EFG Hellas Funding Limited

Annual Report

For the year ended 31 December 2011

Index to the Annual Report

Declaration of the managers responsible for financial reporting 3

Directors' Report 4

Independent Auditors' Report to the members of EFG Hellas Funding Limited...... 7

Statement of Comprehensive Income.. 9

Balance Sheet 10

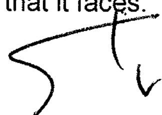
Statement of Changes in Equity for the year ended 31 December 2011 11

Cash Flow Statement for the year ended 31 December 2011 12

Notes to the Financial Statements for the year ended 31 December 2011........... 13

Declaration of the Managers responsible for financial reporting

Pursuant to Article 3 of Luxembourg's Transparency Law, the undersigned Stephen Langan, Director of the EFG Hellas Funding Limited (the "Issuer"), to the best of his knowledge, hereby declares that the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the IASB, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and that the report of the Directors includes a fair review of the 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.



Stephen Langan
Director

15 June 2012

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 2011.

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. (the "Parent Company" or the "Bank"), 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 € 3 ths (2010: loss € 47 ths). No dividend was paid to shareholders during 2011 (2010: nil).

b. Business environment, strategy and future outlook

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

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

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

According to the IMF's Report on the 2nd Bailout Program for Greece released in March 2012, Greek GDP is expected to contract by 4.8% in 2012, and there are concerns the recession could be worse. The outlook for 2013 is for stable GDP while positive growth rates are expected from 2014 onwards. The continued rationalization, restructuring and austerity measures are expected to reduce the budget deficit in 2012 to 7.3% of GDP, from an estimated 9.3% of GDP in 2011, and the primary deficit from 2.4% to 1.0% in 2012 and 1.8% surplus in 2013, with most initiatives already underway. The current account deficit excluding energy payments and debt servicing payments has already been zeroed in 2011. Regarding the outlook for the next 12 months, main risks in Greece stem from the macroeconomic environment, the developments on the eurozone sovereign debt crisis and the success, or otherwise, of the significant fiscal adjustment efforts and their impact on the economy. To date, satisfactory results have been registered, but progress could be compromised by external shocks from the global economy as well as implementation risks, reform fatigue and political instability in Greece. The restoration of confidence after the successful implementation of the PSI+ agreement, the attraction of new investments and the revival of economic growth remain 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 very challenging environment, Eurobank EFG's operations, adjust continuously to the new requirements so as to address effectively the emerging credit, liquidity and macroeconomic risks. The shift towards collateralized lending, self funded growth and the more promising markets has been in place for some time. In addition, the Parent Company continues to reduce its cost base in order to increase the efficiency of operations. It also strengthens collection efforts to maximize loan recoveries by redeploying resources where necessary and implements conservative provisioning policies. Finally, the Parent Company improves continuously the effectiveness of balance sheet management and reinforces its capital and liquidity, undertaking significant strategic initiatives in this direction.

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

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

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

c. Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. All of the key business risks affecting the Company, including credit risk, are managed in coordination with the Parent Company, and are set out in Note 2 in the Basis of preparation section and 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 principal risks and uncertainties of the Parent Company for 2011, which include those of the Company, are discussed in the Report of Directors and the notes to the Consolidated Financial Statements included in the 2011 Annual Financial Report of EFG Eurobank Ergasias S.A. Bank, which was signed on 20 April 2012 (available at webside: www.eurobank.gr).

d. Creditor payment policy

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

e. Directors

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

Nicholaos Karamouzis (resigned on March 16, 2012)
Fokion Karavias (resigned on March 16, 2012)
Michael Lombardi (resigned on November 11, 2011)
Stephen Langan (appointed on November 11, 2011)
Peter Gatehouse
Anastasios Ioannidis (resigned on March 16, 2012)

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 prepared the 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 of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial 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 as to disclosure of information to auditors

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

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all 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.

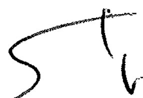
i. Auditors

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 2011 and up to the date of signature of the report and financial statements was Ogier SPV Services Limited.

By order of the Board



Stephen Langan
Director

15 June 2012

Independent Auditors' Report to the members 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 2011 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 2011, 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.

Emphasis of matter – going concern

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

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.

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

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

15 June 2012

Statement of Comprehensive Income

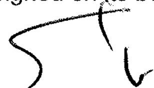
	Note	Year ended 31 December	
		2011 **€'000**	2010 €'000
Interest and similar income	5	**70,923**	70,889
Interest expense and similar charges	6	**(70,843)**	(70,809)
Net interest income		**80**	80
Net gains/(losses) from financial instruments designated at fair value	7	**0**	0
Operating expenses	8	**(83)**	(127)
Profit/(loss) before tax		**(3)**	(47)
Income tax expense	9	**-**	-
Net profit/(loss) for the year		**(3)**	(47)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(3)**	(47)

Notes on pages 13 to 24 form an integral part of these financial statements

Balance Sheet

	Note	At 31 December 2011 €'000	2010 €'000
Assets			
Deposits with banks	10	**146**	133
Financial assets designated at fair value through profit or loss	11	**205,067**	263,803
Held-to-maturity investment securities	12	**804,632**	804,015
Total assets		**1,009,845**	1,067,951
Liabilites			
Preferred securities designated at fair value through profit or loss	13	**205,067**	263,803
Preferred securities at amortised cost	14	**804,611**	803,994
Other liabilities		**56**	40
Total liabilities		**1,009,734**	1,067,837
Equity			
Share capital	15	**10**	10
Retained earnings		**101**	104
Total equity		**111**	114
Total equity and liabilities		**1,009,845**	1,067,951

The financial statements on pages 9 to 24 were approved by the Board of Directors on 15 June 2012 and signed on its behalf by:



Stephen Langan
Director

Notes on pages 13 to 24 form an integral part of these financial statements

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

	Share capital €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2010	10	151	161
Profit 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
Balance at 1 January 2011	**10**	**104**	**114**
Profit/(loss) for the year	-	(3)	(3)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended 31 December 2011	-	(3)	(3)
Balance at 31 December 2011	**10**	**101**	**111**

Notes on pages 13 to 24 form an integral part of these financial statements

Cash Flow Statement for the year ended 31 December 2011

	Note	Year ended 31 December	
		2011	2010
		€'000	€'000
Cash flows from operating activities			
Interest received		**70,306**	70,550
Interest paid		**(70,226)**	(70,470)
Cash payments to suppliers		**(67)**	(87)
Net cash flows from/(used in) operating activities		**13**	(7)
Net increase/(decrease) in cash and cash equivalents		**13**	(7)
Cash and cash equivalents at beginning of year		**133**	140
Cash and cash equivalents at end of year	10	**146**	133

Notes on pages 13 to 24 form an integral part of these financial statements

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

1. General information

EFG Hellas Funding Limited (the "Company") is a Jersey-based public limited. 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.

Going concern considerations

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

Solvency risk

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

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

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

Liquidity risk

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

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

2. Accounting policies (continued)

Basis of preparation (continued)

Other economic uncertainties

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

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

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

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

The policies set out below have been consistently applied to the years 2011 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 2011

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

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

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

2. Accounting policies (continued)

Basis of preparation (continued)

(b) Standards and interpretations issued but not yet effective

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

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

The 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.

a) Interest income and expense

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

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

2. Accounting policies (continued)

b) Financial assets

The Company classifies its financial assets in the following IAS 39 categories: financial assets 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.

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.

Accounting treatment and calculation

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

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

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

2. Accounting policies (continued)

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

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.

e) Cash and cash equivalents

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

f) Related party transactions

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

g) Provisions

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

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

2. Accounting policies (continued)

h) Share capital

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

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

3. Principal risks and uncertainties

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

a) Credit risk: The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The aggregate carrying amount of deposits with banks, financial assets designated at fair value and held-to-maturity investment securities 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.

Macroeconomic Environment Uncertainty

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

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

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

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

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

3. Principal risks and uncertainties (continued)

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.

The Company is not exposed to currency or liquidity risk because all of its transactions are in euro, and the maturity of its assets and liabilities, as well as, the underlying cash flows are substantially the same. Information relating to the undiscounted cash flows up to the securities call dates for the years 2011 and 2010 is presented in notes 13 and 14.

Fair value of financial assets and liabilities

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

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

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

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

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

4. Critical accounting estimates and judgement

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

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

4. Critical accounting estimates and judgement (continued)

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 which are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data (see also note 3).

5. Interest and similar income

	2011 **€' 000**	2010 €' 000
Interest on financial assets designated at fair value through profit or loss	**33,000**	33,000
Interest on held-to-maturity investment securities	**37,923**	37,889
	70,923	70,889

6. Interest expense and similar charges

	2011 **€' 000**	2010 €' 000
Interest on preferred securities designated at fair value through profit or loss	**33,000**	33,000
Interest on preferred securities at amortised cost	**37,843**	37,809
	70,843	70,809

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

	2011 **€' 000**	2010 €' 000
Changes in fair value of financial liabilities designated at fair value	**58,736**	129,263
Changes in fair value of financial assets designated at fair value	**(58,736)**	(129,263)
	0	0

8. Operating expenses

	2011 **€' 000**	2010 €' 000
Auditors' remuneration		
- Audit of the Company's financial statements	**28**	28
Secretarial and administration services	**55**	99
	83	127

9. Income tax expense

The Company is liable to pay Jersey income tax at 0%.

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

10. Deposits with banks

	2011 €' 000	2010 €' 000
Deposits with the Parent Company	**146**	133
	146	133

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.

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

	Fair value	
First Call Date	**2011 €' 000**	2010 €' 000
October 2014	**154,305**	198,357
February 2015	**50,762**	65,446
	205,067	263,803

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 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

		2011		2010	
First Call Date	**Nominal Value €' 000**	**Carrying Amount €' 000**	**Fair Value €' 000**	Carrying Amount €' 000	Fair Value €' 000
March 2010	**200,000**	**203,258**	**85,586**	203,063	77,492
November 2015	**400,000**	**401,863**	**163,000**	401,575	159,528
January 2011	**200,000**	**199,511**	**82,738**	199,377	92,238
	800,000	**804,632**	**331,324**	804,015	329,258

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 value has been determined based on valuation techniques where all significant inputs are market observable.

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 presented 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 2011 (continued)

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

First Call Date	Fair value 2011 €' 000	Fair value 2010 €' 000
October 2014	**154,305**	198,357
February 2015	**50,762**	65,446
	205,067	263,803

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 € 200,000 ths gain (2010: € 141,263 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.

The Company has not had any defaults of interest or other breaches with respect to the above securities during the year (2010: 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 2011	**33,000**	**63,152**	**-**

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

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

14. Preferred securities at amortised cost

First Call Date	Nominal Value € '000	2011 Carrying amount € '000	2011 Fair Value € '000	2010 Carrying amount € '000	2010 Fair Value € '000
March 2010	**200,000**	**203,242**	**85,570**	203,047	77,476
November 2015	**400,000**	**401,857**	**162,993**	401,569	159,522
January 2011	**200,000**	**199,512**	**82,739**	199,378	92,239
	800,000	**804,611**	**331,302**	803,994	329,237

The fair value has been determined based on valuation techniques where all significant inputs are market observable. 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.

The Company has not had any defaults of interest or other breaches with respect to the above securities during the year (2010: nil). Interest payable on preferred securities up to 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 2011	**31,608**	**53,343**	**-**

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

15. Share capital

	2011 Number	**2011 €'000**	2010 Number	2010 €'000
Authorised ordinary shares of € 1 each	**1,000,000**	**1,000**	1,000,000	1,000
Issued ordinary shares of € 1 each	**10,000**	**10**	10,000	10
Allotted on 4 March 2005 and fully paid ordinary shares of € 1 each	**10,000**	**10**	10,000	10

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

16. Related party transactions

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

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

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

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

	31 December 2011		31 December 2010	
	Parent Company €' 000	**Parent Company's subsidiaries €' 000**	Parent Company €' 000	Parent Company's subsidiaries €' 000
Deposits with banks	**146**	-	133	-
Financial assets designated at fair value through profit or loss	**205,067**	-	263,803	-
Held-to-maturity investment securities	-	**804,632**	-	804,015
Preferred securities designated at fair value through profit or loss	**30,585**	-	31,314	-
Preferred securities at amortised cost	**388,826**	-	354,565	-
Interest and similar income	**33,000**	**37,923**	33,000	37,889
Interest expense and similar charges	**20,593**	-	18,918	-

The following are the additional related party relationships:

The emoluments of the Directors with the exception of Peter Gatehouse, Stephen Langan and Michael Lombardi (resigned in November 2011) are paid by the Parent Company and are attributable to their services to a number of group companies.

Peter 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.

Stephen Langan is an associate director of Ogier Fiduciary Services (Jersey) Limited and a director of certain of its subsidiaries, including Ogier SPV Services Limited.

17. 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.