the largest percentage of employees belong to the 35-44 age group. In Greece, in particular, gender distribution is quite balanced, as women account for 56% of the total workforce, bearing excellent proof of the equal opportunities policy pursued by the Group.

■ SOURCING

The sourcing process is considered to be the starting point of a long-lasting and mutually beneficial partnership between the employee and the Group.

Placing special emphasis on objectivity, transparency and fairness, the selection procedure, either for external or internal candidates, is based on predetermined criteria, fully aligned with the values and vision of the Group, which are implemented in Greece and abroad. These criteria are applied in written assessments, structured interviews, psychometric methods, assessment centres and up to date methodologies.

It is worth noting that the selection procedure applied by the Bank in Greece has received the ISO 9001 certification by TÜV HELLAS and is carried out by highly specialised personnel.

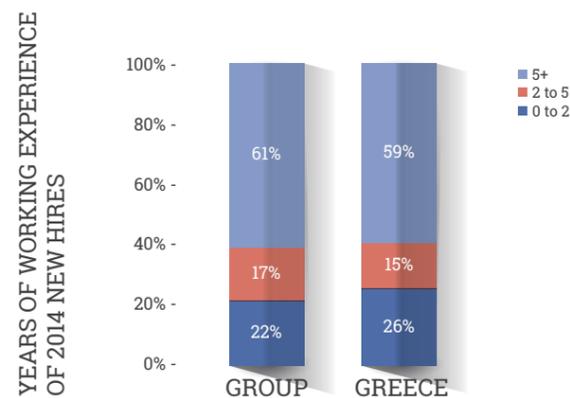
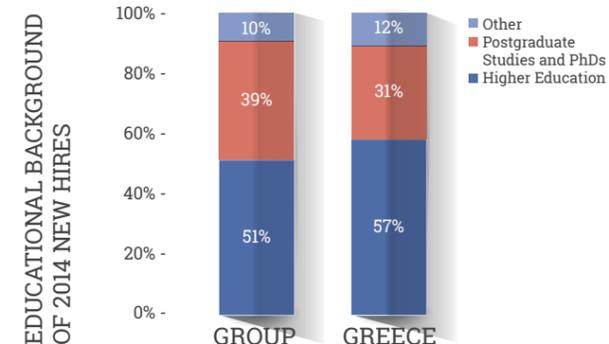
Furthermore, the Group actively and systematically utilises its human resources for internal staffing needs. This is a strategic priority, aimed at improving the

Group's competitiveness and offering career development opportunities to all employees. It is worth noting that the Bank measures the internal coverage of vacancies through the use of a special ratio.

Specifically, 58% of job vacancies within the Group, including its foreign subsidiaries, were internally covered in 2014, whilst in Greece this ratio stood for the total of the Group's operations at 74%. On a Bank level, the ratio was even higher, at 89%.

In this context, the Group's policy – and key sourcing tool – is to communicate all specialised vacancies through the Group's Intranet site, whose purpose is to ensure open communication, transparency, and the establishment of an equal opportunity working environment.

On a Group level, new hires for 2014 focused on covering the needs of international subsidiaries (84% international subsidiaries – 16% Greece). Specifically, on a Group level, emphasis was placed on executives with high academic qualifications (90% holders of graduate-postgraduate university degrees) and working experience (61% with more than 5 years of experience), whilst the respective rates in Greece stood at 88% and 59%. In addition, in 2014 emphasis was once again placed on Internship programmes (404 students).

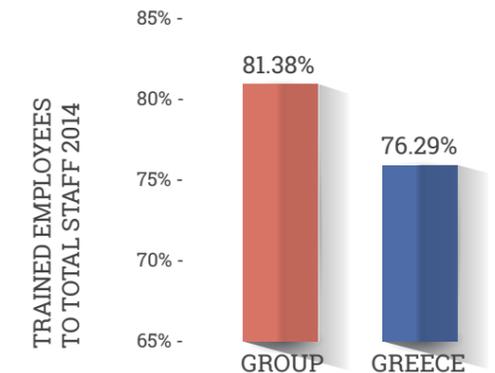
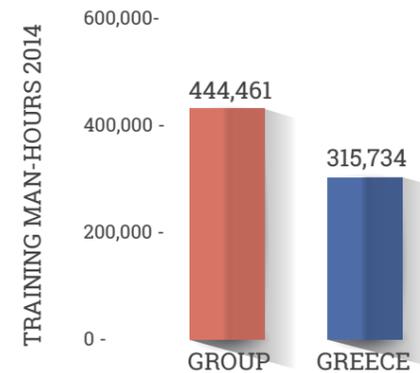


CAREER DEVELOPMENT AND TRAINING

The development of the competitive advantages of our people is a steadfast choice of strategic importance for the Eurobank group and is ensured through the design and implementation of an official and integrated Training and Career Development Framework. The framework focuses on enhancing a unified growth culture and has won awards for its innovation, successful practices and positive impact. Career Development Programmes include:

- Executive and Leadership programmes, which aim at enhancing leadership efficiency.
- Professional Development Applications, which aim at developing professional competencies and employee skills as part of existing and/or new roles.
- Mentoring Programmes, which aim at enhancing leadership communication and coaching skills and encouraging cooperation among business units.
- Professional Development Intranet site, which provides information about career development pathing and the prerequisites for succeeding in different roles.

Career Development Programmes aim at the advancement of employee skills and competencies that lead to optimum performance and at their targeted utilisation for key positions within the Group, as well as succession planning, knowledge transfer and the establishment of common development methodologies that enhance transparency and objectivity. Seeking, above all, to offer targeted training, the Group has



been implementing Policies & Procedures certified by TÜV Hellas in accordance with the ISO 9001:2008 standard, and develops "Learning Plans per position". Special emphasis is placed on programmes for:

- **Developing leadership and managerial skills.** These training programmes constitute one of the Group's strategic priorities and are offered in cooperation with recognised educational institutions such as ALBA, Harvard Business Publishing, the Athens University of Economics and Business, the International Hellenic University and other institutions. An indication of this effort is represented by the participation of 706 executives in the Harvard Business Publishing programmes in 2014, while the seventh cycle of the "Eurobank-ALBA MBA in Financial Services" was launched, attracting 30 participants on the Group level.
- **Acquiring knowledge, job-related skills and practical banking experience** on all levels, as well as certification on various fields. Special emphasis was placed on the training process of the Retail Branch network executives on modern customer-centric approach and service-related issues, with 1,051 participants during 2014. In regards to Bank of Greece Certification, in 2014, 770 Employees obtained professional certification for the Provision of Investment Services and 267 were certified on Insurance Intermediation. Moreover, 1,926 executives of the Group attended training courses on the New NPL Management Regulatory Framework and the Code of Conduct of the Bank of Greece.

- **"Counter Fraud"**, which aim at creating a common culture and awareness on fraud-related issues, as well as on issues related to fraud prevention and detection mechanisms. It is noted that, in 2014, 2,916 employees attended the Counter Fraud training programmes, on the Group level.

- **Positivity** (Life Skills, Time & Stress Management and Work Life Balance) and **collaboration enhancing programmes**, which aim at enhancing the capacity of employees and teams in dealing more effectively with the economic crisis and its consequences.

The Group's Training Key Performance Indicators for 2014 were as follows:

- Training days per employee: 4.07 (increased by 51.3% year-on-year).
- Total participations in training programmes: 63,648 (increased by 29.06% year-on-year).
- Training man-hours: 444,461 (increased by 46.34% year-on-year).
- Percentage of employees who participated in training: 81.3%.
- E-learning: 28.7%.

■ PERFORMANCE EVALUATION

In the Eurobank group, performance management is achieved through the Performance Appraisal System, which aims at providing effective guidance and support to the employees' work. The system focuses on both the achievement of their targets and their professional advancement. Each employee can realise his or her strengths, while proper communication and supervision enable him or her to identify areas in need of improvement and therefore take the necessary actions to improve. This ensures that the performance of each employee is linked to the performance of the Group as a whole.

■ INTERNAL COMMUNICATION

The Internal Communication programme of the Group is designed to cover a wide range of needs, both operational and interpersonal, with the aim of providing employees with as much reliable and timely information as possible, ensuring transparency and supporting the culture and identity of the Organisation.

The Internal Communication programme has been built on four key pillars:

- **Information about all business issues** that pertain to the operation of the Group in Greece and abroad, including policies, procedures, financial updates, briefings on the Group's financial results, as well as other initiatives.
- **Communication between the Management and Employees** on a series of subjects, focusing on the exchange of views concerning operational, personal and family-related issues. To this end, the Management holds frequent meetings with employees from all hierarchical levels, and from all units and subsidiaries of the Group, in the form of both official business briefing meetings and social events.
- **Recognition and rewards** to employees for their long-standing excellent performance in the Organisation. At the same time, Eurobank recognizes the academic achievements of both its employees and their children, rewarding top-performers and encouraging them to continue pursuing educational and personal advancement goals.

- **Strengthening family bonds**, through initiatives as well as social, cultural and sports events that involve the employees and their families. Meanwhile, in 2014, these events were combined with volunteer actions. Christmas theatrical plays, summer programmes for children, free tickets for sports events and many other initiatives, reinforce the bond between the employees' families and the Group, and nurture meaningful relationships among the staff members. In addition, the Group continues to deploy a volunteer programme with the participation of the employees and their families. These volunteer actions evolve around social causes of particular importance to the Greek society, such as the participation in the race organised by the "Alma Zois" Hellenic Association of Women with Breast Cancer.

Similar corporate communication activities, as well as social events, also take place abroad for employees and their families.

■ HR4U HELP DESK

The Group Human Resources General Division offers HR4U Help Desk, a channel for communication with the Bank's employees, to ensure the unified, consistent and friendly handling of their requests.

In 2014, HR4U handled 37,006 requests, 79% of which were addressed on the spot. This percentage rises to 90% in the case of requests resolved within two days, following the co-operation with the responsible departments of the Human Resources General Division and a follow-up call to the employee concerned.

■ HEALTH & SAFETY

In the context of the Preventive Health programme offered to its employees, the Bank has been implementing a series of actions in Greece, such as:

- The operation of four fully equipped medical centres in the Attica region, where staff physicians offer clinical and medical consultation services.
- The provision of employees with the opportunity to undergo general check-ups on a regular basis.
- The operation of a Blood Bank, which has been created and is maintained by the Bank's employees, with the aim of covering blood transfusion needs. In 2014, 211 blood units were collected through the Blood Donation Centre of the "Amalia Fleming" hospital, and 95 units were made available to patients, following employee requests for covering personal or family needs.
- The development of a Health & Safety Management System, certified in accordance with the OHSAS 18001:2007 and ELOT 1801:2008, with the aim of ensuring a superior and safe working environment. In this context, premises evacuation and emergency drills are performed on an annual basis, along with training on occupational health and safety issues.
- Critical Incident Stress Management (CISM) programme: Psychological support to employees exposed to traumatic events at the workplace, such as serious work-related injuries, sudden deaths, robberies, etc.
- Case Management (CM) service: Coordinated management of, and support to, employees whose productivity is waning and who are absent from work due to chronic illness/medical problems, accident, psychosocial and personal/family problems.

■ DIALOGUE AND LABOUR RIGHTS

The Bank respects each employee's constitutional right to membership in Labour Unions. Six such Unions are currently operating within the Bank, representing 91.5% of the staff, i.e. almost 8,000 employees. The most multitudinous of these Unions is recognised as the official representative in labour negotiations with the Bank's Management. The Bank's employees are covered by (industry-wide and enterprise-level) collective labour agreements, while labour relations are regulated by the current laws and the Bank's Statute of Internal Service. The Bank's policy is to communicate with the employees, both individually, through the Internal Communication channels, and institutionally, through their Unions. The Bank's Management co-operates with the Unions, also supporting scheduled work meetings which provide a forum for exchange of views on the evolution of the working environment.

ENVIRONMENT

COMMITMENT TO SUSTAINABLE BANKING



Sustainable growth and care for the environment are fundamental elements of Eurobank's strategy, whose consistent target is to incorporate them into the organisation's daily operations, corporate culture, and processes.

Through the Environmental Policy adopted, the Eurobank group has committed to protect the environment both directly and indirectly, being a pioneer on the national level, since it was the first bank in Greece to have established an ISO 14001 and EMAS compliant Environmental Management System, as well as on the European level, by capturing the **first European Award for Participatory Environmental Management "EMAS Award 2011"**.

Environmental issues are considered to be of paramount importance for Eurobank's Management, and monitoring them has been assigned to the Group Environmental/Sustainability Committee (ESC). The Committee's main objective is to provide strategic direction on Environmental & Sustainability initiatives, measure progress on key sustainability indicators and ensure the proper implementation of pertinent policies and procedures.

The Chairman of the Group Environmental/Sustainability Committee is the Deputy Chief Executive Officer, Group Chief Operating Officer (COO) & International Activities. The Committee comprises the Heads of all Bank units involved in implementing the Environmental and Quality Policy, as well as the Heads of certified subsidiaries, so that pertinent decision-making and planning are dealt with at the strategic level.

The Committee convenes at least once or twice a year, with minutes being kept during its meetings.

The main results and decisions of the ESC are submitted by the Committee's Chairman to the authorized Bank's management bodies (Executive Board, Management Committee) and the Chief Executive Officer. The Committee's main responsibilities are to:

- Review progress against policy objectives and annual targets.
- Provide strategic direction on environmental and sustainability initiatives.
- Report on key issues of concern related to environmental and sustainability risks and opportunities.

Under the coordination of the Group Environment & Quality Division, whose main concern is to ensure compliance with environmental commitments and introduce the concept of Sustainability into the organisation's operations, Eurobank is actively involved in a series of international initiatives, such as the United Nations Environment Program Finance Initiative (UNEP FI), having held the Chairmanship of the European Task Force of UNEP FI, and having been a member of the Banking Commission, and the Global Steering Committee.

In addition, the Bank has co-signed, and adheres to, the environmental principles of the UN Global Compact, implementing a proactive approach in regard to environmental challenges (Environmental Management System, Environmental Risk Assessment etc.), taking initiatives aimed at enhancing environmental responsibility (Environmental Policy, Sponsorships etc.), and encouraging the development and dissemination of environment-friendly technologies (financing the installation of Photovoltaic Systems, "Saving at Home" programme, Energy Management System etc.).

It is also a member of the expert panel of the European Commission Energy Efficiency Financial Institutions Group and the Sustainable Development Committee of the Hellenic Bank Association, and is a sustainability ambassador of the Sustainable Greece 2020 initiative.

ACTIONS

Demonstrating its commitment to the concept of Sustainable Banking, Eurobank transforms its sustainability policy into key support tools and action plans.

- Its Green Procurement Policy directly involves its suppliers and customers in its philosophy and commitment to reduce environmental impacts.
- The definition and quantification of environmental risks has become an integral part of risk assessment and management procedures worldwide. Heeding the "polluter pays" principle, the competent units of the Bank are gradually incorporating the interaction among environmental impacts and credit, legal, and operational risks, as well as reputational risks.
- Understanding the evolving needs of the society and the markets, the Bank is orienting its products and services in a manner that promotes the principles of sustainable development, by developing "green" banking products with a positive environmental impact. The "Green Entrepreneurship/Environmental Risk Team" supervises and coordinates the development of such products, for example the "Green" Home Loans, the state-subsidized "Saving at Home" home-energy efficiency improvement programme of the Ministry for the Reconstruction of Production, Environment and Energy, as well as the WWF Eurobank Visa card, which offers tangible support to this NGO's uninterrupted operation for the past 14 years.

Whenever possible, the Bank seeks and implements best environmental management practices, which include energy efficiency, rational water use, recycling, and waste reduction. Environmental performance and the improvement of the operational environmental footprint are monitored on the basis of specialised indicators, in order to make sure that any deviation from individual targets is dealt with, through appropriate preventive/corrective actions, and are subsequently published in the Annual Report and the Environmental Report (EMAS).

ACHIEVEMENTS

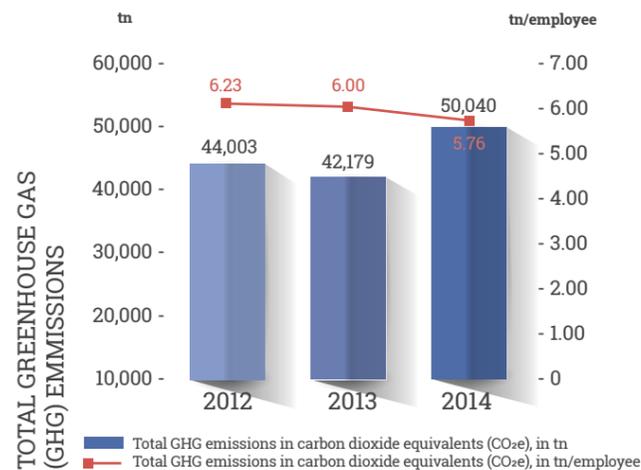
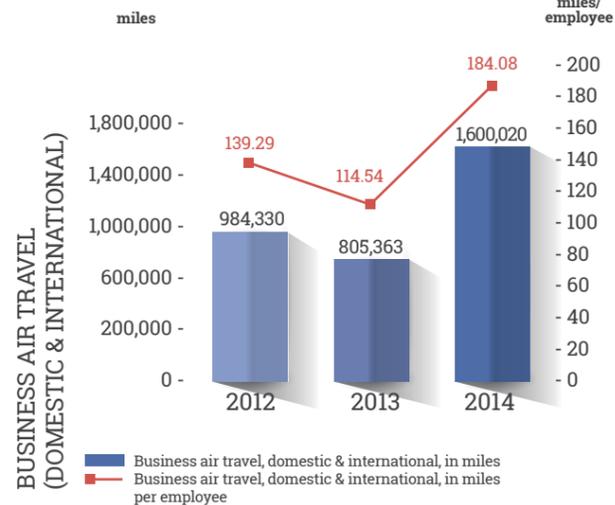
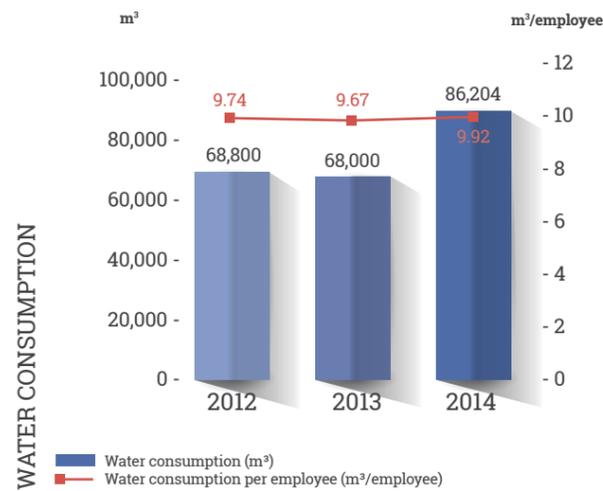
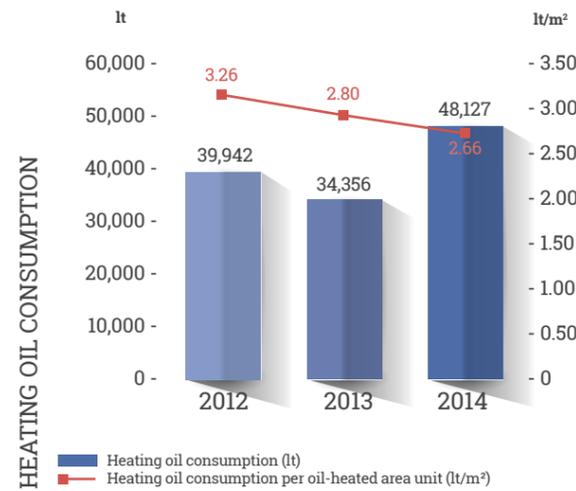
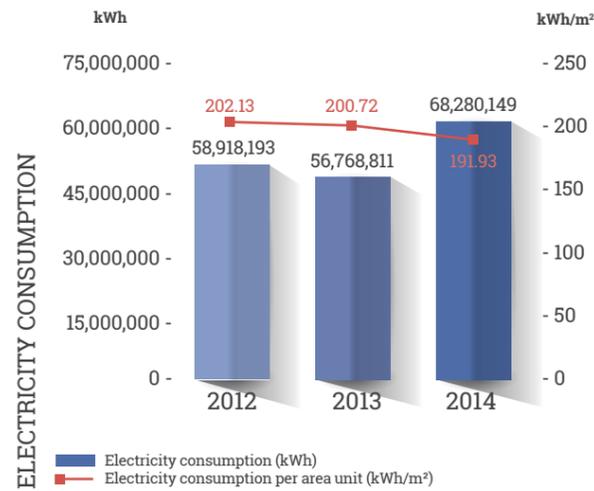
Winning the Gold Medal in the "Energy Efficiency in Business" category of the **"Environmental Awards 2015"** was the Bank's reward for its efforts and initiatives in this area.

In 2014, Eurobank was faced with the challenge of expanding its environmental programmes, as part of the operational merger of the two banks it had acquired in 2013. In order to enhance employee involvement in implementing and safeguarding environmental management, and in order to inform and raise awareness among the new colleagues that joined the Bank, a series of training sections were activated through the Bank's innovative e-learning environmental training programme, as well as through the delivery of targeted informational material, and subject-specific briefings.

In order to further raise enhance environmental awareness among all the employees of the Group, the Energy Efficiency Campaign was designed in 2014 and will be launched in the first quarter of 2015.

TARGETS

Eurobank aims at improving the energy efficiency of its operations. In 2014, it designed the upgrading of the Energy Efficiency Programme it has been implementing since 2008, to an Energy Management System, with the aim of becoming the first Bank to implement an ISO 50001:2011 certified system and reduce energy consumption by 5% in 2015. The Management of the Group aims at gradually extending its certified and award-winning environmental practices to the Group's subsidiaries in Greece and abroad.



ENVIRONMENTAL INDEX

	PERFORMANCE			CHANGE Y-O-Y
	2012	2013	2014	
Electricity consumption (kWh)	58,918,193	56,768,811	68,280,149	20.28%
Power consumption per area unit (kWh/m²)	202.13	200.72	191.93	(4.38)%
Electricity consumption per employee (kWh/employee)	8,337.09	8,074.07	7,855.52	(2.71)%
Heating oil consumption (lt)	39,942	34,356	48,127	40.08%
Heating oil consumption per oil-heated area unit (lt/ m²)	3.26	2.80	2.66	(5.13)%
Water consumption (m³)	68,800	68,000	86,204	26.77%
Water consumption per employee (m³/employee)	9.74	9.67	9.92	2.55%
Paper supply (kg)	411,751	402,150	574,138	42.77%
Toner supply (units)	5,290	3,776	3,713	(1.67)%
Business air travel, domestic & international, in miles	984,330	805,363	1,600,020	98.67%
Business air travel, domestic & international, in miles per employee	139.29	114.54	184.08	60.71%
Total greenhouse gas emissions (GHG) in carbon dioxide equivalents (CO₂e), in tn	44,003	42,179	50,040	18.64%
Total greenhouse gas emissions (GHG) in carbon dioxide equivalents (CO₂e), in tn/employee	6.23	6.00	5.76	(4.03)%
Total greenhouse gas emissions (GHG) in carbon dioxide equivalents (CO₂e), in tn per area unit (tn / m²)	0.151	0.149	0.141	(5.62)%
Number of electronic equipment units donated (units)	537	572	976	70.63%
Number of environmentally trained employees	120	101	142	40%
Number of environmental due diligence inspections at large projects	12	16	19	18.75%
Carbon intensity (tnCO₂e / €m revenue)	40.15	52.99	43.14	(18.59)%

The detailed presentation of the environmental programmes and performance of the Bank, as well as the, verified by an independent accredited Verifier, Environmental Report 2014, are available at the relevant section of the Group's website.

The year 2014 is the Base for the calculation of the Environmental Indices, due to the large differentiation of the comparison parameters for this year, with those of previous ones. The Table above incorporates all environmental impacts of New TT Hellenic Postbank and New Proton Bank.

SUPPLIERS

In 2014, the Eurobank group continued to apply a centralised approach in regard to the Bank and all its domestic and foreign subsidiaries purchases, through the Group Procurement Sector and on the basis of its unified operating model, achieving, despite the persistently tough economic situation, unprecedented negotiation savings in terms of turnover and the number of applications.

Emphasis was placed on tender-based procurement, with the ultimate aim of ensuring complete transparency. The use of the electronic marketplace for processing the requests made by individual units and subsidiaries of the Bank, as well as the strategic and tactical IT purchases and other items, along with the use of e-Invoicing in conjunction with automated contract monitoring, helped achieve the maximum possible efficiency in procurement times, as well as in the outcome of supplier agreements.

Apart from ensuring that supply chain costs are kept as low as possible, great emphasis was placed on securing the quality of procurement through ISO 9001 and 14001 certifications, and their extension to foreign subsidiaries, through the alignment of the applicable standards.

Also, the Bank's procurement operating model was integrated with that of New TT Hellenic Postbank, through the alignment of the relevant policies and procedures in fields such as fixed asset management, the management of new requirements of the New TT Branch Network, the management of agreements etc.

Moreover, in order to enhance quality assurance, the supplier evaluation platform was extended to foreign subsidiaries, thus ensuring uniform evaluation on the basis of the same criteria and through a central report management system, and facilitating appropriate decision-making at Group level.

In addition, the use of e-Invoicing and the automatic exchange of digital data with certain suppliers were further extended, reducing paper volumes, as well as invoice processing and approval times.

In regards to Green Procurement, by the end of 2014 the use of Managed Print Services (MPS) had been introduced to the largest part of the branch network, apart from Administration buildings. In the context its environmental culture, the Bank signed new and beneficial electricity supply agreements, with the dual aim of reducing costs and cutting down on energy waste.

CERTIFIED MANAGEMENT SYSTEMS AND SUSTAINABLE DEVELOPMENT

The concept of Sustainable Development/Sustainability and its integration in the operating model of the Eurobank group are included in the Management's core strategies. In this context, the Group has established and implements Environment, Quality, Health and Safety at Work, IT Service, Societal Security -Business Continuity, and Information Safety Management Systems, certified in accordance with International Standards. Their implementation contributes to the sustainability of the Organisation and focuses on the continuous improvement of services, with respect and responsibility towards the environment, the society, the employees, and all stakeholders.

QUALITY MANAGEMENT SYSTEM

Eurobank group, recognising the need to continuously improve the services it offers, has set a specific Quality Policy, realised through the implementation of a Quality Management System, certified in accordance with the ISO 9001 International Standard. The procedure for the re-certification of the Quality Management System of the Bank, as well as of BE-Business Exchanges S.A. (a procedure that is repeated every three years), was successfully completed in 2014. The annual surveillance of the existing certifications of the Group's Greek subsidiaries, Eurobank Property Services S.A. and Eurobank Asset Management M.F.M.C., was also successfully completed. The effort to ensure and implement the Quality Policy, as well as to realise the targets emanating from this, is coordinated by the Group Environment & Quality Division.

The Management of the Group has set the target of diffusing the Bank's certified quality practices to its internal audience, as well as to the Group's subsidiaries in Greece and abroad.

IT SERVICE MANAGEMENT SYSTEM

The Information Technology Service Management System implemented by the Bank includes, among others, the design and development of services, acceptance testing and integration of services into production, service-level management, change management and supplier management, technical,

human and financial resources management, as well as resolution of incidents and problems etc. This System was certified in April 2013 in accordance with the ISO 20000-1 International Standard. This certification, which was re-confirmed by the follow-up audit of June 2014, covers the entire range of IT services rendered to the Bank's business units and concerns the IT operating model in its entirety (policies, procedures, guidelines, organisation structure, roles and responsibilities etc.).

Eurobank is the only banking institution in Greece, and one of the few worldwide, to have received ISO 20000-1 certification for a similar range of services.

SOCIETAL SECURITY - BUSINESS CONTINUITY MANAGEMENT SYSTEM

Securing the uninterrupted provision of banking and financial services according to the needs and expectations of all stakeholders (customers, shareholders, suppliers, employees etc.) is one of the commitments of the Eurobank group. In this vein, the Group has adopted a specific Business Continuity Plan, whose implementation is based on an ISO 22301:2012 compliant Management System, renewed in June 2014.

The guardian of the Management System is integrated in the structure of the Group Organisation and Planning Sector, its main responsibility being to ensure the implementation of the Business Continuity Policy and the objectives emanating from it. The Business Continuity Policy applies to all Group subsidiaries in Greece and abroad, and is implemented by Business Continuity Units established in the subsidiary banks of Romania, Bulgaria, Serbia, Ukraine and Cyprus, as well as in the Bank's branch in London.

MEMBERSHIPS IN ASSOCIATIONS & ORGANISATIONS

As part of its Corporate Responsibility drive, the Bank is a member of various Associations and Organisations that promote Sustainable Development and Responsible Entrepreneurship.

UNITED NATIONS GLOBAL COMPACT

The UN Global Compact is an international voluntary initiative designed to promote sustainability and responsible business.

It provides a framework of 10 internationally accepted principles in the areas of human rights, labour, environmental protection and anti-corruption, which provides a basis for participating companies to align their strategy and operations. Eurobank has been a member and signatory of the UN Global Compact since 2008, actively supporting and promoting its 10 principles.

The Ten Principles of the UN Global Compact

Human Rights

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2:

Businesses should make sure that they are not complicit in human rights abuses.

Labour

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4:

Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5:

Businesses should uphold the effective abolition of child labour.

Principle 6:

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7:

Businesses should support a precautionary approach to environmental challenges.

Principle 8:

Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9:

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

UNITED NATIONS ENVIRONMENT - PROGRAMME FINANCE INITIATIVE (UNEP FI)

Since 2005 Eurobank has been a member of the United Nations Environment Programme Finance Initiative (UNEP FI) on the promotion of Sustainable Development. From 2010 to 2014 Eurobank was a member of the Banking Commission and the Global Steering Committee. During the same period the Bank also held the Chairmanship of the European Task Force, coordinating the campaign for the promotion of Sustainable Banking in the European Union, and was instrumental to the publication of the first Sustainable Banking Guide in the world.

SUSTAINABLE GREECE 2020

Since 2014, Eurobank is an ambassador of the Sustainable Greece 2020 initiative. This Initiative is realised by the QualityNet Foundation, in cooperation with Greece's most important business associations and aims at raising awareness in regard to Sustainable Development and Responsible Entrepreneurship through a systematic Dialogue and the creation of methodologies and tools, such as the Sustainability Observatory, concerning the three pillars of Sustainable Development: the economy, the environment and society.

CSR HELLAS

Eurobank has been a member of the Hellenic Network for Corporate Social Responsibility (CSR Hellas) since 2003. The aim of CSR Hellas is to promote, and raise awareness on, the Corporate Responsibility of Greek enterprises and organisations, through a series of initiatives, best practices and actions that help enhance social cohesion and sustainable development.

SUSTAINABLE DEVELOPMENT COMMITTEE OF THE HELLENIC BANK ASSOCIATION

Eurobank played a leading part in the establishment of the Sustainable Development Committee of the Hellenic Bank Association, and continues to coordinate its work till this date.

ENERGY EFFICIENCY FINANCIAL INSTITUTION GROUP (EEFIG) - EUROPEAN COMMISSION

The Bank is a member of the European Commission expert panel on Financial Energy Efficiency (EEFIG - Energy Efficiency Financial Institutions Group).

AWARDS 2014

Banking Products & Services

Best Retail Bank	Greece	World Finance Magazine
Credit Card Champion	Romania	Romania Visa Forum
1 st place in Innovations category, for achievements relating to product innovation and excellence in service	Bulgaria	Confederation of Employers and Industrialists

Private Banking

Best Private Bank	Greece	World Finance Magazine
Best Private Bank	Greece	The Banker & PWM Magazines
Best Private Bank	Cyprus	Euromoney Magazine

Customer Service

Manager of the Year (> 40 people in Customer Service)	Greece	National Customer Service Awards
Manager of the Year (< 40 people in Customer Service)	Greece	by the Hellenic Institute of Customer Service
Professional of the Year - Customer Service Centre	Greece	

Electronic Services

Best Corporate/Institutional Internet Bank	Greece	Global Finance Magazine
Best Personalized Service: "Epistrofi App"	Greece	e-volution Awards
Award for the highest value of transactions performed through a mobile banking service launched in 2014	Romania	Online Banking Awards Gala - FinMedia Group

Custodian Services

Best Subcustodian Bank	Greece	Global Finance Magazine
Top Rated Custodian	Greece	Global Custodian Magazine
Top Rated Custodian	Bulgaria	Global Custodian Magazine
Top Rated Custodian	Romania	Global Custodian Magazine
Top Rated Custodian	Cyprus	Global Custodian Magazine

Transaction Banking

Best Domestic Cash Manager	Greece	Euromoney Magazine
Best Treasury & Cash Management Bank 2015	Greece	Global Finance Magazine

Equities Brokerage

Top Brokerage Company	Greece	Thomson Reuters Extel Survey
Best Brokerage Analysis	Greece	Thomson Reuters Extel Survey
Top Country Analyst	Greece	Thomson Reuters Extel Survey

Mutual Funds Management

No1 Asset Management Company in Equities-Eurozone, based on total returns performance (8/2007 - 8/2014)	Greece	Citywire Global
No1 Asset Management Company in Bonds-Eurozone, based on total returns performance (8/2009 - 8/2014)	Greece	Citywire Global
Top distinction of "Citywire Platinum" in Equities-Eurozone and Bonds-Eurozone	Greece	Citywire Global
Citywire AAA rating for two bond fund managers	Greece	Citywire Global
No1 Fund Manager ranking for two fund managers in Equities-Eurozone	Greece	Citywire Global
5 stars rating to Eurobank (LF) Cash Fund (EUR), Eurobank I (LF) Special Purpose-Blue Chips Protect and Interamerican Money Market	Greece	Morningstar®

Corporate Responsibility

Programme/CSR Initiative of the years 2013-2014 for egg - enter•grow•go	Greece	Corporate Affairs Excellence Awards by the Hellenic Management Association
Gold Award for "Energy Efficiency in Business"	Greece	Environmental Awards
Best Donation Award for the strategic partnership with UNICEF for the "Best start for every child" project	Bulgaria	Bulgarian Donors' Forum
Corporate Volunteering Award	Serbia	Responsible Business Forum
"My choice" Award for the "Big Heart" project	Serbia	"My Serbia" Association

Marketing & Communication

Gold Effie Award for Exportgate.gr in the Banking/Insurance & Financial Products/Services category	Greece	Effie Hellas
Best Use of Social Media Award for the Applied Research & Innovation Competition "Greece Innovates!" for the period 2012-2014	Greece	Corporate Affairs Excellence Awards by the Hellenic Management Association
Golden PR Award for Excellence for the launch campaign of WIZZ Bancpost credit card and "SHOP & Travel" loyalty program	Romania	Romanian PR Awards
Number 1 brand and company	Bulgaria	EFFIE Effectiveness Index

APPENDIX

EUROBANK ERGASIAS S.A.

SELECTED FINANCIAL DATA
FOR THE YEAR ENDED ON DECEMBER 31, 2014

THE COMPLETE ANNUAL FINANCIAL REPORT FOR THE YEAR 2014 IS AVAILABLE
ON THE GROUP'S OFFICIAL WEBSITE WWW.EUROBANK.GR

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General Commercial Registry No. 000223001000

EUROBANK ERGASIAS S.A.

CONSOLIDATED INCOME STATEMENT

	Year ended 31 December	
	2014 € million	2013 € million
Interest income	2,903	2,797
Interest expense	(1,388)	(1,527)
Net interest income	1,515	1,270
Banking fee and commission income	360	351
Banking fee and commission expense	(160)	(152)
Net banking fee and commission income	200	199
Net insurance income	36	36
Income from non banking services	48	34
Dividend income	3	3
Net trading income	(5)	(16)
Gains less losses from investment securities	85	41
Net other operating income	7	(9)
Operating income	1,889	1,558
Operating expenses	(1,055)	(1,037)
Profit from operations before impairments and non recurring income/(expenses)	834	521
Impairment losses on loans and advances	(2,264)	(1,900)
Impairment losses on intangible assets	(100)	(142)
Other impairment losses	(205)	(114)
Restructuring costs and other non recurring income/(expenses)	57	(264)
Share of results of associated undertakings and joint ventures	(0)	(2)
Profit/(loss) before tax	(1,678)	(1,901)
Income tax	462	454
Non recurring tax adjustments	252	329
Net Profit/(loss) from continuing operations	(964)	(1,118)
Net Profit/(loss) from discontinued operations	(232)	(39)
Net profit/(loss)	(1,196)	(1,157)
Net profit/(loss) attributable to non controlling interests	23	(3)
Net profit/(loss) attributable to shareholders	(1,219)	(1,154)
	€	€
Earnings/(losses) per share		
-Basic and diluted earnings/(losses) per share	(0.11)	(0.41)
Earnings/(losses) per share from continuing operations		
-Basic and diluted earnings/(losses) per share	(0.09)	(0.40)

The consolidated income statement for the year ended 31 December 2014 includes the results of New TT Hellenic Postbank group and New Proton Bank, which are incorporated in the Group's financial statements from 1 September 2013 prospectively.

The complete Annual Financial Report for the year 2014 is available on the Group's official website www.eurobank.gr

EUROBANK ERGASIAS S.A.

CONSOLIDATED BALANCE SHEET

	31 December	
	2014 € million	2013 € million
ASSETS		
Cash and balances with central banks	1,948	1,986
Loans and advances to banks	3,059	2,567
Financial instruments at fair value through profit or loss	360	375
Derivative financial instruments	2,134	1,264
Loans and advances to customers	42,133	45,610
Investment securities	17,849	18,716
Property, plant and equipment	702	770
Investment property	876	728
Intangible assets	150	266
Deferred tax assets	3,894	3,063
Other assets	2,143	2,241
Assets of disposal group classified as held for sale	270	-
Total assets	75,518	77,586
LIABILITIES		
Due to central banks	12,610	16,907
Due to other banks	10,256	10,192
Derivative financial instruments	2,475	1,558
Due to customers	40,878	41,535
Debt issued and other borrowed funds	811	789
Other liabilities	2,020	2,082
Liabilities of disposal group classified as held for sale	164	-
Total liabilities	69,214	73,063
EQUITY		
Ordinary share capital	4,412	1,641
Share premium	6,682	6,669
Reserves and retained earnings	(6,485)	(5,095)
Preference shares	950	950
Total equity attributable to shareholders of the Bank	5,559	4,165
Preferred securities	77	77
Non controlling interests	668	281
Total equity	6,304	4,523
Total equity and liabilities	75,518	77,586

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