EFG Hellas Funding Limited
Annual Report
For the year ended 31 December 2010

Index to the Financial Statements

Declaration of the Managers responsible for financial reporting

Pursuant to Article 3 of Luxembourg's Transparency Law, the undersigned Fokion Karavias and Anastasios Ioannidis, directors of the EFG Hellas Funding Limited (the "Issuer"), to the best of their knowledge, hereby declare that the annual financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and that the report of the directors includes a fair review of the developments and performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that it faces.

F. Karavias Director	A. Ioannidis Director

3 May 2011

Directors' Report

The directors submit their report and the audited financial statements of EFG Hellas Funding Limited ("the Company" or the "Issuer") for the year ended 31 December 2010.

a. Business review and principal activities

The Company was incorporated on 4 March 2005. It is a public company limited by shares, incorporated and domiciled in Jersey, Channel Islands. The registered number of the Company is 89637 and the registered address is Ogier House, the Esplanade, St. Helier, Jersey JE4 9WG, Channel Islands.

The principal activity of the Company is to provide funding to its immediate Parent Company, EFG Eurobank Ergasias S.A., a bank incorporated in Greece, by the issue of non-cumulative guaranteed non-voting preferred securities. The preferred securities issued by the Company have been guaranteed on a subordinated basis by the Parent Company.

The loss for the year amounted to € 47 ths (2009: profit € 77 ths). No dividend was paid to shareholders during 2010 (2009: nil).

b. Business environment, strategy and future outlook

The Company's business strategy and activities are linked to those of its Parent Company. The business environment during 2010 and in particular the Greek sovereign debt crisis, coming after an equally challenging global crisis in 2009, has adversely affected the Bank's and the Company's operations, which have been adjusted accordingly in order to be aligned to the prevailing conditions.

In order to address the substantial issues of Greece's public finances and the structural problems of the Greek economy, in May 2010 the Greek Government entered into an agreement with the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF) for a three-year € 110 bn refinancing and restructuring programme. The programme addresses almost all of Greece's funding needs during the three-year period, and aims for a budget deficit of less than 3% in 2014.

During 2010, the contraction of Greece's Gross Domestic Product (GDP) for 2010 was quite severe at 4.5%, against a target of only 4%, following a large drop in consumption expenditure and an even more significant reduction in investments. Still, Greece almost achieved its revenue targets and exceeded its cost containment ones. As a result, the fiscal deficit reduced by over 5 percentage points (pps) as a percentage of GDP. In this period, due to the lack of access to the markets, the Greek banking system relied on the ECB for its funding, which currently provides approximately € 95 billion.

In January 2011, the third progress review by the EC/ECB/IMF team approved the drawdown of the fourth tranche of the €110bn loan, acknowledged the major structural changes to date, but also highlighted that significant work still remains. Finally, on 11 March 2011, the Euro-Group summit approved a package of measures to tackle the EMU sovereign debt crisis providing additional support to member-states under pressure, including the authorization to the European Financial Stability Fund to subscribe to primary issues of sovereign debt, in return for commitments of increased discipline in fiscal finances and improved competitiveness. Greece secured the extension of the €110bn loan facility from 5 to 11 years, and the reduction of the interest rate by 100bps. In return, Greece committed to the acceleration of structural reforms and the completion by 2015 of a € 50 bn privatization/sale of public property program.

In this context, credit demand in 2011 is expected to be weaker than 2010, and GDP to decrease by a further 3%, with positive expectations postponed for 2012. The continued rationalization, restructuring and austerity measures are expected to reduce the budget deficits further to 7.4% of GDP, with most initiatives already in place, whereas the soon–to-be-announced medium term budget plan (2012-2015) is designed to reduce the deficit further to about 2.5% of projected GDP by 2015.

The main risks for the next 12 months stem from the macroeconomic environment and the success, or otherwise, of the significant fiscal adjustments in Greece and their impact on the economy. To date satisfactory results have been registered, but progress could be compromised by external shocks from the global economy as well as implementation risks and reform fatigue in Greece. In addition, the restoration of confidence, the attraction of new investments and the revival of economic growth remain key challenges that may be viewed as opportunities if successfully tackled. Continuation of the recession could adversely affect the region and could lead to lower profitability and deterioration of asset quality.

In this environment, the Bank is adjusted continuously to the new requirements. The shift towards collateralized lending, self funded growth and the more promising markets have been in place for some time. In addition, the Bank continues to reduce its cost base in order to increase the efficiency of operations. It also strengthens collection efforts to maximize loan recoveries by redeploying resources where necessary and implements conservative provisioning policies. Finally, the Bank improves continuously the effectiveness of balance sheet management and reinforces its capital and liquidity, undertaking significant strategic initiatives in this direction. Relevant information regarding post balance sheet events, the Bank's results in the 2010 European Banks' capital stress tests and participation in the Greek Economy Liquidity Support Program is available in notes 40, 42 and 43 in the 2010 Annual Financial Report of EFG Eurobank Ergasias S.A.

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

The assessment by the directors of the Company's ongoing business model is closely associated with the business decisions and operations of the Parent Company. On the basis of the analysis of the Bank's and the Company's profitability, capital solvency and liquidity, the proven support of EC/ECB/IMF to the Greek Economy and considering that the Greek Government fiscal adjustment programme will continue to be consistently implemented, the directors are satisfied that the company has adequate resources to continue in business for the foreseeable future. The directors therefore consider it is appropriate to prepare the financial statements of the Company on a going concern basis.

c. Principal risks and uncertainties

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

The proceeds from the issue of preferred securities are placed into financial assets originated from the Parent Company and its subsidiary, EFG Hellas Plc. Therefore, the Company's financial position may be influenced by the Parent Company's financial condition. The Company is a finance vehicle whose principal purpose is to raise debt to be deposited with the Parent Company and its financial position may be influenced by the Parent Company's financial condition. The principal risks and uncertainties of the Parent Company for 2010, which include those of the Company, are discussed in the Report of Directors and the notes to the Consolidated Financial Statements included in the 2010 Annual Financial Report of EFG Eurobank Ergasias S.A. Bank, which was signed on 22 March 2011 (available at webside: www.eurobank.gr).

d. Creditor Payment Policy

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

e. Directors

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

Nicholaos Karamouzis
Fokion Karavias
Julia Zavakos (resigned on October 21, 2010)
Michael Lombardi
Peter Gatehouse
Alexandra Vogiatzi (resigned on October 21, 2010)
Anastasios Ioannidis
Marialena Antonara (resigned on October 21, 2010)

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

f. Parent Company

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

g. Directors' responsibilities in relation to the financial statements

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

The directors have elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Directors must not approve the financial statements unless they are satisfied to give a true and fair view of the state of affairs of the Company and the profit or loss for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statement comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

h. Statement of disclosure of information to auditors

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

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

i. Auditors

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

j. Secretary

The secretary of the Company who held office for the year ended 31 December 2010 and up to the date of signature of the report and financial statements was Ogier SPV Services Limited.

By order of the Board

F. Karavias	A.Ioannidis
Director	Director
3 May 2011	3 May 2011

Independent auditors' report to the directors of EFG Hellas Funding Limited

Report on the financial statements

We have audited the accompanying financial statements of EFG Hellas Funding Limited (the "Company") which comprise the balance sheet as of 31 December 2010 and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Jersey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Report on other legal and regulatory requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

In our opinion the information given in the directors' report is consistent with the financial statements.

The maintenance and integrity of the EFG Eurobank Ergasias website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Marios Psaltis

pwc

For and on behalf of PricewaterhouseCoopers SA
Chartered Accountants
Athens, Greece
3 May 2011

Statement of Comprehensive Income

	Note	Year ended 31 December 2010 €'000	2009 €'000
Interest and similar income	5	**70,889**	49,675
Interest expense and similar charges	6	**(70,809)**	(49,532)
Net interest income		**80**	143
Net gains/(losses) from financial instruments designated at fair value	13	**0**	0
Operating expenses	7	**(127)**	(66)
Profit/(loss) before tax		**(47)**	77
Income tax expense	9	**-**	-
Net profit/(loss) for the year		**(47)**	77
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(47)**	77

Notes on pages 13 to 23 form an integral part of these financial statements

Balance Sheet

	Note	At 31 December 2010 €'000	2009 €'000
Assets			
Deposits with banks	10	**133**	140
Financial instruments at fair value through profit or loss	11	**263,803**	393,022
Held-to-maturity investment securities	12	**804,015**	803,676
Total assets		**1,067,951**	1,196,838
Liabilites			
Preferred Securities designated at fair value through profit or loss	13	**263,803**	393,022
Preferred Securities at amortised cost	14	**803,994**	803,655
Other liabilities		**40**	-
Total liabilities		**1,067,837**	1,196,677
Equity			
Share capital	15	**10**	10
Retained earnings		**104**	151
Total equity		**114**	161
Total equity and liabilities		**1,067,951**	1,196,838

The financial statements on pages 9 to 23 were approved by the Board of Directors on 3 May 2011 and signed on its behalf by:

F. Karavias
Director

A. Ioannidis
Director

Notes on pages 13 to 23 form an integral part of these financial statements

Statement of Changes in Equity for the year ended 31 December 2010

	Share capital €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2009	10	74	84
Profit for the year	-	77	77
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended 31 December 2009	-	77	77
Balance at 31 December 2009	10	151	161
Balance at 1 January 2010	**10**	**151**	**161**
Profit/(loss) for the year	-	(47)	(47)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended 31 December 2010	-	(47)	(47)
Balance at 31 December 2010	**10**	**104**	**114**

Notes on pages 13 to 23 form an integral part of these financial statements

Cash Flow Statement for the year ended 31 December 2010

	Note	Year ended 31 December 2010 €'000	2009 €'000
Cash flows from operating activities			
Interest received		**70,550**	45,504
Interest paid		**(70,470)**	(45,424)
Cash payments to suppliers		**(87)**	(66)
Net cash flows from/(used in) operating activities		**(7)**	14
Net increase/(decrease) in cash and cash equivalents		**(7)**	14
Cash and cash equivalents at beginning of year		**140**	126
Cash and cash equivalents at end of year	10	**133**	140

Notes on pages 13 to 23 form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2010

1. General information

EFG Hellas Funding Limited (the "Company") is a Jersey-based public limited company with registered number 89637 under the laws of Jersey. The Company is a subsidiary of EFG Eurobank Ergasias S.A. (the "Parent Company" or the "Bank"). EFG Hellas Funding Limited is a finance company, whose sole business is raising debt for the Parent Company via notes listed on various European Stock Exchanges including London, Frankfurt, Luxembourg and Euronext Amsterdam, purchased by institutional and private investors. The listed notes outstanding are guaranteed by the Parent Company. EFG Hellas Funding Limited has no employees or audit committee.

2. Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the IASB, as adopted by the European Union and in particular with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements and in accordance with the Companies (Jersey) Law 1991.

Having considered all the information available to them, including the main risks and the key dependencies of the Parent Company, as explained in Note 3 (Principal risks and uncertainties) and page 4 of the Directors' Report, the directors consider that it is appropriate to prepare the financial statements of the Company on a going concern basis.

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

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

The policies set out below have been consistently applied to the years 2009 and 2010. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(a) Amended and new standards and interpretations effective in 2010

-IAS 39, Amendment-Eligible Hedged Items
-IFRS 2, Amendment-Group Cash settled Share based payment transactions
-IFRIC 15, Agreements for the Construction of Real Estate
-IFRIC 17, Distributions of Non-cash Assets to Owners
-Amendments to various Standards that form part of IASB's 2009 Annual Improvement Project

The application of the above mentioned standards and interpretations did not have a material impact on the Company's financial statements for the year ended 31 December 2010.

(b) Standards and interpretations issued but not yet effective

-IAS 12, Amendment-Deferred tax: Recovery of Underlying Assets (effective 1 January 2012, not yet endorsed by EU)
-IAS 24, Amendment-Related Party Disclosures (effective 1 January 2011)
-IAS 32, Amendment-Classification of Rights Issues (effective 1 January 2011)
-IFRS 7, Amendment-Disclosures, Transfers of Financial Assets (effective 1 January 2012, not yet endorsed by EU)
-IFRS 9, Financial Instruments (effective 1 January 2013, not yet endorsed by EU)
-IFRIC 14, Amendment-Prepayments of a Minimum Funding Requirement (effective 1 January 2011)
-IFRIC 19, Extinguishing Financial Liabilities (effective 1 January 2011)
-Amendments to various Standards that form part of IASB's 2010 Annual Improvement Project (effective 1 January 2011)

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

2. Accounting policies (continued)

Basis of preparation (continued)

IFRS 9 is part of IASB's project to replace IAS 39 Financial Instruments which has not been finalized yet and as a result, it is not practicable to quantify its impact.

The application of the other above mentioned standards and interpretations is not expected to have a material impact on the Company's financial statements in the period of the initial application.

a) Interest income and expense

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

b) Financial assets

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

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

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

2. Accounting policies (continued)

b) Financial assets (continued)

Accounting treatment and calculation

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Loans originated by the Company are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

c) Impairment of financial assets

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

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

d) Financial Liabilities

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

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

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

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

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

2. Accounting policies (continued)

e) Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks with original maturity of three month or less and bank drafts.

f) Derivative financial instruments

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

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

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

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

h) Related party transactions

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

i) Share capital

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

Dividend distribution on shares is recognized as a deduction in the Company’s equity when approved by the Company’s shareholders.

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

3. Principal risks and uncertainties

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

a) Credit risk: The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are recognized for losses that have been incurred at the balance sheet date. The aggregate carrying amount of deposits to banks, financial assets designated at fair value and held-to-maturity investments approximates the maximum exposure to credit risk. Proceeds from the issue of preferred securities are placed on notes issued by the Parent Company and a fellow group company, EFG Hellas PLC. Financial assets are neither past due nor impaired.

<u>Macroeconomic Environment Uncertainty</u>

As noted in the directors' report the main risks of the Parent Company for the next 12 months stem from the macroeconomic environment and the success, or otherwise, of the significant fiscal adjustments in Greece and their impact on the economy. To date satisfactory results have been registered, but progress could be compromised by external shocks from the global economy as well as implementation risks and reform fatigue in Greece. In addition, the restoration of confidence, the attraction of new investments and the revival of economic growth remain key challenges that may be viewed as opportunities if successfully tackled. Continuation of the recession could adversely affect the region and could lead to lower profitability and deterioration of asset quality.

Due to the Greek sovereign debt crisis, Greek banks could not access the markets for secured and unsecured funding. As a result, all Greek banks obtained funding through the weekly tenders of European Central Bank (ECB). At the year-end, the Bank's net balance with ECB totaled € 20 bn (2009: € 7 bn). The third Review Report of the International Monetary Fund (28 February 2011) for the progress of the Economic Adjustment Program for Greece, endorsed by the Ministry of Finance and the Bank of Greece, reiterates the stability and soundness of the Greek banking system and stresses its support to the banks' efforts towards gradually reducing dependence on the ECB in an orderly and smooth manner, without exacerbating the ongoing economic contraction. In this context, the Greek Government will undertake initiatives to preserve sufficient system liquidity, including a new tranche of government guarantees for uncovered bank bonds in the amount of € 30 bn, and the Bank of Greece will ask banks to devise and implement medium-term funding plans. The Parent Company has recently undertaken significant initiatives to strengthen its liquidity position. In this context it has proceeded to the strategic cooperation in Poland which, upon its completion, will release approximately € 2 bn of liquidity.

b) Interest rate risk: The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Interest rate risk is managed by placing funds on debt securities at interest rate which changes on the same basis and on the same dates as the interest rate applied on the preferred securities. Consequently, shifts in interest rates do not have an impact on the net income of the Company.

c) Capital risk management: The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies (Jersey) Law 1991. The Company has not breached the minimum requirement.

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

3. Principal risks and uncertainties (continued)

The Company is not exposed to currency or liquidity risk because all costs and revenues are in euro, and the maturity of its assets and liabilities and the underlying cash flows are substantially the same. Information relating to the undiscounted cash flows up to the bonds first call date for the years 2010 and 2009 is presented in notes 13 and 14.

Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available, the fair value of financial assets and liabilities is estimated using present value or other estimation and valuation techniques where all significant inputs are observable.

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

i) Level 1 - Quoted prices in active markets for identical assets or liabilities. Quoted prices must be readily and regularly available from an exchange or active index/market location and prices must represent actual and regularly occurring market transactions on an arm's length basis. This level includes listed equity securities, debt instruments and exchange traded derivatives.

ii) Level 2 - Financial instruments measured using valuation techniques where all significant inputs are market observable. This level includes OTC derivative contracts and structured assets and liabilities.

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

4. Critical accounting estimates and judgement

In the process of applying the Company’s accounting policies, the Company’s Management makes various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognized in the financial statements within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no significant estimates used in preparing the financial statements. However the most significant judgment applied is as follows:

Fair value of financial instruments

The fair values of Company's financial instruments that are not quoted in active markets are obtained from the Parent Company. The Parent Company determines the fair values by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data.

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

5. Interest and similar income

	2010 **€' 000**	2009 €' 000
Interest on financial assets designated at fair value through profit or loss	**33,000**	11,158
Interest on held-to-maturity investment securities	**37,889**	38,517
	70,889	49,675

6. Interest expense and similar charges

	2010 **€' 000**	2009 €' 000
Interest on preferred securities designated at fair value through profit or loss	**33,000**	11,158
Interest on preferred securities at amortised cost	**37,809**	38,374
	70,809	49,532

In 2010 the interest expense from preferred securities held by EFG Eurobank Ergasias group amounted to € 18,918 ths (2009: € 13,287 ths)

7. Operating expenses

	2010 **€' 000**	**2009** **€' 000**
Auditors' remuneration		
- Audit of the Company's financial statements	**28**	29
Secretarial and administration services	**99**	37
	127	66

8. Emoluments of directors and employment statistics

The emoluments of all directors are paid by the Parent Company. All the directors' emoluments, with the exception of Michael Lombardi and Peter Gatehouse, are attributable to their services to a number of group companies. Accordingly, these financial statements include no emoluments in respect of any director as it is not practicable to apportion the salary element. The Company employed no staff during the year (2009: nil).

9. Income tax expense

Effective from January 01, 2009, Jersey's tax regime has changed. The new regime imposes a general corporate income tax rate of 0%, 10% rate applies to certain regulated financial services companies. Jersey registered companies are treated as resident for tax purposes and are subject to 0% or 10% income tax rate. Since the company is not a regulated financial services entity, the effect of the new tax regime on the Company is limited to the change of status from exempt to liable to Jersey income tax 0% for years 2010 and 2009.

10. Deposits with banks

	2010 **€' 000**	2009 €' 000
Deposits with the Parent Company	**133**	140
	133	140

The deposits have original maturity of less than 90 days, are interest bearing, and have been considered as cash and cash equivalents for the purposes of the cash flow statement.

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

11. Financial assets designated at fair value through profit or loss

		Fair value	
Maturity Date	**First Call Date**	**2010 €' 000**	2009 €' 000
July 2100	29 October 2014	**198,357**	292,305
November 2100	28 February 2015	**65,446**	100,717
		263,803	393,022

The financial assets represent convertible bonds issued by the Parent Company and, accordingly, the directors do not consider there has been any impairment in their value due to credit risk. The securities may be redeemed prior to final maturity, at the option of the issuer, on the dates presented above and annually thereafter. In addition the principal amount, subject to certain conditions, is convertible at the option of the bondholder or the issuer into the ordinary shares of the Parent Company on the dates presented above and annually thereafter.

The bonds have been classified at Level 2 of fair value hierarchy, as their fair value has been determined based on valuation techniques where all significant inputs are market observable.

12. Held-to-maturity investment securities

		2010				
Maturity Date	**First Call Date**	**Nominal Value €' 000**	**Cost €' 000**	**Accruals €' 000**	**Book Value €' 000**	**Fair Value €' 000**
March 2035	March 2010	**200,000**	**197,571**	**5,492**	**203,063**	**72,000**
November 2035	November 2015	**400,000**	**398,567**	**3,008**	**401,575**	**156,520**
January 2036	January 2011	**200,000**	**196,639**	**2,738**	**199,377**	**89,500**
		800,000	**792,777**	**11,238**	**804,015**	**318,020**

		2009				
Maturity Date	First Call Date	Nominal Value €' 000	Cost €' 000	Accruals €' 000	Book Value €' 000	Fair Value €' 000
March 2035	March 2010	200,000	197,471	5,684	203,155	100,000
November 2035	November 2015	400,000	398,271	3,008	401,279	190,000
January 2036	January 2011	200,000	196,504	2,738	199,242	132,000
		800,000	792,246	11,430	803,676	422,000

The held-to-maturity investments represent bonds listed on the Luxembourg Stock Exchange and issued by EFG Hellas Plc, a fellow group company. The fair values have been determined by reference to market prices.

The above investments are secured by a subordinated guarantee issued by EFG Eurobank Ergasias S.A., the Parent Company and, accordingly, the directors do not consider there has been any impairment in their value due to credit risk. The investments may be redeemed prior to final maturity, at the option of the Company, on the dates shown above and annually or quarterly (subject to the terms of each issue) thereafter. The investments are classified as held-to-maturity as the Company's management has the positive intention and ability to hold to maturity.

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

13. Preferred securities designated at fair value through profit or loss

First Call Date	Fair value 2010 €' 000	2009 €' 000
October 2014	**198,357**	292,305
February 2015	**65,446**	100,717
	263,803	393,022

On 29 July 2009, the Company issued € 300 million of non-voting, non-cumulative preferred securities. The preferred securities have no fixed redemption date and give the issuer the right to call the issue on the dates presented above and annually thereafter. In addition the principal, subject to certain conditions, is convertible at the option of the holder or the issuer into the ordinary shares of the Parent Company on the dates presented above and annually thereafter at a 12% discount to the share market price during the measurement period preceding the exchange. Preferred dividends on the preferred securities are declared by the Directors of the Company and paid by the Company subject to the provisions relating to compulsory payments as set out in "Description of the Preferred Securities", and to certain limitations as set out in "Limitations on Payments" on the Prospectus of each issue, available at the Parent Company's website (www.eurobank.gr). All obligations of the issuer in respect of the preferred securities are guaranteed on a subordinated basis by the Parent Company. The preferred securities are listed on the London Stock Exchange.

On 30 November 2009, the Company issued € 100 million of preferred securities. The terms and conditions of the issue are similar to the preferred securities issued on 29 July 2009 and the conversion option applies from February 2015. The preferred securities are listed on the London Stock Exchange.

The cumulative change in the fair value of preferred securities amounts to € 141,263 ths gain (2009: € 12,000 ths gain), which takes into account the credit risk of the Parent Company. The changes in the fair value of preferred securities are offset in the income statement against changes in the fair value of financial assets designated at fair value.

The preferred securities have been classified at Level 2 of fair value hierarchy, as their fair value has been determined based on valuation techniques where all significant inputs are market observable.

At 31 December 2010, the nominal value of Preferred Securities held by related parties were € 47,800 ths (2009: 46,600 ths).

The Company has not had any defaults of interest or other breaches with respect to the above securities during the year (2009: nil). Interest payable on preferred securities up to first call dates, based on spot rates at 31 December:

	Less than 1 year €' 000	**1 year-5 years €' 000**	**Over 5 years €' 000**
31 December 2010	**33,000**	**96,152**	**-**

	Less than 1 year €' 000	1 year-5 years €' 000	Over 5 years €' 000
31 December 2009	33,000	127,818	1,334

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

14. Preferred securities at amortised cost

	2010				
First Call Date	**Nominal Value €' 000**	**Cost €' 000**	**Accruals €' 000**	**Book Value €' 000**	**Fair Value €' 000**
March 2010	**200,000**	**197,572**	**5,476**	**203,048**	**72,000**
November 2015	**400,000**	**398,567**	**3,002**	**401,569**	**156,520**
January 2011	**200,000**	**196,639**	**2,739**	**199,378**	**89,500**
	800,000	**792,777**	**11,217**	**803,994**	**318,020**

	2009				
First Call Date	Nominal Value €' 000	Cost €' 000	Accruals €' 000	Book Value €' 000	Fair Value €' 000
March 2010	200,000	197,471	5,668	203,139	100,000
November 2015	400,000	398,271	3,002	401,272	190,000
January 2011	200,000	196,504	2,739	199,244	132,000
	800,000	792,246	11,409	803,655	422,000

The fair values of the preferred securities have been determined by reference to market prices. Preferred Securities are perpetual, non-voting, non-cumulative securities that have no fixed redemption date. However, they may be redeemed, at the option of the Company, in whole, if certain conditions mentioned in the Offering Circular are met. The first redemption opportunity for each security is shown above and thereafter they may be redeemed on any annual or quarterly (subject to the terms of each issue) preferred dividend payment date. Preferred dividends on the preferred securities are declared by the Directors of the Company and paid by the Company subject to the provisions relating to compulsory payments as set out in “Description of the Preferred Securities”, and to certain limitations as set out in “Limitations on Payments” on the Prospectus of each issue, available at the Parent Company’s website (www.eurobank.gr). Preferred Securities are secured by guarantees issued by the Parent Company.

At 31 December 2010, the nominal value of Preferred Securities held by related parties were € 349,762 ths (2009: 346,317 ths).

The Company has not had any defaults of interest or other breaches with respect to the above securities during the year (2009: nil). Interest payable on preferred securities up to first call dates, based on spot rates at 31 December:

	Less than 1 year €' 000	**1 year - 5 years €' 000**	**Over 5 years €' 000**
31 December 2010	**25,522**	**71,627**	**-**

	Less than 1 year €' 000	1 year - 5 years €' 000	Over 5 years €' 000
31 December 2009	31,781	73,386	15,308

Notes to the Financial Statements for the year ended 31 December 2010 (continued)

15. Share capital

The Company's authorized and issued share capital comprises 10,000 shares of € 1 each, amounting to a nominal value of € 10,000.

	2010 **€' 000**	2009 €' 000
Allotted on 4 March 2005 and fully paid ordinary shares of € 1 each	**10**	10

16. Ultimate parent company and controlling party

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

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

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

17. Related Parties

Related party information is set out in the disclosures in Notes 6, 10, 11, 12 and 14. The following are the additional related party relationships:

Mr. P. Gatehouse is a director of Ogier Fiduciary Services (Jersey) Limited and certain of its subsidiaries, incuding Ogier SPV Services Limited which provides administrative services to the Company.

Mr. M. Lombardi is a partner in the law firm Ogier, the Jersey legal advisors to the Company. He also has a beneficial interest in Ogier Fiduciary Services Holding Company Limited and certain of its subsidiaries, including Ogier SPV Services Limited which provides administration services to the Company.

The following directors are employed by EFG Eurobank Ergasias S.A.:

Nicholaos Karamouzis
Fokion Karavias
Anastasios Ioannidis

18. Segmental reporting

The Company operates in one business segment i.e. providing funding to its immediate parent company, EFG Eurobank Ergasias S.A. either through acquisition of fair value instruments directly issued by the parent company or through held-to-maturity investments issued by a wholly-owned subsidiary of it, funded by the issue of preferred securities listed on various European Stock Exchanges.

19. Post balance sheet events

On March 31, 2011 the Parent Company's credit rating by S&P was changed to B+. On March 9, 2011 the Parent Company's credit rating by Moody's was changed to Ba3. On January 17, 2011 the Parent Company's credit rating by Fitch was changed to BB+.