

**EUROBANK ERGASIAS SOCIETE ANONYME (the "Bank")****INCREASE OF THE SHARE CAPITAL OF THE BANK THROUGH PAYMENT IN CASH AND/OR CONTRIBUTION IN KIND AND CANCELLATION OF PREEMPTION RIGHTS**

**Report of the Board of Directors to the extraordinary General Meeting of the Bank's shareholders to be held on 12.4.2014 (as well as to each repetitive or postponed session) in accordance with article 13, par. 10 of C.L. 2190/1920, article 9, par. 1 of Law 3016/2002 and par. 4.1.4.1.1 and 4.1.4.1.2, case (3) of the Regulation of the Athens Exchange**

1. At its session held on 4.4.2014, the Board of Directors of the Bank (the "Board") resolved to convene an extraordinary general meeting of the Bank's shareholders (the "EGM") to discuss and take a decision on the following item of the agenda:

*«Increase of the share capital of the Bank pursuant to Law 3864/2010, to raise up to three billion Euro (€3,000,000,000) through payment in cash and/or contribution in kind, the issuance of new ordinary registered shares and the cancellation of the preemption rights of the Bank's ordinary shareholders and preference shareholder. Granting of authorisation to the Board of Directors of the Bank to determine the offer price of the new shares of the Bank (as set forth in article 13 par 6 of C.L. 2190/1920 and Law 3864/2010) and further specify the structure and the other terms of the capital increase. Corresponding amendment to the Bank's articles of association.»*

2. The Board submits this single report (the "Report") to the EGM, in accordance with article 13, par. 10 of C.L. 2190/1920, article 9, par. 1 of Law 3016/2002 and par. 4.1.4.1.1 and 4.1.4.1.2, case (3) of the Regulation of the Athens Exchange, and informs the shareholders of the following matters:

**A. Use of proceeds from the previous share capital increase made through payment in cash**

The last increase of the Bank's share capital through payment in cash was effected pursuant to a relevant resolution passed by the ordinary general meeting of its shareholders held on 27 June 2013. The total proceeds raised amounted to €317,126,627.19 and were applied within 2013 exclusively to strengthen the capital adequacy of the Bank.

**B. Investment Plan**

The Bank's proposed share capital increase is for the purpose of raising up to €3,000,000,000 to strengthen the capital adequacy of the Bank, after the determination of its total capital requirements under the baseline scenario of the updated diagnostic exercise and stress tests performed by BlackRock Solutions on the instructions of the Bank of Greece, as such capital requirements were announced by the Bank of Greece on 6.3.2014.

The proposed increase of the Bank's share capital is expected to complete within May 2014, subject to duly obtaining the required corporate, regulatory and other approvals.

**C. Proposed structure and terms of the Increase**

1. It is proposed that the Bank increases its share capital to raise up to €3,000,000,000, which amount includes any above par amount (the "Increase"), through payment of cash and/or contribution in kind, the abrogation of the preemption rights of its ordinary shareholders, including the Hellenic Financial Stability Fund (the "HFSF"), and its sole preference shareholder, namely the Greek State, and the issuance of new ordinary registered shares, each having a nominal value of €0.30 (the "New Shares"). The number of the New Shares will be equal to the quotient of the total amount of the Increase

divided by the offer price for the New Shares (as such price will be determined in the manner referred to in paragraph 3 below). The amount of the increase of the Bank's share capital (the "Nominal Increase") will be equal to the product of the number of the New Shares (as such number results from the above) multiplied by the nominal value of each New Share. The determination of the number of the New Shares and the amount of the Nominal Increase will be made by the Board on the basis of the above mathematic formulae, as referred to in paragraph 3 below.

2. With respect to the offering of the New Shares (the "Disposal"), the following are being proposed:

(a) The New Shares be offered as follows:

- (i) Through a private placement (namely through a process which is not a public offer in the meaning of Law 3401/2005 and the Directive 2003/71/EC, each as in force) outside of Greece (the "International Offering") to "qualified investors" (in the meaning of Law 3401/2005 and the Directive 2003/71/EC, each as in force) and other qualified institutional buyers meeting certain criteria, including a minimum investment amount to acquire New Shares, in accordance with the exemptions and the conditions of such directive and the applicable provisions of the laws of the U.S.A. Those investors may include one or more cornerstone investors or schemes of cornerstone investors. It is proposed that the International Offering be made pursuant to a bookbuilding process to be organized, coordinated and implemented by a scheme of international firms led by Barclays Bank PLC, Deutsche Bank AG, London Branch and JP Morgan Securities PLC (the "Joint Global Coordinators of the International Offering") in cooperation with international joint bookrunners and the Bank.
- (ii) Unless the Board otherwise decides at its reasonable judgment taking into account, in particular the prevailing conditions, markets volatility and the expeditious completion of the Increase, through a public offer (in the meaning of Law 3401/2005, as in force) in Greece (the "Public Offer" and together with the International Offering, the "Combined Offering"), in which private investors and "qualified and other investors", as defined in the decision 2/460/10.1.2008 of the Hellenic Capital Markets Commission ("Decision 2/460") in conjunction with Law 3401/2005, may participate and in accordance with the process provided for in such decision. The organisation and implementation of the Public Offer will be assigned to a scheme of domestic investment firms led by Eurobank Equities S.A. (the "Global Coordinator of the Public Offer") in cooperation with the Bank.

(b) It is proposed that the number of the New Shares to be offered to each component of the Combined Offering be determined by the Board, while in case any portion of the New Shares is partially taken-up, it is proposed that the unsubscribed portion of the New Shares be offered pursuant to that component or components of the Combined Offering representing the highest demand.

3. The offer price for the New Shares (the "Offer Price"), which may not be lower than the nominal value of the Bank's existing ordinary shares, namely €0.30 per share, and the minimum price that the General Council of the HFSF will specify in accordance with article 8, par. 4 and article 7, par. 5 of Law 3864/2010, will fall within a price range which the Board will announce prior to the commencement of the Combined Offering, as the case may be, following consultation with the Joint Global Coordinators of the International

Offering and the Global Coordinator of the Public Offer, preceded by a domestic and international pre-marketing process. The final Offer Price within the announced range will be determined and published in accordance with the applicable provisions and will be the same for all participants in the Increase.

Since, as aforementioned, the specific determination of the amount of the Nominal Increase and the number of the New Shares will depend upon the final Offer Price, it is proposed that the Board be authorized to also determine, in addition to the price range, the above (Nominal Increase and number of New Shares), which may not exceed €3,000,000,000 and 10,000,000,000, respectively.

4. If the Increase is not fully taken-up, the following is proposed:

- (a) If the participation of private investors represents less than 50% of the Increase, the investors who will have participated in the Combined Offering will be able to elect to withdraw their subscriptions for New Shares (the "Withdrawal Election"). The Withdrawal Election would be made in writing contemporaneously with the investors' participation in the Combined Offering and would be irrevocable.
- (b) After the number of any unsubscribed New Shares (the "Unsubscribed Shares") has been fixed, it is proposed that the Unsubscribed Shares be offered as follows:
  - (i) If the measures set forth in article 6a of Law 3864/2010 have been implemented in accordance with the terms and conditions set forth therein, the Unsubscribed Shares would be offered at the Offer Price in the following priority: (1) to the persons who are affected by these measures in exchange for contribution in kind of capital instruments and subordinated obligations of the Bank, which would be provided for in a relevant Cabinet Act in accordance with par.1 to 4 of article 6 of Law 3864/2010, and (2) to the HFSF in exchange for contribution in kind of securities issued by the European Financial Stability Facility ("EFSF") owned by the HFSF.
  - (ii) If the measures set forth in article 6a of Law 3864/2010 have not been implemented in accordance with par. 5 thereof, any Unsubscribed Shares would be offered to the HFSF at the Offer Price in exchange for contribution in kind of securities issued by the EFSF and owned by the HFSF.

It is noted that the HFSF has informed the Bank that it intends to subscribe for any Unsubscribed Shares, in accordance with the terms and conditions of Law 3864/2010, up to the amount of the capital support which the Bank of Greece has indicated that should be covered by means of a share capital increase.

If, after the potential subscription for any Unsubscribed Shares by the HFSF, as set out above, the funds raised pursuant to the Increase are below €3,000,000,000, the Bank's share capital will be increased up to the final amount at which the Increase is covered.

5. Finally, in addition to any other specific authorisations mentioned elsewhere in this Report, it is proposed that the Board be authorized to further specify and finalise the structure and the terms of the Increase and the Disposal, such as, indicatively, the number and the allocation criteria of the New Shares in the different components of the Combined Offering and per category of participants, not to proceed with the Public Offer and instead to proceed with a private placement (namely through a process which is not a public offer in the meaning of Law 3401/2005) in Greece, as well as to determine the duration of the Combined Offering and set the deadline to cover the Increase, to approve the conclusion of all necessary or required legal acts, the listing and admission

to trading of the New Shares on the Athens Exchange, and, in general, to take any other action to implement the resolutions of the EGM.

**D. Reasons for abrogating the preemption right of the Bank's ordinary shareholders and of the Greek State as holder of the Bank's preference shares - Justification of the Offer Price**

As mentioned above, the proposed Increase aims to strengthen the capital adequacy of the Bank which, after its successful recapitalisation by the HFSF and completion of its merger with the New Hellenic Post Bank and the New Proton Bank, will be able to more easily face future challenges and play its own active role in the anticipated recovery of the Greek economy from a position of force.

After all the significant events that have happened in 2013 (i.e. the tender offer made by National Bank of Greece, the *de facto* abortion of the merger between the two banks and the recapitalization of the Bank exclusively by the HFSF), the Bank has lost its traditional shareholder base. In parallel, the progressively increased reversal of the negative perception for Greece, the progress recorded in significant public finance figures and the investors' confidence in the country's and the Greek businesses' prospects, which is restored in a stable pace and the Bank's management has had the opportunity to acknowledge firsthand at the numerous presentations of the Bank made abroad, in conjunction with the commitments undertaken by the Greek State for the reprivatization of the Bank, as well as the recent successful capital raisings made by the other Greek systemic banks, create the framework and the circumstances that enable the Bank to make its own big step: to seek the funds it needs by accessing the markets and thereby broadening its shareholder base using its efforts to attract qualitative, long term investors who will believe in its prospects and be willing to support it in achieving its objectives and benefit from the anticipated increase in its value. Finally, the broadening of the Bank's shareholder base is expected to have a positive impact on the marketability of its shares.

The proposed process, structure and terms of the Increase comply with Law 3864/2010, as amended pursuant to the new legal framework established by virtue of the law headed «Measures to support the Greek economy in the context of implementation of Law 4046/2012 and other provisions», which has been voted by the Plenum of the Parliament (minutes of the «ΠΙΣΤ'» meeting of the Greek Parliament's Plenum, 30.3.2014). The structure and terms of the Increase, as they will be further specified and then announced, in conjunction with the anticipated benefits described above, justify the cancellation of the preemption right of the Bank's ordinary shareholders and preference shareholder, whose approval will be sought at a separate general meeting in accordance with article 13, par. 12 of C. L. 2190/1920. Moreover, the cancellation of the pre-emption rights seems to be required having regard to the radical reform of the legal framework as mentioned above relating to the recapitalisation of Greek banks.

Finally, as aforementioned, the Offer Price will result from the demand which will be expressed through the bookbuilding process mentioned above after the determination of the minimum price by the General Council of the HFSF. The management of the Bank, in cooperation with and the active involvement of its financial advisers, has planned for a series of actions to inform and attract investors through a series of presentations of the Bank anticipating a positive outcome, having always in mind the volatility of the markets and the general negative economic juncture internationally.

Athens, 4.4.2014

The Board of Directors