EUROBANK ERGASIAS S.A.

FINANCIAL REPORT
for the six months ended
30 June 2015

According to Article 5 of the Law 3556/2007

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Statements ofMembers of the Board of Directors
(according to the article 5, par. 2 of the Law 3556/2007)

We declare that to the best of our knowledge:

- the financial statements for the six months period ended 30 June 2015, which have been prepared in accordance with the applicable accounting standards, present fairly the assets, liabilities, equity and results of the Bank and the companies included in the consolidation, and

- the report of the Board of Directors for the same period presents fairly the information required under paragraph 6 of article 5 of Law 3556/2007.

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Athens, 31 October 2015

Nikolaos V. Karamouzis	Fokion C. Karavias	Spyros L. Lorentziadis
I.D. No AB – 336562	I.D. No AI - 677962	I.D. No Π - 329468
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

II. Interim Directors' Report

REPORT OF THE DIRECTORS

The directors present their report together with the accounts for the six months ended 30 June 2015.

Profit or Loss Attributable
The loss after tax attributable to Eurobank (or "the Bank") shareholders for the first half of 2015 amounted to €1,412m (first half 2014: €508m loss) as set out in the consolidated income statement on page 2.

European Central Bank's 2015 Comprehensive Assessment
The adverse economic conditions in Greece, especially since the second quarter of 2015, had a negative impact on the liquidity of the Greek banks and raised concerns regarding their solvency position. In accordance with the preliminary agreement of the 12 July 2015 Euro summit, the new European Stability Mechanism (ESM) program would have to include the establishment of a buffer of €10bn to € 25bn for the banking sector in order to address potential bank recapitalization needs and resolution costs and the ECB /SSM would conduct a CA of the supervised four Greek banks.

In this context, the CA was conducted taking into account the combined effect of:

(a) An Asset Quality Review (AQR), by reviewing the quality of the banks' Greek portfolios, including the adequacy of asset and collateral valuation and related provisions; and
(b) A forward looking Stress Test (ST) to examine the resilience of the banks' balance sheet to a potential further deterioration of market conditions.

Capital adequacy was assessed over a three-year time period (2015-2017) under two ST scenarios: baseline and adverse. According to the ST process, the banks used as reference the preliminary data for the second quarter of 2015 and submitted their 3-year business plans built on base case assumptions: GDP growth as provided from ECB for 2015 -2.3%, 2016 - 1.3% and 2017 +2.7%, while the other assumptions, including credit and deposit growth, were based on the four banks Economists' consensus. These business plans were stress-tested by ECB under the baseline and adverse scenario to assess potential capital shortfalls.

On 31 October 2015, the European Central Bank (ECB) announced the results of the CA on the four systemically important Greek Banks, including the Bank.

The CA results for Eurobank are summarized as follows:

AQR Results
The AQR constituted a thorough review of the carrying value of the Bank's Greek portfolios as of June 30, 2015 covering 98% of the Greek portfolio. The AQR identified additional provisioning needs, leading to a Common Equity Tier I (CET1) ratio of 8.6%, after taking into account the entire amount of losses identified in the AQR. This implies a capital shortfall of €339m, relative to the threshold of a CET1 ratio of 9.5%. The AQR-adjusted capital position provided the starting point for the Stress Test (ST).

ST Results
The ST under the baseline scenario has not triggered further negative impact on the Bank's solvency position, maintaining the post-AQR and baseline scenario CET1 at 8.6%, which corresponds to a capital shortfall of €339m relative to a CET1 ratio of 9.5%, which is the threshold in the baseline scenario of the ST.
The ST under the adverse scenario identified further negative impacts on the Bank's solvency position, leading to a CET1 ratio of 1.3%, which implies a capital shortfall of €2.122m relative to a CET1 ratio of 8%, which is the threshold in the adverse scenario of the ST.

Following these results, the Bank will shortly submit a capital plan to the ECB for approval, describing in detail the measures it intends to implement in order to cover the shortfall identified in the CA, under both the base and the adverse scenario (note 6 to consolidated accounts).

Recapitalization framework process
On 23 July 2015, the Directive 2014/59/EU for the recovery and resolution of credit institutions and investment firms (BRRD) was transposed into Greek Law by virtue of Law 4335/2015, with the exception of its provisions on the bail-in tool which shall be applicable as at 1 January 2016. The said Directive has also been enacted into the national legislation of Bulgaria, Serbia and Romania where the Group has activities.

Pursuant to Law 4335/2015, with respect to Greek credit institutions, the Bank of Greece (BoG) has been designated as the national resolution authority and the Resolution Branch of the Hellenic Deposit and Investment Guarantee Fund ("HDIGF") as the national resolution fund. The powers provided to the said competent Greek authorities are divided into three categories: (a) preparation and prevention with preparatory steps such as recovery plans, while BoG prepares a resolution plan for each credit institution (b) early intervention with predetermined measures at an early stage so as to avoid insolvency and (c) resolution if insolvency of an institution presents a concern as regards the general public interest.

In the context of the said law, (article 32 of Law 4335/2015), BoG has the power to apply a set of resolution tools individually or in combination, in case certain trigger conditions for resolution are met as follows: (a) the determination that the institution is failing or is likely to fail (b) there is no reasonable prospect that any alternative private sector measures or supervisory action taken in respect of the institution, would prevent the failure of the institution within a reasonable timeframe, and (c) a resolution action is necessary in the public interest. The said resolution tools are the following: (a) the sale of business, (b) the bridge institution, (c) the asset separation (which may be used only in conjunction with other tools) and (d) as of 1 January 2016 the bail-in tool.

Additionally, in adverse conditions of a systemic crisis, extraordinary public financial support may be provided through (additional) financial stabilization tools, which consist of public equity support and temporary public ownership (articles 57 and 58 of Law 4335/2015). As of 1 January 2016, for the said public financial support to be provided, shareholders, holders of other instruments of ownership, holders of relevant capital instruments and other eligible liabilities need to have contributed, through write down, conversion or otherwise, to loss absorption and recapitalization equal to an amount not less than 8% of total liabilities including own funds of the institution under resolution (article 56 of Law 4335/2015).

According to Law 4336/2015, it is provided that all the necessary political actions for the assurance of financial stability and the enforcement of the viability of the banking sector shall be taken. The principal strategic concern shall focus on the restoration of financial stability and improvement of the banks' viability through the following measures: i) normalization of liquidity and payment conditions and enforcement of banking assets, ii) enforcement of corporate governance and iii) dealing with non-performing loans. In this context, a capital buffer of up to €25bn is provided to address potential recapitalization needs of viable banks and the resolution cost of non-viable banks, in full compliance with the regulations of the EU for competition and public assistance.

On 30 October, the Greek Government submitted to the Greek Parliament a draft law which amends the law regarding the Hellenic Financial Stability Fund (HFSF) (i.e. Law 3864/2010 as in effect and applied until today), in order to align it with the integration of the BRRD directive and the new recapitalization framework.

The most significant changes of law 3864/2010 in the abovementioned draft law with respect to the recapitalization framework are set out below:

According to article 6 of law 3864/2010, as amended by the present draft law, in case the credit institution has a capital shortfall, it may submit a request for capital support to HFSF up to the amount of the shortfall, as determined by the competent authority (either the European Central Bank in the context of the SSM or Bank of Greece). The request is followed by a letter of the competent authority, which defines the amount of the capital shortfall, the conclusive date by which the credit institution shall cover the abovementioned capital shortfall and the capital raising plan as submitted to the competent authority. The said request is also followed by an amendment draft of the already approved by the European Commission restructuring plan, or alternatively by a draft restructuring plan, as the case may be.

According to article 6a, in the event that the voluntary measures set out in the credit institution's restructuring plan or amended restructuring plan, as the case may be, are insufficient to cover its capital shortfall and there is a need to avoid significant side effects to the economy with adverse effects upon the public, and in order to ensure that the use of public funds remains the minimum necessary, the Cabinet, following a recommendation by the Bank of Greece, would issue an Act for the mandatory application of the measures provided in this article 6a (burden-sharing measures), aimed at allocating the residual amount of the capital shortfall of the credit institution to the holders of its capital instruments and other obligations, as may be deemed necessary. The unsecured senior liabilities non preferred by mandatory provisions of law have been added to the instruments,whose nominal value may be reduced or which may be converted to ordinary shares in order to restore capital adequacy as required by the competent authority.

It is also provided that in case of conversion of the preference shares of Law 3723/2008 into ordinary shares in accordance with article 6a of Law 3864/2010, the HFSF acquires ownership of such ordinary shares.

According to new article 6b, in case the Minister of Finance decides -in accordance with the provisions of article 56 of law 4335/2015- to implement (as a financial stabilization tool) the public equity support tool of article 57 of law 4335/2015, HFSF participates in the recapitalization of the credit institution and receives in exchange CET1 instruments and additional Tier I instruments or Tier 2 instruments, described in article 57, par. 1 of law 4335/2015.

According to article 7, the HFSF provides capital support as determined by the competent authority, but only up to the amount of the relevant credit institution's capital shortfall remaining outstanding after the implementation of the voluntary measures and mandatory (burden-sharing) measures provided in article 6 and following any potential participation of private investors and the approval of the restructuring plan by the European Commission and further following:

(i) completion of the mandatory (burden-sharing) measures of article 6a of Law 3864/2010 and confirmation by the European Commission (as part of the approval of the restructuring plan) that the credit institution concerned falls within the ambit of the exception of the article 32 of law 4335/2015; or
(ii) placement of the credit institution concerned into resolution (articles 56 and 57 of Law 4335/2015) and taking of the measures required by law 4335/2015,

in each case through HFSF subscription for ordinary shares, contingent convertible securities (CoCos) or other convertible financial instruments issuable by the credit institution. For these purposes, the HFSF may exercise, dispose of or waive any pre-emption rights in the context of a share capital increase or issue of CoCos or other convertible financial instruments. The exact proportion of HFSF's participation between ordinary shares, the conditions for the issuance of CoCos or other convertible financial instruments, as well as the conditions for the conversion of such instruments and any other necessary details will be set for in a Cabinet Act.

Furthermore, the subscription price of the new shares is defined as the market price as it occurs from the bookbuilding process of the credit institution. By decision of the General Council of the HFSF, HFSF can accept this price on the basis of a valuation of an independent financial advisor, who estimates that the book building process is in accordance with international best practice at certain circumstances.

Other than the amendments in relation to the recapitalization framework, new provisions are introduced, according to article 10, that allow the HFSF to evaluate the Board and Committees of the credit institutions based on the best international practices.

Liability Management Exercise ("LME")

On 29 October 2015, the Bank launched a Liability Management Exercise ("LME") aiming to strengthen the Bank's CET1 and, in combination with the planned share capital increase of the Bank through a book-building process, to cover the additional Bank's capital requirements, which have been derived from the Comprehensive Assessment of the Greek financial sector that was conducted by the SSM.

LME is effected on a voluntary basis inviting the eligible securities' holders to:

a) tender such outstanding securities issued by the Bank and its SPVs (ERB Hellas Funding, ERB Hellas PLC and ERB Hellas Cayman) for purchase against cash at a purchase price equal to, in the case of:

    (i) Tier I securities (preferred), 50% of the liquidation preference of such securities
    (ii) Tier II securities (subordinated), 80% of their outstanding principal amount plus accrued interest
    (iii) Senior securities, 100% of their outstanding principal amount plus accrued interest

(iv) Structured senior securities, the relevant early repurchase price

b) irrevocably instruct the relevant Offeror which for all the said securities' takeover will be the Bank, exempting Series C of the Tier I securities, where the Offeror will be ERB Hellas Funding Limited to deposit the aggregate purchase proceeds in the share capital increase account for the sole purpose of subscribing for new ordinary registered shares of the Bank at the new shares price to be set through the results of the bookbuilding process during the Bank's upcoming share capital increase.

The Bank will accept less than the aggregate tendered amount of securities if (i) the sum of the LME generated capital amount and the bookbuilding process capital amount would exceed the capital requirement and (ii) the Bank determines in its sole discretion that it is appropriate to apply a scaling factor to acceptances in respect of the offers.

The Offer Period is expected to commence, on or about 4 November 2015 and will expire on 11 November 2015, whereas the announcement of the LME results is expected on or about 16 November 2015.

Restructuring Plan

On 29 April 2014, the European Commission (EC) approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. The Hellenic Republic has committed that the Bank will implement specific measures and actions and will achieve objectives which are an integral part of the said restructuring plan.

Principal commitments to be implemented by the end of 2018 relate to (a) the reduction of the total costs and the net loan to deposit ratio for the Group's Greek activities, (b) the reduction of the Bank's cost of deposits, (c) the reduction of the Group's foreign assets, (d) the decrease of the shareholding in specific non banking subsidiaries, (e) the securities portfolio deleveraging, and (f) restrictions on the capital injection to the Group's foreign subsidiaries unless the regulatory framework of each relevant jurisdiction requires otherwise, the purchase of non investment grade securities, the staff remuneration, the credit policy to be adopted and other strategic decisions.

In the context of the new recapitalization process, in case that additional State Aid is necessary, the restructuring plan will be revisited and resubmitted for approval to the European Commission. The approval process is expected to be completed within 2015.

Monitoring Trustee

The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund (IMF) and the European Central Bank (ECB) provides for the appointment of a monitoring trustee in all banks under State Aid.

On 22 February 2013, the Bank appointed Grant Thornton as its Monitoring Trustee (MT). The MT monitors compliance with commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and reports to the European Commission.

International Activities

Eurobank has established a substantial presence in 5 countries outside of Greece. In Cyprus, it offers Wholesale Banking, Private Banking and Asset Management services, in Luxembourg it provides Private Banking operations, in Romania, Bulgaria and Serbia offers Retail, Corporate, Asset Management, Insurance and Investment Banking services through a network of more than 400 retail and corporate units and has a presence in London. Eurobank's presence in Ukraine is accounted for as held for sale.

<u>Acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria AD</u>

On 17 July 2015 the Group announced that it has reached a preliminary agreement with Alpha Bank regarding the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria AD. The completion of the transaction is expected by the end of 2015 after the execution of a due diligence to be conducted to Alpha Bank's Branch and obtaining all necessary approvals by the competent authorities.

Upon completion of the acquisition of the Alpha Bank's Branch, which covers the entire banking operations of the Branch in Bulgaria, Eurobank Bulgaria AD is expected to strengthen its core market position in the Bulgarian banking sector and expand its customer base in both the retail and corporate business banking segments. Eurobank Bulgaria AD is expected to benefit from significant synergies from the second year post completion of the acquisition, while maintaining its strong capital ratios and substantial liquidity buffers. The agreement is fully aligned with the restructuring plans for Alpha Bank and Eurobank, as approved by the European Commission in 2014.

Financial Results Review

In the first half of 2015, the macroeconomic environment in Greece has been very challenging for the Greek banking system. The prolonged uncertainty relating to an agreement with the European partners on the continuation of the financing of the Greek State and the tightened liquidity conditions, which have severely impacted the Greek economy, have adversely affected the Group's operations. In this particularly demanding context, the Group's operations were aimed to adjust to the prevailing conditions.

As at 30 June 2015 total assets amounted to €74.5bn (Dec. 2014: €75.5bn). At the end of June 2015 gross customer loans reached €52.8bn after including the effect of €1bn from the appreciation of CHF and USD against euro (Dec. 2014: €51.9bn), of which €44.9bn in Greece and €7.9bn in international operations. Business loans stood at €27.4bn (Dec. 2014: €26.8bn) and accounted for 52% of total Group loans, while loans to households reached €25.4bn (Dec. 2014: €25.1bn), with mortgage portfolio constituting 35% and consumer loans 12.5% of the total portfolio. During the 1st half of 2015, Greek deposits were reduced by €8.9bn to €22.1bn, mainly driven by the deposit outflows due to the political uncertainty that prevailed throughout the period. In addition, deposit balances from International operations decreased by €1bn to €8.9bn. Group deposits reached €31bn (Dec. 2014: €40.9bn). As a result, the (net) loan–to–deposit (L/D) ratio deteriorated substantially to 132% for the Group from 103% six months ago and to 76% from 66% for the International Operations respectively. The deposit withdrawals and the matured interbank secured funding transactions (repos) were substituted by Eurosystem's secured funding, while the decision of ECB to lift the waiver for instruments issued or guaranteed by the Hellenic Republic led the Group to substantially increase its funding from the fallback source, the Emergency Liquidity Assistance (ELA) mechanism. As at 30 June the Group's dependency on Eurosystem facilities amounted to €32.7bn (Dec. 2014: €12.6bn), of which €22.9bn funding from ELA (Dec. 2014: zero).

Despite the difficult and uncertain macroeconomic environment, six months' Pre-Provision Income (PPI) amounted to €428m (1st half of 2014 : €416m). Net interest income (NII) stood at €751m (1st half 2014: €743m), positively affected by the reduction in the cost of deposits, despite the pressures from the increased dependence from the expensive ELA mechanism in the 1st half of 2015. Net interest margin (NIM) stood at 2,01% (1st half 2014: 1.96%). Fees and commissions amounted to €149m (1st half 2014: €134m) with improved asset management fees, network activities fees and rental income, whereas other trading activities, including initiatives, for disposal of listed shares, recorded €22m gain (1st half 2014: €74m gain). Cost containment efforts and initiatives through the rationalisation of the branch network and the further streamlining of operations and processes, continued and operating expenses were 7.5% lower year–on–year amounting to €494m, (1st half 2014: €534m). As a result, the cost to income (C/I) ratio for the Group improved to 53.6% (1st half 2014: 56.2%), while International Operations reduced further their C/I ratio to 49.7% (1st half 2014: 51.4%).

In this challenging environment, the Group continued strengthening its accumulated loan provision buffer and increasing the coverage of delinquent loans. In the second quarter of 2015, the Group updated its provisioning estimates to take into account the risk factors related to the recent Greek crisis and recorded an impairment loss of €1,836m which also captured the impact of the 2015 AQR results to the appropriate extent. Loan provisions reached €2,138m in 1st half 2015 or 10.28% of average net loans (1st half 2014: €934m or 4.22%), driving the coverage ratio for 90 days past due portfolio to 64.8% (Dec. 2014: 56.3%). As at 30 June 2015, 90d past due loans stood at 34.3% of gross loans (end 2014: 33.4%). During the 1st half 2015 the new 90d past due loans (formation) amounted to €509m (2nd quarter: €118m), compared to €1,063m in the 1st half 2014 and €382m in the 2nd quarter 2014. This translates to a year-on-year decrease of 52%.

In addition, the Group recognised in the 1st half of 2015 other impairment losses amounting to €75m, of which €46m related to investment property portfolio and repossessed assets and €29m to bonds and equity investments. Finally, the Group continues to classify its operations in Ukraine as a disposal group held for sale and after measuring the disposal group at the lower of its carrying amount and fair value less costs to sell based on bid offers received from third parties, recorded a loss of €53m for the period.

Overall, despite the challenges of the external environment and unprecedented business conditions, the Group increased marginally its pre–provision Income supported by proven cost containment competencies, and enhanced substantially its provision coverage for delinquent loans. Net loss attributable to shareholders amounted to €1,412m (1st half 2014: loss €508m) while International business from continued operations (excl. Ukraine operations) recorded a profit amounting to €34m, (1st half 2014 loss: €32m).The CET 1 capital amounted to €4.1bn and accounted for 10.4% of Risk Weighted Assets (RWA) at the end of June 2015.

Going forward, the Group expects to return to profitability in the medium term based on the following initiatives and actions:

a) Gradual restoration of normalised funding structure with repatriation of deposits and re-access to the money markets subject to improving economic outlook,
b) Potential to implement further cost initiatives, such as the ongoing Greek and international operations' branch network rationalization, the review of outsourcing and in-sourcing opportunities for certain functions and the scalable IT platform/digital transformation,
c) Funding cost reduction, through the decrease of expensive ELA dependency and further decline in deposit rates, as a result of the macroeconomic environment stabilization,
d) Fee and commission income recovery on the back of expected improvement in macroeconomic environment and transaction activity (asset management, equity brokerage etc),
e) Normalization of cost of risk subject to improving economic outlook as witnessed in other Euro periphery regions, well supported by i) the establishment of a fully operational internal bad bank, which has overall responsibility for the management of the Group's troubled assets portfolio, and ii) by the substantially high cash coverage of non-performing loans, and
f) Selective lending of competitive industry sectors.

Ordinary Share Capital
As at 30 June 2015 the ordinary share capital amounted to €4,412,362,962.60, divided into 14,707,876,542 ordinary voting shares of a nominal value of €0.30 each, which represents 82.28% of the total share capital of the Bank.

All ordinary shares are registered, listed on the Athens Stock Exchange and incorporate all the rights and obligations set by the Greek legislation (note 24 to the consolidated accounts).

It is noted that, following the share capital increase of the Bank in May 2014, according to the Law 3864/2010 as amended by Law 4254/2014, HFSF has restricted voting rights.

Preference Share Capital
As at 30 June 2015, the preference share capital amounted to €950,125,000 divided into 345,500,000 registered non-voting preference shares with nominal value €2.75 each, issued under Law 3723/2008, which represent 17.72% of the total share capital of the Bank. All the preference shares are tangible, non-listed, non-transferable and confer upon the Hellenic Republic (as exclusive owner) the following rights: a) the right to collect a non-cumulative coupon of 10% of the subscribed by the Hellenic Republic capital. Five years after the issue of the preference shares, the Bank may redeem the preference shares at their nominal value. If such redemption is not possible, because the Bank's capital adequacy ratio would fall below the minimum requirements set by the Bank of Greece, the preference shares will be converted into ordinary shares or shares of any other class existing at the time of the conversion following a decision of the Minister of Finance and after a recommendation by the Governor of the Bank of Greece and on condition that at the expiry of the five year period, the Bank will have submitted, and the Minister of Finance will have approved, further to a recommendation by the Governor of the Bank of Greece, a restructuring plan of the Bank pursuant to the legislation as in force. The conversion ratio will take into account the average market price of the Bank's ordinary shares during the calendar year preceding such conversion. In case of

non-redemption at the expiration of the five year period, the coupon is gradually increased by 2% each year, following relevant decision by the Minister of Finance, upon recommendation of the BoG, b) the right to preferential reimbursement, in priority to all other shareholders and pari passu with the HFSF (under Law 3864/2010), from the proceeds of the Bank's liquidation, in the event the Bank is liquidated, c) the right to participate in the Bank's Board of Directors (BoD) via a representative who may be appointed as an additional member of the Board and has the following rights: i) veto strategic decisions and decisions which alter substantially the legal or financial position of the Bank and require the General Meeting's approval or veto decisions related to the distribution of dividends and the remuneration policy towards the members of the BoD and the General Managers and their deputies pursuant to a relevant resolution of the Minister of Finance or in the event such representative judges that the decision may jeopardize the interests of the depositors or materially affect the solvency and the orderly operation of the Bank; ii) attend the General Meetings of shareholders and veto discussions and decisions regarding the aforementioned issues and iii) freely access to the Bank's books and records, the restructuring and recovery plans, the plans for Bank's mid-term finance needs and data regarding the level of loans granting in real economy (note 25 to the consolidated accounts).

Greek Economy Liquidity Support Program (law 3723/2008)

Eurobank participates in the Greek Economy Liquidity Support Program under Law 3723/2008, as in force (note 4 to the consolidated accounts).

Dividends

Based on the 2014 results and in accordance with the article 1, par. 3 of Law 3723/2008 (as in force) in combination with article 44a of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted.

Business Outlook and Risks

Since May 2010, Greece has undertaken significant structural reforms to restore competitiveness and promote economic growth through the implementation of two consecutive Economic Adjustment Programmes agreed with the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF) ('the Institutions'). This had led to a significant fiscal consolidation with a primary surplus of 1.0% of GDP in 2013 and a primary balance of 0.0% of GDP in 2014 from a significant primary deficit of -10.3% of GDP in 2009 according to recent IMF data (World Economic Outlook, October 2015). At the same time, the implementation of the two programmes led to reform fatigue and social unrest.

Following the failure of the constitutional process to elect a new President of the Hellenic Republic at the end of 2014, early parliamentary elections were held on January 25th 2015 and a new coalition government came in office. The new government managed to elect the new President of the Hellenic Republic and moved to negotiate a new financing framework and a revised reform programme with the Institutions for the final review of the Second Economic Adjustment Programme (SEAP).

In the context of these negotiations, the extension of the Master Financial Assistance Facility Agreement (MFFA) of the SEAP that the Greek Government managed to achieve under the February 20th 2015 Agreement expired on June 30 2015 without a successful conclusion of the review or a new extension. In addition, on June 2015 the Greek Government decided not to permit the disbursement of a scheduled payment to the IMF. This decision did not cause the triggering of a cross default process. However, it created arrears with the IMF. The prolonged negotiations of the Greek government with the Institutions until the expiration of the extension of the MFFA on 30 June 2015, led to increased uncertainty and significant deposit outflows. With banks' liquidity buffers falling to significantly low levels, the Greek government on 28 June 2015 introduced restrictions on banking transactions and a temporary bank holiday, in order to contain further liquidity outflows. Following the termination of the bank holiday in Greece on 20 July 2015 there has been some gradual relaxation of capital controls with the easing process expected to continue in the following months and to accelerate following the completion of Greek banks recapitalization.

After the imposition of capital controls and a referendum that led to the rejection of the Eurozone proposal as this was tabled in the negotiations before the expiration of the MFFA, the government restarted the negotiations. The Greek Government managed to cover the financing needs of the country for July 2015 via a 3-month “bridge”-loan of €7.1bn from the European Financial Stabilization Mechanism (EFSM).The “bridge”- loan was approved after the Greek Government legislated on a series of pre-specified structural reforms.

The new 3-year ESM programme – the Third Economic Adjustment Programme (TEAP) – that was finalized in mid-August 2015 included a financing envelope of ca €86bn with an average maturity of 32.5 years, the same average maturity with the outstanding EFSF loan. The new loan will permit Greece to service its debt, recapitalize its banks, clear accumulated arrears and finance its budget. The final agreement on the TEAP, together with an additional series of prerequisite structural reforms passed in the Greek Parliament and got the approval of the Eurogroup on 14 August 2015. The reforms included in the new programme aimed to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration. The IMF did not participate in the TEAP but it will continue with the provision of technical assistance only. Its full participation will be conditional on the significant progress on structural reforms implementation and the achievement of debt sustainability. It is expected to take place no later than the 1st review of the TEAP.

The first instalment of the new loan of €26bn, which includes €10bn for the upcoming bank recapitalization, €13bn aiming to cover the July 2015 “bridge-loan” for the financing needs of the country to the ECB and the IMF in August 2015 and a small amount for the clearance of the arrears of the public sector. The remaining €3bn from the first instalment is expected to be disbursed by mid November 2015 conditional on the successful conclusion of the 1st review of the new programme.

On the fiscal front, until the end of September 2014, the achievement of the Second Economic Adjustment Programme (SEAP)’s fiscal primary surplus target of 1.5% of GDP seemed not only plausible but also conservative. However, the increase of the economic uncertainty caused by the early elections and the non conclusion of the last review of the SEAP created downward pressure for the 2014 fiscal primary balance. According to the IMF, the 2014 primary balance was at ca. 0.0% of GDP. While Greece already achieved a primary surplus of 1.0% of GDP in 2013 one year earlier than was expected in SEAP and for the first time since 2002. Going forward, according to the Ministry of Finance budget execution data (final version), during the period January –September 2015, the tax revenues shortfall was at €2.0bn compared with the respective 2016 Draft Budget target. This shortfall was mainly due to the increased uncertainty in the economy, the downward 2015 growth revision, etc. Under the TEAP programme the fiscal targets for 2015 and beyond were revised significantly downwards. In more detail, the primary balance for 2015, 2016, 2017 and 2018 is expected at -0.25%, 0.5%, 1.75% and 3.5% of GDP. The achievement of a primary surplus for the period ahead is of crucial importance for the agreement on the additional debt relief measures from official lenders, in line with the explicit commitments provided at the 26/27 November 2012 Eurogroup that was reinstated in the July 13th 2015 Preliminary Agreement.

The external imbalance continues to adjust rapidly, assisted by strong tourism revenue, income from the shipping industry, the ongoing contraction of imports and the beneficial impact of earlier debt-relief measures on the income account. The current account according with recent IMF data (recorded a surplus of 0.6% and 0.9% of GDP in 2013 and 2014 – for the first time since official records are available (1948) – against a deficit of 2.5%, 9.9%, 10.1% and 10.9% of GDP for 2012, 2011, 2010 and 2009 respectively. For 2015, 2016, 2017 and 2018 the current account surplus is expected at 0.7%, 1.5%, 1.2% and 0.4% of GDP respectively.

According to the Hellenic Statistical Authority (ELSTAT), the latest reading on unemployment was that of July 2015 at 25.0% from 26.6% in June 2014 and 25.0% in May 2015. The average annual change in unemployment was at 1.3ppts in the first seven months of 2015 pointing towards a slow path of recovery conditional on no unforeseen developments in the upcoming period. Greece still had the highest proportion of long term unemployed (73.1%) among the EU-19 countries (average, 52.5%) in the 2nd quarter of 2015.

The ongoing deleveraging in the Greek economy can be considered as a major drag for the recovery path. From June 2011 until December 2014, the average annual total domestic credit growth was -8.02%. According to the latest available data from BoG, i.e. in September 2015, the total domestic credit stock was at €205.2bn, or -1.5% lower compared to September 2014. Finally, on the other side of the ledger, total domestic deposits decreased by -27.0%. The stock of deposits decreased from €178.8bn in September 2014 to €130.5bn in September 2015.

Considerable risks continue to surround the near-term domestic economic outlook. The unemployment rate remains very high and follows a slowly decreasing path. At the same time the country continues in a deflationary territory for 30 consecutive months. In August 2015 the general price level (HICP) recorded a decrease of ca -0.4%. The respective figure for August 2014 was at ca -0.2%. Even though in 2014, real GDP growth turned positive, at 0.8%, for the first time after 6 years in recession, the prospects for 2015 and beyond are challenging. The increased uncertainty over the conclusion of the last review of the SEAP, the expiration of the programme at the end of June 2015 without tangible positive results, the imposition of capital controls, and the need for a new bank recapitalization process led to a deterioration of the 2015 real GDP forecasts. The EC's Autumn 2014 forecast (November 4th 2014) for real GDP growth in Greece was approximately at 2.9%. The respective figures in the Winter (February 5th 2015) and Spring 2015 (May 5th 2015) forecasts were approximately at 2.5% and 0.5% of GDP. Accordingly, the IMF's forecast for the 2015 real GDP growth in Greece was at 2.9% in October 2015 and 2.5% in April 2015. The respective figure dropped to 0% of GDP in the Preliminary Draft Debt Sustainability Analysis published by the IMF in late June 2015, without taking into account the imposition of capital controls and of the banking holiday. The current EC projection on real GDP growth for 2015, 2016, 2017 and 2018 is approximately at -2.3%, -1.3%, 2.7% and 3.1% respectively conditional on the prompt TEAP implementation, the successful conclusion of the 1st review of the programme and the finalization of the bank recapitalization process between October and December 2015. In this context and as a consequence of the impact of capital controls which is expected to be milder than initially anticipated, Eurobank's Macroeconomic Research department's analysis provides for a real GDP growth for 2015, better than the respective EC projection, at the area of -1.0%.

The better than expected output reading of the first half of 2015 and the high frequency data releases in the third quarter, are consistent so far with the view that full year growth of south-eastern Europe will most probably be higher than in 2014. Even though the emerging markets are being caught in the crossfire between world markets' fears of a Chinese economic slowdown and Fed's tightening since last summer, the region looks less vulnerable than the other emerging economies. Although there are some weak spots, regional currencies, markets and economies appear relatively insulated from the ongoing turbulence for the time being. Overall, the region benefits from the resilient performance of Eurozone, its main trade partner and primary generator of capital flows and the relatively low direct exposure to the Chinese economy.

Overall, the region's deficit in energy resources together with the much higher than the EU average energy intensity exacerbate the energy consumption bill. Lower-on an annual basis- energy costs continue to keep inflation pressures at bay, supporting real disposable incomes and provide more flexibility to household, corporate, and sovereign balance sheets. The positive boost on growth momentum stemming from lower energy prices will extend in the next year as well but inevitably will fade away. In any case, the countries of the region, particularly those of continental Southeast Europe need to accelerate structural reforms in order to generate sustainable growth in the medium term and speed up the convergence of living standards with EU-28 in the foreseeable future.

Factoring in the better than expected first half output performance, full year growth in Bulgaria is now projected to be higher than in 2014. The high energy consumption intensity plus the lower world energy prices, the lagged effect from the depreciation trend of the Euro to which the local currency is pegged, and the resilience of Euro area the main trade partner- imply significant terms of trade gains which already have translated into increased net exports activity. In addition, the improvement in the domestic labour market and the positive real wage growth is feeding into domestic demand. Meanwhile, the process of reforming banking sector supervision is underway. The reform process will culminate in an asset quality review and stress test of banks, the results of which will be made public no later than end-August 2016.

The growth performance in Romania is above the regional average for a consecutive year in 2015. Sustained improvement in private spending is supported by robust real wage growth both in the private and public sector, improved consumer sentiment, some labour market tightening and a continued turnaround of domestic credit dynamics. On the negative side, the tax-cuts induced by the amended

Fiscal Code and the wide-spread public sector wage rises threaten to push the fiscal deficit close to 3% of GDP in 2016 up from a projected 1.8% in 2015.

Serbia is slowly emerging from last year's floods induced recession, benefiting from low energy prices and the Euro-area resilience, which have helped to contain the short-term fiscal consolidation effects. The positive assessment from IMF on the precautionary agreement first review and the budget over performance so far this year, provided room for further-more aggressive than envisaged by the markets-NBS monetary easing in a more predictable domestic environment.

The economy of Cyprus, a visible turnaround paradigm, will most probably post the first annual positive growth rate in 2015 after three consecutive years of recession. Cyprus has made significant adjustment progress within the programme in the last two and a half years in a number of areas including and not limited to restoring the health of the banking sector, the complete lift of capital controls, the fixing of the public finances and the addressing of earlier macroeconomic imbalances. The parliamentary endorsement of the long delayed new personal and corporate insolvency framework has put the Economic Adjustment Programme fully back on track in mid-June, paving the way for the completion of the combined reviews (5th-6th-7th) and the disbursement of additional funding. More importantly, the approval of the reviews allowed Cyprus to continue taking advantage of the ECB QE program. The 8th review which was endorsed in late September, focused among other important issues primarily on addressing the issue of untitled property sales by developers with partial success. Looking ahead, the next review will focus on the issue of legislation enabling the sale of loans in line with the Central Bank regulations. In addition, the issue of untitled property sales will have to be also settled for the new real estate transactions. By the end of the year, the government will also have to speed up the reform of the Public service (including the wage setting framework), the implementation of the privatization program and legislation facilitating the securitization of assets. While Cyprus is set to graduate successfully from the program in March 2016, authorities will have to deal in the medium term with the high stock of NPLs, credit scarcity and high unemployment, while ensuring high primary surpluses.

Regarding the outlook for the next 12 months, the main risks and uncertainties stem from the current macroeconomic environment in Greece. In particular a) delays in the implementation of the agreed reforms in order to achieve the timely completion of the first program review that represents a key prerequisite for the release of additional official funding under the 3-year ESM loan facility and the initiation of official discussions on additional debt relief measures to Greece b) the new fiscal austerity package agreed under the new bailout program and the effect in the real economy and c) the restrictions in the free movement of capital with their negative impact on the economic activity, would have potentially adverse effect on the liquidity and solvency of the Greek banking sector. Continuation of the recession could affect the prospects of the Greek banking system leading to the deterioration of asset quality, increased dependence by the Eurosystem funding, particularly the expensive ELA mechanism and further pressures on revenue side from increased funding cost and lower fees and commission income.

On the other hand, the demonstrated resilience of the Greek economy in the first half of 2015, a swift resolution of uncertainty as regards current negotiations with the Institutions on the first program review, the successful recapitalization of the domestic banking system, the lift of capital controls and the mobilization of EU funding to support domestic investment and job creation would facilitate a stabilization of the domestic environment and a resumption of positive economic growth as early as in the second half of 2016. The restoration of confidence, the attraction of new investments and the revival of economic growth remain key challenges. The decisive implementation of the measures agreed in the context of the new ESM program and the completion of banks' recapitalization will permit ECB to reinstate the waiver for the instruments issued or guaranteed by the Hellenic Republic and will signal the gradual repatriation of deposits in the banking system and the re-access to the markets for liquidity.

Board of Directors

On 1 February 2015, following the resignation of the Chairman of the Board of Directors Mr. Panayotis-Aristidis A. Thomopoulos and of the Chief Executive Officer, Mr. Christos I. Megalou, the Board of Directors appointed Mr. Nikolaos V. Karamouzis as new Board member, resolved on its reconstitution as a body with Mr. Nikolaos Karamouzis as Chairman and appointed Mr. Fokion Karavias as Chief Executive Officer.

REPORT OF THE DIRECTORS

Following the acceptance by the Minister of Finance of the resignation of Mr. Dimitrios A. Georgoutsos from the position of the Greek State representative, the Minister of Finance decided to appoint Mrs. Christina G. Andreou as the Greek State's representative in the Bank's Board of Directors, whose term commenced on 6.3.2015, with the publication of the Minister's decision in the Government Gazette, and expires at the end of the Bank's participation in the provisions of L.3723/2008. The Board of Directors of the Bank at its meeting of 10.3.2015 incorporated the new representative of the Greek State to the Board of Directors as an additional non-executive member, in accordance with the provisions of L.3723/2008.

Furthermore, the Extraordinary General Meeting of the Bank's shareholders of April 28, 2015, elected as new Board members Messrs. Stavros Ioannou and Theodoros Kalantonis while at the same day the Board re-constituted as a body and appointed the newly elected members as Deputy Chief Executive Officers.

Finally, the Board of Directors of the Bank at its meeting of May 13, 2015, elected Mr. Stephen L. Johnson as a new independent non-executive Director, in replacement of the resigned independent non-executive Director Mr. Josh P. Seegopaul.

It is noted that the Annual General Meeting of the Bank's shareholders of June 26, 2015, decided to extend the term of office of the current Board until 2018, and particularly by 27.6.2018, prolonged until the end of the period the Annual General Meeting for the year 2018 will take place. The Bank's Board of Directors is set out in note 30 to the consolidated accounts. Personal details of the Directors are available on the website of Eurobank (www.eurobank.gr).

Related party transactions
All transactions with related parties are entered into the normal course of business and are conducted on an arm's length basis. See also note 32 to the consolidated accounts.

Nikolaos Karamouzis
Chairman

Fokion Karavias
Chief Executive Officer

31 October 2015

III. Auditor's Report on Review of Interim Financial Information

Report on Review of Interim Financial Information

To the Shareholders of EUROBANK ERGASIAS S.A.

Introduction

We have reviewed the accompanying condensed company and consolidated balance sheet of EUROBANK ERGASIAS S.A. (the "Bank") and its subsidiaries ("the Group") as of 30 June 2015 and the related condensed company and consolidated statements of income and comprehensive income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, that comprise the interim condensed financial information and which form an integral part of the six-month financial report as required by article 5 of L.3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Emphasis of Matter

Without qualifying our conclusion we draw attention to the disclosures made in notes 2 and 6 of the consolidated interim condensed financial information, which refer to the current economic conditions in Greece, the effects of the increased credit risk provisions on the Group's regulatory capital, the planned actions to restore the capital adequacy of the Group, as well as to the material uncertainties regarding the macroeconomic environment, the development of fiscal aggregates and the framework and process with respect to the recapitalization of the Greek banks. These material uncertainties may cast significant doubt on the Group's ability to continue as a going concern.

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Reference to Other Legal and Regulatory Requirements

Our review has not revealed any inconsistency or discrepancy of the other information of the six-month financial report, as required by article 5 of L.3556/2007, with the accompanying interim condensed financial information.

Athens, 31 October 2015

The Certified Auditor

PricewaterhouseCoopers S.A.
Certified Auditors
268 Kifissias Avenue
152 32 Halandri
Soel Reg. No 113

Marios Psaltis
Soel Reg. No 38081

IV. Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2015

EUROBANK ERGASIAS S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2015

8 Othonos Street, Athens 105 57, Greece

www.eurobank.gr, Tel.: (+30) 210 333 7000

Company Registration No: 000223001000

Consolidated Interim Balance Sheet

	Note	30 June 2015 € million	31 December 2014 € million
ASSETS			
Cash and balances with central banks		**2,069**	1,948
Due from credit institutions		**3,651**	3,059
Financial instruments at fair value through profit or loss		**268**	360
Derivative financial instruments		**1,650**	2,134
Loans and advances to customers	14	**41,070**	42,133
Investment securities	15	**17,431**	17,849
Property, plant and equipment		**691**	702
Investment property	16	**877**	876
Intangible assets		**151**	150
Deferred tax assets	12	**4,432**	3,894
Other assets	18	**2,102**	2,143
Assets of disposal group classified as held for sale	13	**152**	270
Total assets		**74,544**	75,518
LIABILITIES			
Due to central banks	19	**32,677**	12,610
Due to credit institutions	20	**988**	10,256
Derivative financial instruments		**2,427**	2,475
Due to customers	21	**31,009**	40,878
Debt securities in issue	22	**640**	811
Other liabilities	23	**2,015**	2,020
Liabilities of disposal group classified as held for sale	13	**116**	164
Total liabilities		**69,872**	69,214
EQUITY			
Ordinary share capital	24	**4,411**	4,412
Share premium	24	**6,683**	6,682
Reserves and retained earnings		**(8,103)**	(6,485)
Preference shares	25	**950**	950
Total equity attributable to shareholders of the Bank		**3,941**	5,559
Preferred securities	26	**77**	77
Non controlling interests		**654**	668
Total equity		**4,672**	6,304
Total equity and liabilities		**74,544**	75,518

Notes on pages 6 to 40 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Income Statement

	Note	Six months ended 30 June 2015 € million	Six months ended 30 June 2014 € million	Three months ended 30 June 2015 € million	Three months ended 30 June 2014 € million
Net interest income		**751**	743	**378**	376
Net banking fee and commission income		**106**	95	**53**	49
Net insurance income		**18**	17	**8**	8
Income from non banking services		**25**	22	**12**	12
Dividend income		**2**	2	**1**	2
Net trading income		**(10)**	13	**(5)**	7
Gains less losses from investment securities		**22**	55	**5**	33
Net other operating income		**8**	4	**7**	3
Operating income		**922**	951	**459**	490
Operating expenses	9	**(494)**	(535)	**(247)**	(268)
Profit from operations before impairments and non recurring income/(expenses)		**428**	416	**212**	222
Impairment losses on loans and advances	10	**(2,138)**	(934)	**(1,836)**	(455)
Other impairment losses	11	**(75)**	(64)	**(52)**	(24)
Restructuring costs and other non recurring income/(expenses)	11	**(3)**	92	**(1)**	(8)
Share of results of associated undertakings and joint ventures		**0**	0	**(0)**	0
Profit/(loss) before tax		**(1,788)**	(490)	**(1,677)**	(265)
Income tax	12	**440**	137	**410**	60
Non recurring tax adjustments	12	**-**	82	**-**	5
Net profit/(loss) from continuing operations		**(1,348)**	(271)	**(1,267)**	(200)
Net profit/(loss) from discontinued operations	13	**(53)**	(227)	**(46)**	(95)
Net profit/(loss)		**(1,401)**	(498)	**(1,313)**	(295)
Net profit/(loss) attributable to non controlling interests		**11**	10	**5**	6
Net profit/(loss) attributable to shareholders		**(1,412)**	(508)	**(1,318)**	(301)
		€	€	**€**	€
Earnings/(losses) per share					
-Basic and diluted earnings/(losses) per share	8	**(0.10)**	(0.06)	**(0.09)**	(0.03)
Earnings/(losses) per share from continuing operations					
-Basic and diluted earnings/(losses) per share	8	**(0.09)**	(0.03)	**(0.09)**	(0.02)

Notes on pages 6 to 40 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Statement of Comprehensive Income

	Six months ended 30 June				Three months ended 30 June			
	2015		2014		2015		2014	
	€ million		€ million		€ million		€ million	
Net profit/(loss)		**(1,401)**		(498)		**(1,313)**		(295)
Other comprehensive income:								
Items that are or may be reclassified subsequently to profit or loss:								
Cash flow hedges								
- net changes in fair value, net of tax	**20**		(2)		**16**		1	
- transfer to net profit, net of tax	**(4)**	**16**	10	8	**(3)**	**13**	4	5
Available for sale securities								
- net changes in fair value, net of tax	**(209)**		58		**(202)**		34	
- transfer to net profit, net of tax	**(8)**	**(217)**	(43)	15	**7**	**(195)**	(28)	6
Foreign currency translation								
- net changes in fair value, net of tax	**(5)**	**(5)**	(7)	(7)	**(7)**	**(7)**	2	2
Other comprehensive income		**(206)**		16		**(189)**		13
Total comprehensive income attributable to:								
Shareholders								
- from continuing operations	**(1,562)**		(258)		**(1,459)**		(194)	
- from discontinued operations	**(56)**	**(1,618)**	(234)	(492)	**(48)**	**(1,507)**	(94)	(288)
Non controlling interests								
- from continuing operations	**11**		10		**5**		6	
- from discontinued operations	**(0)**	**11**	(0)	10	**(0)**	**5**	(0)	6
		(1,607)		(482)		**(1,502)**		(282)

Notes on pages 6 to 40 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Statement of Changes in Equity

	Total equity attributable to shareholders of the Bank							
	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Preferred securities € million	Non controlling interests € million	Total € million
Balance at 1 January 2014	1,641	6,669	3,658	(8,753)	950	77	281	4,523
Net profit/(loss)	-	-	-	(508)	-	-	10	(498)
Other comprehensive income	-	-	16	-	-	-	0	16
Total comprehensive income for the six months ended 30 June 2014	-	-	16	(508)	-	-	10	(482)
Share capital increase, net of expenses	2,771	12	-	-	-	-	-	2,783
Acquisition/changes in participating interests in subsidiary undertakings	-	-	-	(45)	-	-	376	331
(Purchase)/sale of treasury shares	(0)	(0)	-	-	-	-	-	(0)
Deferred tax on treasury shares' and preferred securities' transactions	-	-	-	11	-	-	-	11
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(12)	(12)
Share-based payment:								
- Value of employee services	-	-	(0)	-	-	-	-	(0)
	2,771	12	(0)	(34)	-	-	364	3,113
Balance at 30 June 2014	4,412	6,681	3,674	(9,295)	950	77	655	7,154
Balance at 1 January 2015	**4,412**	**6,682**	**3,293**	**(9,778)**	**950**	**77**	**668**	**6,304**
Net profit/(loss)	-	-	-	(1,412)	-	-	11	**(1,401)**
Other comprehensive income	-	-	(206)	-	-	-	0	**(206)**
Total comprehensive income for the six months ended 30 June 2015	**-**	**-**	**(206)**	**(1,412)**	**-**	**-**	**11**	**(1,607)**
Acquisition/changes in participating interests in subsidiary undertakings	-	-	-	(0)	-	-	(2)	**(2)**
(Purchase)/sale of treasury shares	(1)	1	-	(0)	-	-	-	**(0)**
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(24)	**(24)**
Share-based payment:								
- Value of employee services	-	-	0	-	-	-	1	**1**
	(1)	**1**	**0**	**(0)**	**-**	**-**	**(25)**	**(25)**
Balance at 30 June 2015	**4,411**	**6,683**	**3,087**	**(11,190)**	**950**	**77**	**654**	**4,672**
	Note 24	Note 24			Note 25	Note 26		

Notes on pages 6 to 40 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Cash Flow Statement

	Note	Six months ended 30 June 2015 € million	2014 € million
Cash flows from continuing operating activities			
Profit/(loss) before income tax from continuing operations		**(1,788)**	(490)
Adjustments for :			
Impairment losses on loans and advances		**2,138**	934
Other impairment losses and provisions		**75**	(35)
Depreciation and amortisation		**43**	52
Other (income)/losses on investment securities	28	**(66)**	(126)
(Income)/losses on debt securities in issue		**(4)**	(25)
Other adjustments		**(3)**	6
		395	316
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(77)**	180
Net (increase)/decrease in financial instruments at fair value through profit or loss		**68**	14
Net (increase)/decrease in due from credit institutions		**(214)**	(201)
Net (increase)/decrease in loans and advances to customers		**(1,067)**	845
Net (increase)/decrease in derivative financial instruments		**483**	2
Net (increase)/decrease in other assets		**19**	(32)
Net increase/(decrease) in due to credit institutions		**10,795**	(6,415)
Net increase/(decrease) in due to customers		**(9,869)**	676
Net increase/(decrease) in other liabilities		**(84)**	(89)
		54	(5,020)
Income taxes paid		**(4)**	(31)
Net cash from/(used in) continuing operating activities		**445**	(4,735)
Cash flows from continuing investing activities			
Purchases of property, plant and equipment and intangible assets		**(40)**	(199)
Proceeds from sale of property, plant and equipment and intangible assets		**10**	12
(Purchases)/sales and redemptions of investment securities		**179**	1,783
Acquisition of subsidiaries net of cash acquired		**(13)**	-
Disposal of holdings in subsidiaries, associated undertakings and joint ventures		**6**	139
Dividends from investment securities, associated undertakings and joint ventures		**2**	1
Net cash from/(used in) continuing investing activities		**144**	1,736
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt securities in issue		**(169)**	155
Proceeds from share capital increase (SCI)		**-**	2,864
Expenses paid for SCI		**-**	(104)
(Purchase)/sale of treasury shares		**(0)**	(0)
Dividends distributed by subsidiaries attributable to non-controlling interests (NCI)		**(24)**	(12)
Contribution to subsidiaries' share capital increase by NCI, net of expenses		**-**	192
Net cash from/(used in) continuing financing activities		**(193)**	3,095
Effect of exchange rate changes on cash and cash equivalents		**0**	4
Net increase/(decrease) in cash and cash equivalents from continuing operations		**396**	100
Net cash flows from discontinued operating activities		**(44)**	(7)
Net cash flows from discontinued investing activities		**21**	2
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**(23)**	(5)
Cash and cash equivalents at beginning of period	28	**1,978**	1,951
Cash and cash equivalents at end of period	28	**2,351**	2,046

Notes on pages 6 to 40 form an integral part of these condensed consolidated interim financial statements

1. General information

Eurobank Ergasias S.A. (the 'Bank') and its subsidiaries (the 'Group') are active in retail, corporate and private banking, asset management, insurance, treasury, capital markets and other services. The Bank is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Group operates mainly in Greece and in Central, Eastern and Southeastern Europe.

These condensed consolidated interim financial statements were approved by the Board of Directors on 31 October 2015.

2. Principal accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and they should be read in conjunction with the Group's published consolidated annual financial statements for the year ended 31 December 2014. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

Going concern considerations

The interim financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate, taking into consideration the following:

Macroeconomic environment

Since May 2010, Greece has undertaken significant structural reforms to restore competitiveness and promote economic growth through a program agreed with the European Union (EU), the European Central Bank (ECB) and the International Monetary Fund (IMF) ('the Institutions'). This had led to a significant fiscal consolidation with a primary surplus of 1% of GDP in 2013 and a primary balance of 0% of GDP in 2014, but also to reform fatigue and social unrest. After the parliamentary elections of 25 January 2015, the new Greek government negotiated and managed to achieve a four-month extension of the Master Financial Assistance Facility Agreement (MFFA) on 20 February 2015. Following the prolonged discussions between the Greek Government and the Institutions, the extension of the MFFA expired on 30 June 2015 without a successful conclusion of the review or a new extension. After the imposition of capital controls and a referendum that led to the rejection of the Eurozone proposal as this was tabled in the negotiations before the expiration of the MFFA, the government restarted the negotiations over a new 3-year European Stability Mechanism (ESM) program with a ca € 86 bn financing envelope, which will permit Greece to service its debt, recapitalize its banks, clear accumulated arrears and finance its budgets. A Preliminary Agreement was reached in the 13 July 2015 Euro Summit. The final agreement on the 3-year ESM program together with an additional series of prerequisite structural reforms passed in the Greek Parliament and got the approval of the Eurogroup on 14 August 2015. The reforms included in the new program aim to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration. The first installment of the new loan of € 26 bn consists of two sub-tranches: a) € 16 bn of which € 13 bn were disbursed on 20 August 2015 and b) € 10 bn which have been approved for the upcoming banks' recapitalization. On 20 August the Greek Prime Minister announced the resignation of the government and called early elections, which were held on 20 September 2015.

On 8 October 2015, the new coalition government, consisting of the same parties, won the confidence vote for its programmatic statements in the Greek Parliament, paving the way for the implementation of the agreed reforms in order to achieve the timely completion of the first program review, that represents a key prerequisite for i) the release of additional official funding under the 3-year ESM loan facility and ii) the initiation of official discussions on additional debt relief measures to Greece.

In this context, the restrictions in the free movement of capital with their negative impact on the economic activity, and the effect of the new fiscal discipline package agreed under the new bailout program, create material uncertainties on the current Greek macroeconomic environment, with potentially adverse effects on the liquidity and solvency of the Greek banking sector. On the other hand, the demonstrated resilience of the Greek economy, a swift resolution of uncertainty as regards current negotiations with the Institutions on the first program review, the successful recapitalization of the domestic banking system and the mobilization of EU funding to support domestic investment and job creation would facilitate a stabilization of the domestic environment and a resumption of positive economic growth as early as in the second half of 2016.

Liquidity risk

Liquidity, of the whole Greek banking sector, was negatively affected in the first two months of 2015 due to the combined effect of deposit withdrawals, reduction of wholesale secured funding and the decision of ECB to lift the waiver of minimum credit rating requirements for marketable instruments issued or guaranteed by Hellenic Republic (i.e. Greek government bonds and Pillar 2 & 3 of the Law 3723/2008). As a result, Greek banks reverted to the fallback funding source, the Emergency Liquidity Assistance (ELA) mechanism to cover their short term liquidity needs.

The prolonged negotiations of the Greek government with the Institutions until the expiration of the extension of the MFFA on 30 June 2015, led to increased uncertainty and significant deposit outflows. With banks' liquidity buffers falling to significantly low levels, the Greek government on 28 June 2015 introduced restrictions on banking transactions and a temporary bank holiday, in order to contain further liquidity outflows. Following the termination of the bank holiday in Greece on 20 July 2015, there has been some gradual relaxation of capital controls with the easing process expected to continue in the following months, being accelerated after the completion of banks' recapitalization.

In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system. The decisive implementation of the measures agreed in the context of the new ESM program and the completion of banks' recapitalization will permit ECB to reinstate the waiver for the instruments issued or guaranteed by the Hellenic Republic and will signal the gradual repatriation of deposits in the banking system and the re-access to the markets for liquidity.

Solvency risk

Despite the fact that the Greek economy showed early signs of recovery during 2014 for the first time since 2007, there are significant downside risks associated with fiscal gap funding uncertainties (as described earlier) and the low levels of investment and consumption levels, which may undermine in the short-term the pace of recovery. The current adverse economic conditions in Greece, including the imposition of capital restrictions, had a negative impact on the liquidity of the Greek banks and raised concerns regarding their solvency position. The new ESM Program agreed between Greece and its European partners in August 2015 includes a buffer of up to € 25 bn for the banking sector in order to address potential banks' recapitalization needs of viable banks and resolution costs of non viable banks, in full compliance with EU competition and State Aid rules.

ECB Comprehensive assessment 2015

In this context, a comprehensive assessment of the Greek banks ('CA') was conducted by the competent supervisory authorities in order to determine their potential capital needs. The results of the CA have been derived taking into account the combined effect of i) an Asset Quality Review (AQR), by reviewing the quality of the Bank's assets, including the adequacy of asset and collateral valuation and related provisions and ii) a forward looking Stress Test based on 6-month 2015 preliminary data so as to assess the resilience of the Greek banks' balance sheets to stress test scenarios for the period 2015-2017. The results of the CA were announced on 31 October 2015 (note 6).

The sufficient specification of the framework for actions to be taken to ensure financial stability and to strengthen the viability of Greek financial institutions (including the funds for potential recapitalization needs) may entail the prior contribution (burden sharing) of the Bank's issued instruments in reducing the capital shortfall by end of 2015. The State Aid rules in force since 1 August 2013 stipulate that in the event that HFSF participates in the capital increase, the prior contribution of preferred securities holders and subordinated creditors is required to reduce the capital shortfall. In addition, unsecured senior liabilities non preferred by mandatory provisions of law may also be eligible instruments for contributing in the potential recapitalization, taking into account the 14 August Eurogroup statement that bail-in will apply for senior debt bondholders, whereas bail in of depositors is excluded (note 6).

The above conditions pose a significant challenge for the Group, the capital adequacy of which was comfortably above the minimum required level a few months ago, following the 14 April 2014 share capital increase of € 2,864 million, fully covered by private investors. The Group expects that the recapitalization process will be completed within the set deadlines constituting a key milestone for rebuilding trust in the banking system and in the economy in general.

Going concern assessment

Notwithstanding the conditions and uncertainties mentioned above, the Board of Directors having considered the mitigating factors set out below, have a reasonable expectation that the Group will complete within a specific timeframe all actions and initiatives scheduled to cover the capital shortfall that arose from the recent assessment of the Group's capital needs by ECB. Hence they are satisfied that the financial statements of the Group can be prepared on a going concern basis:

- The existence of the new 3-year ESM program with a ca € 86 bn financing envelope (including the up to € 25 bn recapitalization facility), aiming to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration,

- The authorities' commitment to take decisive measures to safeguard the stability in the financial sector, such as the draft law specifying the banks' recapitalization framework, that was submitted to the Greek Parliament on 30 October 2015 (note 6),

- The Institutions' and the Greek government's commitment to take decisive actions on non performing loans,

- The Group continues the implementation of its medium term internal capital generating plan, which includes initiatives generating or releasing Common Equity Tier I capital and/or reducing risk weighted assets and

- The Group's continued access to Eurosystem funding (ECB and ELA liquidity facilities) over the foreseeable future.

The accounting policies and methods of computation in these condensed consolidated interim financial statements are consistent with those in the published consolidated annual financial statements for the year ended 31 December 2014, except as described below.

(a) Acquisitions of subsidiaries not meeting the definition of a business

The following accounting policy was added, compared to the principal accounting policies of the Group in the consolidated financial statements for the year ended 31 December 2014:
For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the consideration to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill. For information regarding acquisitions of subsidiaries not meeting the definition of a business during 2015, refer to note 17.

(b) Amendments to standards and new interpretations adopted by the Group

The following amendments to standards and new interpretations, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and endorsed by the European Union (EU), apply from 1 January 2015:

Annual Improvements to IFRSs 2011-2013 Cycle

The amendments introduce key changes to three IFRSs, following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project, as follows:

- Clarify that IFRS 3 'Business Combinations' does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
- Clarify that the exception in IFRS 13 'Fair Value Measurement' for measuring the fair value of a group of financial assets and financial liabilities on a net basis applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 'Financial Instruments: Recognition and Measurement' or IFRS 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities under IAS 32 'Financial Instruments: Presentation';
- Address the interrelationship between IFRS 3 'Business Combinations' and IAS 40 'Investment Property', clarifying in the latter that an entity should assess whether: (a) the acquired property is investment property under IAS 40 and (b) the acquisition of investment property constitutes a business combination as defined in IFRS 3.

The adoption of the amendments had no impact on the Group's condensed consolidated interim financial statements.

IFRIC 21, Levies

IFRIC 21 Levies clarifies that an entity recognizes a liability for a levy that is not income tax when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching

a minimum threshold, for example a specified level of revenue, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.
The adoption of the interpretation had no impact on the Group's condensed consolidated interim financial statements. See also note 31.

3. Critical accounting estimates and judgments in applying accounting policies

In the process of applying the Group's accounting policies, the Group's Management makes various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognized in the financial statements. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In view of the significant risks and uncertainties that stem from the current macroeconomic environment in Greece and their impact on the prospects of the Greek economy until 2016 that are largely depended on the factors described in note 2, including the effectiveness of the new fiscal discipline measures and the implementation pace of the several structural reforms, the Group revisited the significant judgments and key sources of estimation uncertainty in applying its accounting policies, as these are provided in its published consolidated financial statements for the year ended 31 December 2014. Accordingly, in the second quarter of 2015, the Group formulated the key assumptions and sources of estimation uncertainty that entail a significant risk of resulting in a material adjustment to the carrying amounts of the reported assets and liabilities, as further described in notes 2, 5, 10, 12 and 27.

4. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008 as in force, as follows:

(a) First stream - preference shares
345,500,000 non-voting, preference shares, with nominal value of € 950 million, were subscribed to by the Hellenic Republic on 21 May 2009 (note 25).

(b) Second stream - bonds guaranteed by the Hellenic Republic
As at 30 June 2015, the government guaranteed bonds, of face value of € 16,453 million, were fully retained by the Bank. In January 2015, the Bank issued new government guaranteed bonds of face value of € 2,736 million while by the end of October 2015, the face value of government guaranteed bonds fully retained by the Bank, was decreased by € 2,410 million (note 22).

(c) Third stream - lending of Greek Government bonds
Liquidity obtained under this stream must be used to fund mortgages and loans to small and medium-size enterprises. As at 30 June 2015, the Bank had borrowed special Greek Government bonds of face value of € 1,918 million, which were returned in full in August 2015.

Under Law 3723/2008, for the period the Bank participates in the program through the preference shares or the guaranteed bonds (streams (a) and (b) above) the Hellenic Republic is entitled to appoint its representative to the Board of Directors with the right to veto resolutions of strategic character or resolutions which materially alter the legal or financial position of the Bank and require the General Assembly's approval or resolutions related to the dividends' distribution and the remuneration policy concerning the Board members and the General Managers and their deputies, pursuant to a relevant decision of the Minister of Finance or in the event such representative considers that the resolution may jeopardize the interests of the depositors or materially affect the solvency and the orderly operation of the Bank.

In addition, under Law 3756/2009 as in force, any distribution of profits to ordinary shareholders of the banks participating in the first stream of the Greek Economy Liquidity Support Program for the financial years 2008 to 2013 could only take place in the form of ordinary shares, other than treasury shares. In addition, under Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

5. Credit exposure to Greek sovereign debt

As at 30 June 2015, the total carrying value of Greek sovereign major exposures amounted to € 5,051 million (31 December 2014: € 5,728 million). This includes (a) Treasury Bills of € 2,291 million (31 December 2014: € 2,410 million), (b) Greek Government Bonds (GGBs) of € 1,420 million (31 December 2014: € 1,584 million), (c) derivatives with the Greek State of € 848 million (31 December 2014: € 1,102 million), (d) exposure of € 207 million relating with a Greek Sovereign risk financial guarantee (31 December 2014: € 204 million), (e) loans guaranteed by the Greek State of € 173 million (31 December 2014: € 198 million), (f) loans to Greek local authorities and public organizations of € 93 million (31 December 2014: € 103 million), and (g) other receivables of € 19 million (31 December 2014: € 20 million). Reverse repo agreements with public organizations matured in January 2015 (31 December 2014: € 107 million).

As at 30 June 2015, given the challenging financial situation in Greece, the Group evaluated the recoverability of its exposure to Greek sovereign debt, considering the existing economic conditions, the forecast for the Greek economy in the context of the new financial assistance program agreed with the official sector and the financial markets' trends.

Although the agreement for Greece's third bail-out program significantly reduced the country's risk of default and the uncertainty in the markets, the risks that relate with the implementation of the fiscal discipline measures, the structural reforms agenda and the achievement of the agreed fiscal targets still remain, resulting in the continuance of the uncertainty over the prospects of the Greek economy and the capacity of the Greek state to service its sovereign debt.

Notwithstanding the risks and uncertainties mentioned above, the Group, having considered the agreed actions for the Greek economy's revival and the commitments for the stability of the financial sector, has not recognized any impairment losses for Greek sovereign debt securities. Information for the fair values of Greek sovereign exposures carried at fair value is provided in notes 15 and 27.

The adequacy of the impairment allowance for loans and receivables either guaranteed by the Greek state or granted to public related entities was evaluated in the context of the Group's impairment policy and critical accounting estimates' reassessment (note 10).

The Group monitors the developments for the Greek debt crisis closely in order to adjust appropriately its estimates and judgments based on the latest available information.

6. Capital management

Recapitalization framework and process

On 23 July 2015, the Directive 2014/59/EU for the recovery and resolution of credit institutions and investment firms (BRRD) was transposed into Greek Law by virtue of Law 4335/2015, with the exception of its provisions on the bail-in tool which shall be applicable as at 1 January 2016. The said Directive has also been enacted into the national legislation of Bulgaria, Serbia and Romania where the Group has activities.

Pursuant to Law 4335/2015, with respect to Greek credit institutions, the Bank of Greece (BoG) has been designated as the national resolution authority and the Resolution Branch of the Hellenic Deposit and Investment Guarantee Fund ('HDIGF') as the national resolution fund. The powers provided to the said competent Greek authorities are divided into three categories: (a) preparation and prevention with preparatory steps such as recovery plans while BoG prepares a resolution plan for each credit institution, (b) early intervention with predetermined measures at an early stage so as to avoid insolvency and (c) resolution if insolvency of an institution presents a concern as regards the general public interest.

In the context of the said law (article 32 of Law 4335/2015), BoG has the power to apply a set of resolution tools individually or in combination, in case certain trigger conditions for resolution are met as follows: (a) the determination that the institution is failing or is likely to fail, (b) there is no reasonable prospect that any alternative private sector measures or supervisory action taken in respect of the institution, would prevent the failure of the institution within a reasonable timeframe and (c) there is a necessity of a resolution action in favor of the public interest.

The said resolution tools are the following: (a) sale of business, (b) bridge institution, (c) asset separation (which may be used only in conjunction with other tools) and (d) as of 1 January 2016 the bail-in tool.

Additionally, in adverse conditions of a systemic crisis, extraordinary public financial support may be provided through (additional) financial stabilization tools, which consist of public equity support and temporary public ownership (articles 57 and 58 of Law

4335/2015). As of 1 January 2016, for the said public financial support to be provided, shareholders, holders of other instruments of ownership, holders of relevant capital instruments and other eligible liabilities need to have contributed, through write down, conversion or otherwise, to loss absorption and recapitalization equal to an amount not less than 8 % of total liabilities including own funds of the institution under resolution (article 56 of Law 4335/2015).

According to Law 4336/2015, it is provided that all the necessary political actions for the assurance of financial stability and the enforcement of the viability of the banking sector shall be taken. The principal strategic concern shall focus on the restoration of financial stability and improvement of the banks' viability through the following measures: i) normalization of liquidity and payment conditions and enforcement of banking assets, ii) enforcement of corporate governance and iii) dealing with the problem of non-performing loans. In this context, a capital buffer of up to € 25 bn is provided to address potential recapitalization needs of viable banks and the resolution cost of non-viable banks, in full compliance with the regulations of the EU for competition and public assistance.

On 30 October 2015, the Greek Government submitted to the Greek Parliament a draft law which amends the law regarding the Hellenic Financial Stability Fund (i.e. Law 3864/2010 as in effect and applied until today), in order to align it with the integration of the BRRD directive and the new recapitalization framework.

The most significant changes of Law 3864/2010 in the abovementioned draft law with respect to the recapitalization framework are set out below:

According to article 6 of Law 3864/2010, as amended by the present draft law, in case the credit institution has a capital shortfall, it may submit a request for capital support to HFSF up to the amount of the shortfall, as determined by the competent authority (either the European Central Bank in the context of the SSM or Bank of Greece). The request is followed by a letter of the competent authority, which defines the amount of the capital shortfall, the conclusive date by which the credit institution shall cover the abovementioned capital shortfall and the capital raising plan as submitted to the competent authority. The said request is also followed by an amendment draft of the already approved by the European Commission restructuring plan, or alternatively by a draft restructuring plan, as the case may be.

According to article 6a, in the event that the voluntary measures set out in the credit institution's restructuring plan or amended restructuring plan, as the case may be, are insufficient to cover its capital shortfall and there is a need to avoid significant side effects to the economy with adverse effects upon the public, and in order to ensure that the use of public funds remains the minimum necessary, the Cabinet, following a recommendation by the Bank of Greece, would issue an Act for the mandatory application of the measures provided in this article 6a (burden-sharing measures), aimed at allocating the residual amount of the capital shortfall of the credit institution to the holders of its capital instruments and other obligations, as may be deemed necessary. The unsecured senior liabilities non preferred by mandatory provisions of law have been added to the instruments, whose nominal value may be reduced or which may be converted to ordinary shares in order to restore capital adequacy as required by the competent authority.

It is also provided that in case of conversion of the preference shares of Law 3723/2008 into ordinary shares in accordance with article 6a of Law 3864/2010, the HFSF acquires ownership of such ordinary shares.

According to new article 6b, in case the Minister of Finance decides -in accordance with the provisions of article 56 of Law 4335/2015- to implement (as a financial stabilization tool) the public equity support tool of article 57 of Law 4335/2015, HFSF participates in the recapitalization of the credit institution and receives in exchange Common Equity Tier 1 (CET1) instruments and additional Tier 1 instruments or Tier 2 instruments, described in article 57, par. 1 of Law 4335/2015.

According to article 7, the HFSF provides capital support as determined by the competent authority, but only up to the amount of the relevant credit institution's capital shortfall remaining outstanding after the implementation of the voluntary measures and mandatory (burden-sharing) measures provided in article 6 and following any potential participation of private investors and the approval of the restructuring plan by the European Commission and further following:

(i) completion of the mandatory (burden-sharing) measures of article 6a of Law 3864/2010 and confirmation by the European Commission (as part of the approval of the restructuring plan) that the credit institution concerned falls within the ambit of the exception of the article 32 of Law 4335/2015; or

(ii) placement of the credit institution concerned into resolution (articles 56 and 57 of Law 4335/2015) and taking of the measures required by Law 4335/2015, in each case through HFSF's subscription for ordinary shares, Contingent Convertible Securities (CoCos) or other convertible financial instruments issuable by the credit institution. For these purposes, the HFSF may exercise, dispose of or waive any pre-emption rights in the context of a share capital increase or issue of CoCos or other convertible financial instruments.

The exact proportion of HFSF's participation between ordinary shares, the conditions for the issuance of CoCos or other convertible financial instruments, as well as the conditions for the conversion of such instruments and any other necessary details will be set for in a Cabinet Act.

Furthermore, the subscription price of the new shares is defined as the market price as it occurs from the bookbuilding process of the credit institution. By decision of the General Council of the HFSF, HFSF can accept this price on the basis of a valuation of an independent financial advisor, who estimates that the book building process is in accordance with international best practice at certain circumstances.

Other than the amendments in relation to the recapitalization framework, new provisions are introduced, according to article 10, that allow the HFSF to evaluate the Board and Committees of the credit institutions based on the best international practices.

Capital position

	30 June 2015 € million	Pro-forma 31 December 2014 [1] € million	31 December 2014 € million
Total equity attributable to shareholders of the Bank	**3,941**	5,559	5,559
Add: Regulatory non-controlling interest	**392**	532	532
Less: Goodwill	**(0)**	(4)	(4)
Less: Other regulatory adjustments	**(264)**	(158)	(193)
Common Equity Tier I Capital	**4,069**	5,929	5,894
Add: Preferred securities	**54**	62	62
Less: Other regulatory adjustments	**(54)**	(62)	(62)
Total Tier I Capital	**4,069**	5,929	5,894
Tier II capital-subordinated debt	**98**	141	141
Other regulatory adjustments	**147**	15	15
Total Regulatory Capital	**4,314**	6,085	6,050
Risk Weighted Assets	**38,966**	39,062	36,430
Ratios:	%	%	%
Common Equity Tier I	**10.4**	15.2	16.2
Tier I	**10.4**	15.2	16.2
Capital Adequacy Ratio	**11.1**	15.6	16.6

[1] *pro-forma with the regulatory treatment of eligible Deferred Tax Assets (DTAs) as Deferred Tax Credits (DTCs) (note 12).*

The Group has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ('BIS rules/ratios') and adopted by the European Union and the Bank of Greece in supervising the Bank. As of 1 January 2014 the capital adequacy calculation is based on Basel III (CRDIV) rules. Supplementary to that, in the context of Internal Capital Adequacy Assessment Process ('ICAAP'), the Group considers a broader range of risk types and the Group's risk and management capabilities. ICAAP aims ultimately to ensure that the Group has sufficient capital to cover all material risks that it is exposed to, over a 12-month horizon.

During the last years the Group, apart from the share capital increase of € 2,864 million completed in April 2014, focused on the organic strengthening of its capital position by active derisking of lending portfolios through tighter credit policies and change in the portfolio mix in favor of more secured loans as well as by proceeding to several strategic initiatives to internally generate capital.

Finally, the Group is examining a number of additional initiatives for enhancing its capital base, associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce Risk Weighted Assets.

European Central Bank's 2015 Comprehensive Assessment

The adverse economic conditions in Greece, especially since the second quarter of 2015, had a negative impact on the liquidity of the Greek banks and raised concerns regarding their solvency position (note 2). In accordance with the preliminary agreement of the 12 July 2015 Euro summit, the new ESM program would have to include the establishment of a buffer of € 10 bn to € 25 bn for the banking sector in order to address potential bank recapitalization needs and resolution costs and the ECB /SSM would conduct a CA of the supervised four Greek banks.

In this context, the CA was conducted taking into account the combined effect of:

(a) An Asset Quality Review (AQR), by reviewing the quality of the banks' Greek portfolios, including the adequacy of asset and collateral valuation and related provisions; and

(b) A forward looking Stress Test (ST) to examine the resilience of the banks' balance sheet to a potential further deterioration of market conditions.

Capital adequacy was assessed over a three-year time period (2015-2017) under two ST scenarios: baseline and adverse. According to the ST process, the banks used as reference the preliminary data for the second quarter of 2015 and submitted their 3-year business plans built on base case assumptions: GDP growth as provided from ECB for 2015 -2.3%, 2016 -1.3% and 2017 +2.7%, while the other assumptions, including credit and deposit growth, were based on the four banks Economists' consensus. These business plans were stress-tested by ECB under the baseline and adverse scenarios to assess potential capital shortfalls.

On 31 October 2015, ECB announced the results of the CA on the four systemically important Greek Banks, including the Bank.

CA results for Eurobank

The CA results for Eurobank are summarized as follows:

AQR Results

The AQR constituted a thorough review of the carrying values of the Bank's Greek portfolios as of 30 June 2015 encompassing 98% of the Greek portfolio. The AQR identified additional provisioning needs, leading to a CET1 ratio of 8.6%, after taking into account the entire amount of losses identified in the AQR, which implies a capital shortfall of € 339 million, relative to the threshold of a CET1 ratio of 9.5%. The AQR-adjusted capital position provided the starting point for the Stress Test (ST).

Stress test Results

The ST under the baseline scenario has not triggered further negative impact on the Bank's solvency position, maintaining the post-AQR and baseline scenario CET1 at 8.6%, which corresponds to a capital shortfall of € 339 million, relative to a CET1 ratio of 9.5%, which is the threshold in the baseline scenario of the ST.

The ST under the adverse scenario identified further negative impacts on the Bank's solvency position, leading to a CET1 ratio of 1.3%, which implies a capital shortfall of € 2,122 million, relative to a CET1 ratio of 8%, which is the threshold in the adverse scenario of the ST.

Following these results, the Bank will shortly submit a capital plan to the ECB for approval, describing in detail the measures it intends to implement in order to cover the shortfall identified in the CA, for under both the base and the adverse scenario.

The 2015 AQR is a prudential exercise, which was performed under the same methodology as the 2014 AQR. This methodology was developed by ECB for the purpose of the 2014 CA in order to ensure consistency across banks without introducing greater prescription into the accounting rules outside of the supervisory mechanisms.

The results of the AQR had no effect on the accounting policies applied by the Group for the six months ended 30 June 2015, which are described in note 2 of the Financial Statements for the year ended 31 December 2014. Furthermore, the AQR impact has been already captured in the first half of 2015 to the appropriate extent through the application of the Group's existing impairment accounting policies, which incorporate the constant evaluation and calibration of estimates and judgments based on the latest available information (note 10).

Restructuring plan

On 29 April 2014, the European Commission approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. The Hellenic Republic has committed that the Bank will implement in particular specific measures and actions and will achieve objectives which are integral part of said restructuring plan.

Principal commitments to be implemented by the end of 2018 relate to (a) the reduction of the total costs and the net loan to deposit ratio for the Group's Greek activities, (b) the reduction of the Bank's cost of deposits, (c) the reduction of the Group's foreign assets, (d) the decrease of the shareholding in specific non banking subsidiaries, (e) the securities portfolio deleveraging, and (f) restrictions on the capital injection to the Group's foreign subsidiaries unless the regulatory framework of each relevant jurisdiction requires otherwise, the purchase of non investment grade securities, the staff remuneration, the credit policy to be adopted and other strategic decisions.

In the context of the new recapitalization process, in case that additional State Aid is necessary, the restructuring plan will be revisited and resubmitted for approval to the European Commission. The approval process is expected to be completed within 2015.

Monitoring Trustee

The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund (IMF) and the European Central Bank (ECB) provides for the appointment of a monitoring trustee in all banks under State Aid.

On 22 February 2013, the Bank appointed Grant Thornton as its Monitoring Trustee (MT). The MT monitors compliance with commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and reports to the European Commission.

7. Segment information

Management has determined the operating segments based on the internal reports reviewed by the Executive Board that are used to allocate resources and to assess their performance in order to make strategic decisions. The Executive Board considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business in Greece and other countries in Europe (International). Greece is further segregated into retail, wholesale, wealth management, global and capital markets. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

The Group is organized in the following reportable segments:

- Retail: incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate: incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities.
- Wealth Management: incorporating private banking services, including total wealth management, to medium and high net worth individuals, insurance, mutual fund and investment savings products, and institutional asset management.
- Global and Capital Markets: incorporating investment banking services including corporate finance, merger and acquisitions advice, custody, equity brokerage, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialized financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- International: incorporating operations in Romania, Bulgaria, Serbia, Cyprus, Ukraine and Luxembourg.

Other operations of the Group comprise mainly investing activities, including property management and investment and the management of unallocated capital.

The Group's management reporting is based on International Financial Reporting Standards (IFRS). The accounting policies of the Group's operating segments are the same with those described in the principal accounting policies.

Revenues from transactions between business segments are allocated on a mutually agreed basis at rates that approximate market prices.

Operating segments

	For the six months ended 30 June 2015						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	304	185	21	49	208	(16)	751
Net commission income	14	29	21	(4)	45	1	106
Other net revenue	1	0	31	(9)	4	38	65
Total external revenue	319	214	73	36	257	23	922
Inter-segment revenue	39	9	(32)	(11)	(1)	(4)	-
Total revenue	358	223	41	25	256	19	922
Operating expenses	(241)	(46)	(27)	(40)	(132)	(8)	(494)
Impairment losses on loans and advances	(1,336)	(706)	(12)	(0)	(84)	-	(2,138)
Other impairment losses (note 11)	-	(13)	(5)	(20)	(3)	(34)	(75)
Profit/(loss) before tax from continuing operations before non recurring income/(expenses)	(1,219)	(542)	(3)	(35)	37	(23)	(1,785)
Non recurring income/(expenses) (note 11)	-	0	-	-	-	(3)	(3)
Profit/(loss) before tax from continuing operations[1]	(1,219)	(542)	(3)	(35)	37	(26)	(1,788)
Profit/(loss) before tax from discontinued operations	-	-	-	-	(71)	-	(71)
Non controlling interests	-	-	0	-	(1)	(12)	(13)
Profit/(loss) before tax attributable to shareholders	(1,219)	(542)	(3)	(35)	(35)	(38)	(1,872)

	30 June 2015						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center [2] € million	Total € million
Segment assets	23,260	11,986	1,822	14,872	12,367	10,237	74,544
Segment liabilities	18,044	2,022	2,717	36,928	11,118	(957)	69,872

The International segment is further analysed as follows:

	For the six months ended 30 June 2015						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	62	69	36	29	-	12	208
Net commission income	11	15	6	10	-	3	45
Other net revenue	2	1	1	0	-	0	4
Total external revenue	75	85	43	39	-	15	257
Inter-segment revenue	-	(0)	-	0	-	(1)	(1)
Total revenue	75	85	43	39	-	14	256
Operating expenses	(51)	(38)	(23)	(13)	-	(7)	(132)
Impairment losses on loans and advances	(21)	(32)	(25)	(6)	-	(0)	(84)
Other impairment losses	(1)	(2)	-	-	-	-	(3)
Profit/(loss) before tax from continuing operations[1]	2	13	(5)	20	-	7	37
Profit/(loss) before tax from discontinued operations	-	-	-	-	(71)	-	(71)
Non controlling interests	(1)	-	(0)	-	(0)	-	(1)
Profit/(loss) before tax attributable to shareholders	1	13	(5)	20	(71)	7	(35)

	30 June 2015						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	International € million
Segment assets[3]	3,188	3,076	1,275	3,257	152	1,627	12,367
Segment liabilities[3]	2,995	2,742	902	2,910	253	1,391	11,118

	For the six months ended 30 June 2014						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	238	155	22	128	200	(0)	743
Net commission income	12	31	14	(4)	42	(0)	95
Other net revenue	1	1	53	13	27	18	113
Total external revenue	251	187	89	137	269	18	951
Inter-segment revenue	38	10	(28)	(6)	2	(16)	-
Total revenue	289	197	61	131	271	2	951
Operating expenses	(243)	(50)	(29)	(42)	(143)	(28)	(535)
Impairment losses on loans and advances	(510)	(292)	(3)	(0)	(129)	(0)	(934)
Other impairment losses (note 11)	-	(22)	-	(2)	(32)	(8)	(64)
Profit/(loss) before tax from continuing operations before non recurring income/(expenses)	(464)	(167)	29	87	(33)	(34)	(582)
Non recurring income/(expenses) (note 11)	-	-	-	-	(1)	93	92
Profit/(loss) before tax from continuing operations[1]	(464)	(167)	29	87	(34)	59	(490)
Profit/(loss) before tax from discontinued operations	-	-	-	-	(183)	(70)	(253)
Non controlling interests	-	-	0	-	(1)	(10)	(11)
Profit/(loss) before tax attributable to shareholders	(464)	(167)	29	87	(218)	(21)	(754)

	31 December 2014						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center [2] € million	Total € million
Segment assets	24,107	12,367	2,166	15,527	13,106	8,245	75,518
Segment liabilities	23,508	2,903	4,240	27,381	11,667	(485)	69,214

	For the six months ended 30 June 2014						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	65	60	37	30	-	8	200
Net commission income	12	14	6	8	-	2	42
Other net revenue	22	4	1	0	-	0	27
Total external revenue	99	78	44	38	-	10	269
Inter-segment revenue	0	0	0	0	-	2	2
Total revenue	99	78	44	38	-	12	271
Operating expenses	(58)	(41)	(25)	(13)	-	(6)	(143)
Impairment losses on losses and advances	(62)	(42)	(17)	(8)	-	0	(129)
Other impairment losses	(12)	(20)	-	(0)	-	-	(32)
Profit/(loss) before tax from continuing operations before non recurring income/(expenses)	(33)	(25)	2	17	-	6	(33)
Non recurring income/(expenses)	-	-	-	(1)	-	-	(1)
Profit/(loss) before tax from continuing operations[1]	(33)	(25)	2	16	-	6	(34)
Profit/(loss) before tax from discontinued operations	-	-	-	-	(183)	-	(183)
Non controlling interests	(1)	(0)	(0)	-	-	-	(1)
Profit/(loss) before tax attributable to shareholders	(34)	(25)	2	16	(183)	6	(218)

	31 December 2014						
	Romania	Bulgaria	Serbia	Cyprus	Ukraine	Luxembourg	International
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets[(3)]	3,257	2,998	1,355	3,915	270	1,458	13,106
Segment liabilities[(3)]	2,986	2,677	975	3,487	305	1,229	11,667

[(1)] Income/(loss) from associated undertakings and joint ventures is included.

[(2)] Interbank eliminations between International and the other Group's segments are included. As at 31 December 2014, segment assets and segment liabilities of Global & Capital Markets have been adjusted by € 2.5 bn and € 1.1 bn respectively, equally affecting the elimination center.

[(3)] Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.

Note: In the second quarter of 2015, the Bank transferred its operations in United Kingdom (London branch) to its subsidiary Eurobank Private Bank Luxemburg S.A. In particular, at the date of transfer total assets of London branch amounted to € 198 million and total liabilities amounted to € 196 million.

8. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The categories of Group's potentially dilutive ordinary shares are as follows: a) convertible, subject to certain conditions, preferred securities (Series D, note 26) and b) share options (until December 2014).

		Six months ended 30 June		Three months ended 30 June	
		2015	2014	**2015**	2014
Net profit/(loss) for the period attributable to shareholders	*€ million*	**(1,412)**	(508)	**(1,318)**	(301)
Net profit/(loss) for the period from continuing operations attributable to shareholders	*€ million*	**(1,359)**	(281)	**(1,272)**	(206)
Weighted average number of ordinary shares in issue for basic and diluted earnings/(losses) per share	*Number of shares*	***14,696,410,871***	*8,275,822,320*	***14,691,149,515***	*11,051,797,478*
Earnings/(losses) per share					
- Basic and diluted earnings/(losses) per share	€	**(0.10)**	(0.06)	**(0.09)**	(0.03)
Earnings/(losses) per share from continuing operations					
- Basic and diluted earnings/(losses) per share	€	**(0.09)**	(0.03)	**(0.09)**	(0.02)

Basic and diluted losses per share from discontinued operations for the period ended 30 June 2015 amounted to € 0.004 (30 June 2014: € 0.03 losses).

The Series D of preferred securities (note 26) were not included in the calculation of diluted earnings/ (losses) per share, as their effect would have been anti-dilutive. Share options did not have an effect on the diluted earnings/ (losses) per share for the first half of 2014, as their exercise price exceeded the average market price of the Bank's shares for the period.

9. Operating expenses

	30 June 2015 € million	30 June 2014 € million
Staff costs	**(271)**	(291)
Administrative expenses	**(154)**	(164)
Depreciation of property, plant and equipment	**(30)**	(36)
Amortisation of intangible assets	**(13)**	(16)
Operating lease rentals	**(26)**	(28)
Total from continuing operations	**(494)**	(535)

The average number of employees of the Group during the period was 17,682 of which the employees of Ukraine subsidiaries was 727 (June 2014: 18,528 of which the employees of Ukraine subsidiaries was 838). As at 30 June 2015, the number of branches of the Group was 981 of which the branches of Ukraine subsidiaries was 45.

10. Impairment allowance for loans and advances to customers

The movement of the impairment allowance for loans and advances to customers by product line is as follows:

	30 June 2015				
	Wholesale € million	Mortgage € million	Consumer [1] € million	Small business € million	Total € million
Balance at 1 January	4,063	1,477	2,465	1,743	9,748
Impairment loss for the period	744	721	258	415	2,138
Recoveries of amounts previously written off	1	0	6	0	7
Amounts written off	(16)	(31)	(8)	(6)	(61)
NPV unwinding	(45)	(40)	(4)	(53)	(142)
Foreign exchange differences and other movements	29	16	(21)	8	32
Balance at 30 June	4,776	2,143	2,696	2,107	11,722

[1] *Credit cards balances are included*

The critical accounting estimates and judgements that are made by the Group's Management in assessing the impairment losses on loans and advances to customers are evaluated constantly, particularly in circumstances of economic uncertainty, based on the latest available information and expectations of future events that are considered reasonable.

In this context, in the second quarter of 2015, the Group assessed the borrowers' financial performance, the recovery value of the underlying collaterals and calibrated its provisioning models in order to reflect:

- the negative ramifications of the recent financial and political turmoil in Greece, i.e. the third bailout program that provides, among others, for a new package of fiscal measures, the prolonged uncertainty of domestic political landscape and the imposition of capital controls;

- their consequential impact on the Greek economy's prospects until 2016, i.e. increased market uncertainly, mainly relating with the satisfactory implementation of fiscal sustainability measures and the safeguarding of financial stability, worsening of GDP rate, continuation of high unemployment rate, negative investment growth and reduction of import/export activity. Particularly, the macroeconomic assumptions provided by the Single Supervisory Mechanism in August 2015 regarding the real GDP's growth rate, i.e. decline by 2.3% in 2015, decline by 1.3% in 2016, increase by 2.7% in 2017, as well as the unemployment rate's level, i.e. 26.9% in 2015, 27.1% in 2016 and 25.7% in 2017, were taken into consideration in estimating the impairment losses. Prior to the recent financial crisis, the Group's own estimates on the respective macroeconomic variables provided for the growth of the real GDP rate by 0.2% in 2015, 2.0% in 2016 and 2.5% in 2017, and the gradual decrease of the unemployment rate to 25.7% in 2015, 24.0% in 2016 and 22.0% in 2017;

- the downward trend in the real estate market in Greece, based on the latest available information and the expected further delay of its recovery period. Particularly, the residential property prices are estimated to decline by 5.8% in 2015, 2.4% in 2016 and increase by 1.6% in 2017. On the other hand, the commercial property prices are estimated to decline by 3.7% in 2015, 0.3% in 2016 and increase by 1.3% in 2017. The above estimates for residential and commercial properties represent the consensus forecasts of the Chief Economists of the four Greek systemic banks and the Group's own estimates. Prior to the recent financial crisis, the latest available information on the respective variables, as was published by the European Banking Authority and taken into consideration by the Group, provided for the decline of the residential property prices by 3.7% in 2015 and 1.2% in 2016, and the decline of commercial property prices by 0.8% in 2015 and the increase by 0.6% in 2016. Additionally, in view of the revised estimates on property prices, as well as the updated information on market's activity and range of prices, the Group applied more conservative haircuts on collaterals' values, in order to reflect appropriately their recovery amount.

Additionally, as at 30 June 2015, in assessing the adequacy of impairment losses on loans and advances to customers, the Group took into consideration the 2015 AQR results and their underlying assumptions, the impact of which has been already captured, to the appropriate extent, based on its existing impairment policies and within the context of its revised estimates, as described above (see also note 3).

Accordingly, in the second quarter of 2015, the Group recognized an impairment loss of € 657 million and € 1,179 million for wholesale and retail loan exposures, respectively. Considering the interrelationship among the key parameters used by the Group for the measurement of impairment losses, as described above, it is not practicable to quantify separately the effect of each key parameter, in a reliable manner.

11. Other impairment and non recurring income/(expenses)

	30 June 2015 € million	30 June 2014 € million
Impairment and valuation losses on investment and repossessed properties	**(46)**	(38)
Impairment losses on bonds	**(20)**	(24)
Impairment losses on goodwill	**0**	(2)
Impairment losses on mutual funds and equities	**(9)**	-
Other impairment losses	**(75)**	(64)
Reversal of provision for claims in dispute	**-**	103
Integration costs relating with the operational merger of NHPB and New Proton	**(0)**	(10)
Restructuring costs	**(3)**	(1)
Restructuring costs and other non recurring income/(expenses)	**(3)**	92
Total	**(78)**	28

The deteriorating macroeconomic conditions described in note 10 and the persistent decline in real estate market prices in Greece were taken into consideration in assessing the recoverable amount of investment and repossessed properties portfolio. As a result, as at 30 June 2015, the Group recognized impairment and valuation losses on investment and repossessed properties mainly in Greece amounting to € 46 million.

In the first half of 2015, the Bank recognized an additional impairment loss of € 20 million for the Ukrainian government bonds that are included in its held-to-maturity investment portfolio, due to the continued uncertainty in the economic and political conditions in the country, that led to a significant drop in the market prices of those bonds.

The market's positive reaction to the terms of the restructuring offer, announced by the Ukrainian government on 27 August 2015, led to the recovery of the Ukrainian securities' market prices that are, subsequent to the announcement, traded at significant higher levels. Additionally, the payment suspension of certain sovereign bonds maturing in September 2015, as it was explicitly stated by the Ukrainian government in the above mentioned announcement due to the forthcoming restructuring agreement, triggered the settlement of the Group's Credit Default Swaps (CDSs) that are directly linked with the specific Ukrainian government bonds mentioned above. Following the ISDA's (International Swaps and Derivatives Association) auction on 6 October 2015, the settlement of the CDSs took place on 13 October 2015. Therefore, as of 30 September 2015, the Group proceeded with the partial reversal of the cumulative recognized impairment by € 30 million, in order to reflect the settlement price.

As at 31 March 2014, the Group proceeded with the release of the provision of € 103 million, recognized in 2013 based on the management's estimates of the final amount of the consideration to be received for the disposal of Polish operations.

12. Income tax and non recurring tax adjustments

	30 June 2015 € million	30 June 2014 € million
Current tax	**(32)**	(27)
Deferred tax	**472**	164
Income tax	**440**	137
Recognition of DTA following Circular 1143/15.05.2014	**-**	37
Reversal of provision of withholding tax claims	**-**	43
Refund of 2009's special tax contribution	**-**	2
Tax (charge)/income from continuing operations	**440**	219

According to Law 4172/2013, as was in force at the end of the current reporting period, the nominal Greek corporate tax rate applied for income generated in accounting year 2014 and for the period ended 30 June 2015 was 26%. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 10% withholding tax.

According to law 4334/2015, which was enacted on 16 July 2015 and amended tax law 4172/2013, the nominal Greek corporate tax rate increased from 26% to 29% for income generated in accounting years 2015 and onwards. This change, which is a non adjusting event for the period ended 30 June 2015 will result in an increase of net deferred tax asset by € 508 million and current tax liability by € 1.6 million.

In May 2014, the Ministry of Finance with its Circular 1143/15.05.2014 provided clarifications for the application of tax Law 4172/2013. In particular, with the said Circular, it was clarified that the accumulated losses from shares and derivatives which had been recognized in accordance with the former tax Law 2238/1994 can be utilized for tax purposes (i.e. are added to carried forward tax losses). Hence, during the first half of 2014, the Group recognized in income statement a one off tax income of € 37 million. In addition, as at 30 June 2014, following a favourable Supreme Court decision, the Group recognized a non recurring tax income of € 43 million due to reversal of provisions in relation to withholding tax claims against the State.

For the year ended 31 December 2011 and onwards, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, are required to obtain an 'Annual Tax Certificate' provided for in article 82 of Law 2238/1994 (currently article 65a of Law 4174/2013), which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. According to the relevant Ministerial Decision 1159/2011, 18 months after the issuance of a tax unqualified certificate, provided that no tax issues have been identified from the tax authorities' potential re-audits, the tax audit is considered finalized. Further tax audits may be effected only in cases of tax offences that have been identified by the Ministry of Finance audits (i.e. breaches of the money laundering legislation, forged or fictitious invoices, transactions with non-existent companies or breaches of transfer pricing rules).

The Bank has been audited by tax authorities up to 2009, has not been audited for 2010 and has obtained by external auditors unqualified tax certificates for years 2011 – 2014. In addition, New TT Hellenic Postbank and New Proton Bank, which were merged with the Bank in 2013, have obtained by external auditors unqualified tax certificate with a matter of emphasis for their unaudited by tax authorities periods/tax years 18/1-30/6/2013 and 9/10/2011- 31/12/2012, respectively, with regards to potential tax obligations resulting from their carve out. For both cases the Bank has formed adequate provisions.

Group's subsidiaries, associates and joint ventures which operate in Greece (notes 17 and 18) have not been audited for 1 to 5 tax years and where applicable (i.e. entities that are subject to statutory audit by external auditors) have obtained unqualified tax certificates for years 2011 – 2014.

In accordance with the aforementioned tax legislation and considering related preconditions, tax audit for the years 2011 and 2012 for the Bank and the said entities is considered finalized, according to Ministerial Decision 1159/2011.

The open tax years of foreign Group's bank subsidiaries are as follows: (a) Bancpost S.A. (Romania), 2011-2014, (b) Eurobank Cyprus Ltd, 2012-2014, (c) Eurobank Bulgaria A.D., 2013-2014, (d) Eurobank A.D. Beograd (Serbia), 2010 -2014, and (e) Eurobank Private Bank Luxembourg S.A., 2009-2014. The remaining of the Group's foreign entities (notes 17 and 18), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 1 to 10 open tax years.

Deferred income taxes are calculated on all temporary differences under the liability method as well as for unused tax losses at the rate in effect at the time the reversal is expected to take place.

The movement on deferred income tax is as follows:

	30 June 2015 € million
Balance at 1 January	**3,872**
Income statement credit/(charge) from continued operations	**472**
Income statement credit/(charge) from discontinued operations	**18**
Available for sale investment securities	**71**
Cash flow hedges	**(5)**
Other	**(3)**
Balance at 30 June	**4,425**

Deferred income tax assets/(liabilities) are attributable to the following items:

	30 June 2015 € million	31 December 2014 € million
PSI+ tax related losses	**1,189**	1,211
Loan impairment	**2,466**	1,980
Unused tax losses	**270**	283
Valuations through the income statement	**266**	250
Costs directly attributable to equity transactions	**45**	48
Cash flow hedges	**31**	35
Valuations directly to available-for-sale revaluation reserve	**84**	12
Fixed assets	**(3)**	(8)
Defined benefit obligations	**10**	9
Other	**67**	52
Net deferred income tax	**4,425**	3,872

The net deferred income tax is analysed as follows:

	30 June 2015 € million	31 December 2014 € million
Deferred income tax assets	**4,432**	3,894
Deferred income tax liabilities (note 23)	**(7)**	(22)
Net deferred income tax	**4,425**	3,872

Deferred income tax (charge)/credit in the income statement is attributable to the following items:

	30 June 2015 € million	30 June 2014 € million
Loan impairment	**487**	130
Unused tax losses	**(13)**	50
Tax deductible PSI+ losses	**(22)**	(22)
Change in fair value and other temporary differences	**38**	69
Deferred income tax (charge)/credit	**490**	227

As at 30 June 2015, the Group recognized net deferred tax assets amounting to € 4.43 bn as follows:

(a) € 1,189 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;

(b) € 2,466 million refer to temporary differences arising from loan impairment that can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction;

(c) € 270 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2018;

(d) € 45 million mainly refer to costs directly attributable to Bank's share capital increases, subject to 10 years' amortization for tax purposes starting from the year they have been incurred;

(e) € 455 million refer to other temporary differences the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

The recognition of the above presented deferred tax assets is based on management's assessment that it is expected that the respective Group entities, based on their business plans, will have sufficient taxable profits, against which the unused tax losses and the deductible temporary differences can be utilized.

According to article 5 of Law 4303/2014 (a new article 27A was incorporated in the Law 4172/2013), which is applicable to Greek financial institutions, including leasing and factoring companies, deferred tax assets that have been or will be recognized due to losses from the Private Sector Involvement ('PSI') and the Greek State Debt Buyback Program, accumulated provisions and other general losses due to credit risk in relation to existing receivables as of 31 December 2014 (excluding any receivables raised for Group companies or connected parties), will be converted into directly enforceable claims (tax credit) against the Greek State, provided that the after tax accounting result for the period, is a loss. As at 30 June 2015, deferred tax assets eligible for conversion to tax credits amounted to € 3,667 million.

The total amount of the claim will be determined by multiplying the above eligible deferred tax assets with a ratio that represents the after tax accounting loss of the period as a percentage of total equity, excluding the after tax accounting loss of the period.

The claim will arise upon approval of the financial statements and will be offset against the relevant amount of income tax. When the amount of income tax is insufficient to offset the above claim, any remaining claim will give rise to a direct refund right against the Greek State. For this purpose, a special reserve equal to 110% of the above claim will be created exclusively for a share capital increase and the issuance of capital conversion rights (warrants) without consideration in favor of the Greek State. The above rights will be convertible into ordinary shares and will be freely transferable. Existing shareholders will have a call option within a reasonable period based on their participation in the share capital at the time of issuance of those rights. Furthermore Law 4172/2013 also provides for the issuance of a Ministerial Cabinet Act to address the implementation details relevant to the conversion of eligible deferred tax assets into a tax credit.

On 7 November 2014, the Extraordinary General Meeting of the Shareholders of the Bank approved the Bank's participation in the above described mechanism which is effective from the tax year 2015 onwards.

Post balance sheet events

According to Law 4336/2015 which has been voted on 14 August 2015 there is a provision, amongst others, for the future amendment of the aforementioned legal framework for the conversion of Deferred Tax Assets (DTAs) to tax credit against the Greek State, with the view of minimizing the funding from the new ESM program and the connection between banks and the State.

A draft law referring to the Greek Banks' recapitalization was submitted to the Greek Parliament on 30 October 2015. Such draft bill includes, amongst others, a provision amending the existing Deferred Tax Credits (DTCs) framework. The main proposed amendments provide that eligible DTAs could be converted into DTCs from fiscal year 2016 onwards and that the eligible DTA on accumulated provisions and other losses in general due to credit risk is the one corresponding to those (provisions and credit losses) accounted as at 30 June 2015.

13. Discontinued operations and disposal groups

Operations in Ukraine classified as held for sale

In March 2014, management committed to a plan to sell the Group's operations in Ukraine (including Public J.S.C. Universal Bank and ERB Property Services Ukraine LLC). The sale was considered probable, therefore, the Group's operations in Ukraine were classified as a disposal group held for sale. The Group's operations in Ukraine are presented in the International segment.

Following the classification of the disposal group as held for sale, in accordance with IFRS 5, the Group has measured it at the lower of its carrying amount and fair value less costs to sell. This is a non-recurring fair value measurement, categorised as Level 3 in the fair value hierarchy due to the significance of the unobservable inputs. The fair value less cost to sell has been determined using the bid offers received from third parties for the sale of the Group's operations in Ukraine, where the Group did not perform any further significant adjustments.

The continuing adverse economic, geopolitical and political conditions in the country escalating during 2014 led to an extension of the period to complete the sale beyond one year. The Group's operations in Ukraine continue to be classified as a disposal group held for sale, as the Group remains committed to its plan to sell that disposal group. As at 30 June 2015, cumulative losses (mainly currency translation differences) related to the Ukrainian held for sale operations recognized in other comprehensive income amounted to € 68 million (30 June 2014: € 56 million).

The results of the Group's held for sale and discontinued operations are set out below.

	Six months ended 30 June	
	2015	2014
	€ million	€ million
Net interest income	2	8
Net banking fee and commission income	1	1
Other income/(loss) [1]	(6)	6
Operating expenses	(8)	(11)
Impairment and remeasurement losses on loans and advances	(60)	(163)
Profit/(loss) before tax from discontinued operations	(71)	(159)
Income tax	18	8
Profit/(loss) after tax from discontinued operations	(53)	(151)
Gain/(loss) on disposal before tax [2]	-	(70)
Loss on the remeasurement of non-current assets of disposal group	-	(24)
Income tax on gain/(loss) on disposal [2]	-	18
Net profit/(loss) from discontinued operations	(53)	(227)
Net profit/(loss) from discontinued operations attributable to non controlling interests	(0)	(0)
Net profit/(loss) from discontinued operations attributable to shareholders	(53)	(227)

[1] *Mainly referring to FX losses for the first half of 2015*

[2] *During the first half of 2014 the gain on the disposal of Polish operations was adjusted with € 70 million losses, before tax (€ 52 million losses, after tax), while the relating provision recognized in 2013 based on management's estimates of the final amount of the consideration to be received was released accordingly (note 11).*

The major classes of assets and liabilities classified as held for sale are as follows:

	30 June 2015	31 December 2014
	€ million	€ million
Cash and balances with central banks	18	29
Due from credit institutions	2	1
Trading and investment securities	10	44
Loans and advances to customers	120	194
Other assets	2	2
Total assets of disposal group classified as held for sale	152	270
Due to credit institutions	0	4
Due to customers	113	157
Other liabilities	3	3
Total liabilities of disposal group classified as held for sale	116	164
Net Group funding associated with Ukraine assets held for sale	137	141
Net assets of disposal group classified as held for sale	(101)	(35)

14. Loans and advances to customers

	30 June 2015	31 December 2014
	€ million	€ million
Wholesale lending	20,049	19,475
Mortgage lending	18,740	18,355
Consumer lending [1]	6,626	6,768
Small business lending	7,377	7,283
	52,792	51,881
Less: Impairment allowance (note 10)	(11,722)	(9,748)
	41,070	42,133
		-
Included in gross loans and advances are:		
Past due more than 90 days	18,102	17,302

[1] *Credit cards balances are included*

In the first half of 2015, gross loans balance was significantly affected by the appreciation of CHF and USD against Euro during the first quarter of 2015, which led to an increase of approximately € 1 bn.

As of 30 September 2014, in accordance with IAS 39, the Group has elected to reclassify certain impaired corporate bond loans from the 'Available-for-sale' portfolio to 'Loans and advances to customers' portfolio that meet the definition of loans and receivables and the Group has the intention and ability to hold them for the foreseeable future or until maturity. The reclassifications were made with effect from 30 September 2014 at the loans' fair value of € 150 million (gross amount of € 592 million less fair value adjustment of € 442 million), which became their amortized cost at the reclassification date. Considering that the reclassified bond loans are impaired, the fair value adjustment of € 442 million represented incurred credit losses already recognised by the Group as of the reclassification date.

As at 30 June 2015, the carrying amount of these loans is € 111 million which approximates their fair value and impairment losses of € 15 million were recognized in the consolidated income statement for the six months ended 30 June 2015. No amounts would have been recognized in the OCI had these financial assets not been reclassified.

15. Investment securities

	30 June 2015 € million	31 December 2014 € million
Available-for-sale investment securities	5,352	5,626
Debt securities lending portfolio	11,408	11,566
Held-to-maturity investment securities	671	657
	17,431	17,849

The investment securities per category are analysed as follows:

	30 June 2015			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,051	-	10,051
- Greek government bonds	536	875	-	1,411
- Greek government treasury bills	2,291	-	-	2,291
- Other government bonds	1,927	307	408	2,642
- Other issuers	268	175	263	706
	5,022	11,408	671	17,101
Equity securities	330	-	-	330
Total	5,352	11,408	671	17,431

	31 December 2014			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,061	-	10,061
- Greek government bonds	683	891	-	1,574
- Greek government treasury bills	2,377	-	-	2,377
- Other government bonds	2,013	411	372	2,796
- Other issuers	259	203	285	747
	5,332	11,566	657	17,555
Equity securities	294	-	-	294
Total	5,626	11,566	657	17,849

In 2008 and 2010, in accordance with the amendments to IAS 39, the Group reclassified eligible debt securities from the 'Available-for-sale' portfolio to 'Debt securities lending' portfolio carried at amortized cost. Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method. As at 30 June 2015, the carrying amount of the reclassified securities was € 1,028 million. If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 30 June 2015 would have resulted in € 354 million losses net of tax, which would have been recognized in the available-for-sale revaluation reserve.

16. Investment property

The movement of investment property (net book value) is as follows:

	30 June 2015 € million
Cost:	
Balance at 1 January	**937**
Transfers from/to repossessed assets	**6**
Other Transfers	**3**
Additions	**19**
Disposals and write-offs	**(11)**
Impairments	**(10)**
Exchange adjustments	**0**
Balance at 30 June	**944**
Accumulated depreciation:	
Balance at 1 January	**(61)**
Charge for the period	**(5)**
Exchange adjustments	**(1)**
Balance at 30 June	**(67)**
Net book value at 30 June	**877**

17. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 30 June 2015, included in the condensed consolidated interim financial statements for the period ended 30 June 2015:

Name	Note	Percentage holding	Country of incorporation	Line of business
Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services		98.01	Greece	Business-to-business e-commerce, accounting and tax services
Cloud Hellas S.A.		20.48	Greece	Real estate
ERB Insurance Services S.A.		100.00	Greece	Insurance brokerage
Eurobank Asset Management Mutual Fund Mngt Company S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Business Services S.A.		100.00	Greece	Payroll and advisory services
Eurobank Equities S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing S.A.		100.00	Greece	Leasing
Eurobank Factors S.A.		100.00	Greece	Factoring
Eurobank Financial Planning Services S.A.		100.00	Greece	Management of overdue loans
Eurobank Household Lending Services S.A.		100.00	Greece	Promotion/management of household products
GRIVALIA PROPERTIES R.E.I.C.		20.48	Greece	Real estate
Eurobank Property Services S.A.		100.00	Greece	Real estate services
Eurobank Remedial Services S.A.		100.00	Greece	Notification to overdue debtors
Eurolife ERB General Insurance S.A.		100.00	Greece	Insurance services
Eurolife ERB Life Insurance S.A.		100.00	Greece	Insurance services
Hellenic Post Credit S.A.		50.00	Greece	Credit card management and other services
Hellenic Postbank - Hellenic Post Mutual Funds Mngt	a	100.00	Greece	Mutual fund management
T Credit S.A.		100.00	Greece	Vehicle and equipment leasing
Eurolife ERB Insurance Group Holdings S.A.		100.00	Greece	Holding company
Herald Greece Real Estate development and services company 1		100.00	Greece	Real estate
Herald Greece Real Estate development and services company 2		100.00	Greece	Real estate
Diethnis Ktimatiki S.A.	f	100.00	Greece	Real estate
Eurobank Bulgaria A.D.		99.99	Bulgaria	Banking
Bulgarian Retail Services A.D.		100.00	Bulgaria	Rendering of financial services and credit card management
ERB Property Services Sofia A.D.		100.00	Bulgaria	Real estate services
ERB Leasing E.A.D.		100.00	Bulgaria	Leasing
IMO 03 E.A.D.		100.00	Bulgaria	Real estate services
IMO Central Office E.A.D.		100.00	Bulgaria	Real estate services
IMO Property Investments Sofia E.A.D.		100.00	Bulgaria	Real estate services
IMO Rila E.A.D.		100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
ERB Hellas Funding Ltd		100.00	Channel Islands	Special purpose financing vehicle
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
CEH Balkan Holdings Ltd		100.00	Cyprus	Holding company
Chamia Enterprises Company Ltd		100.00	Cyprus	Special purpose investment vehicle
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramonio Ltd		100.00	Cyprus	Real estate
NEU 03 Property Holding Ltd		100.00	Cyprus	Holding company
NEU II Property Holdings Ltd		100.00	Cyprus	Holding company
NEU BG Central Office Ltd		100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		100.00	Luxembourg	Fund management
Eurobank Holding (Luxembourg) S.A.		100.00	Luxembourg	Holding company
Grivalia Hospitality S.A.	e	20.48	Luxembourg	Real estate
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company
Bancpost S.A.	h	99.15	Romania	Banking
Eliade Tower S.A.		20.48	Romania	Real estate
ERB IT Shared Services S.A.		100.00	Romania	Informatics data processing
ERB Leasing IFN S.A.		100.00	Romania	Leasing
ERB Retail Services IFN S.A.		100.00	Romania	Credit card management
ERB ROM Consult S.A.		100.00	Romania	Consultancy services
Eurobank Finance S.A.		100.00	Romania	Investment banking
Eurobank Property Services S.A. (Romania)	b	100.00	Romania	Real estate services
Eurolife ERB Asigurari De Viata S.A.		100.00	Romania	Insurance services

Name	Note	Percentage holding	Country of incorporation	Line of business
Eurolife ERB Asigurari Generale S.A.		100.00	Romania	Insurance services
IMO Property Investments Bucuresti S.A.		100.00	Romania	Real estate services
IMO-II Property Investments S.A.		100.00	Romania	Real estate services
Retail Development S.A.		20.48	Romania	Real estate
Seferco Development S.A.		20.48	Romania	Real estate
Eurobank A.D. Beograd		99.98	Serbia	Banking
ERB Asset Fin d.o.o. Beograd		100.00	Serbia	Asset management
ERB Leasing A.D. Beograd		99.99	Serbia	Leasing
ERB Property Services d.o.o. Beograd	c	100.00	Serbia	Real estate services
IMO Property Investments A.D. Beograd		100.00	Serbia	Real estate services
Reco Real Property A.D.		20.48	Serbia	Real estate
ERB Istanbul Holding A.S.		100.00	Turkey	Holding company
Public J.S.C. Universal Bank		99.97	Ukraine	Banking
ERB Property Services Ukraine LLC		100.00	Ukraine	Real estate services
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Anaptyxi II Plc		-	United Kingdom	Special purpose financing vehicle
Anaptyxi SME I Plc		-	United Kingdom	Special purpose financing vehicle
Daneion 2007-1 Plc		-	United Kingdom	Special purpose financing vehicle
Daneion APC Ltd		-	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion II Mortgage Finance Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion III Mortgage Finance Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion IV Mortgage Finance Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion Mortgage Finance Plc		-	United Kingdom	Special purpose financing vehicle

The following entities are not included in the condensed consolidated interim financial statements mainly due to immateriality:

(i) Holding entities of Group's special purpose financing vehicles: Anaptyxi II Holdings Ltd, Anaptyxi SME I Holdings Ltd, Daneion Holdings Ltd, Karta II Holdings Ltd, Themeleion III Holdings Ltd and Themeleion IV Holdings Ltd

(ii) Dormant/under liquidation entities: Enalios Real Estate Development S.A., Hotels of Greece S.A., Proton Mutual Funds Management Company S.A

(iii) Entities controlled by the Group pursuant to the terms of the relevant share pledge agreements: Finas S.A., Rovinvest S.A, Provet S.A and Promivet S.A.

(a) Hellenic Postbank - Hellenic Post Mutual Funds Mngt Company S.A., Greece

In January 2015, the Group acquired from Hellenic Post (ELTA) 49% of Hellenic Postbank – Hellenic Post Mutual Funds Management Company S.A. and thus the total Group participation to the company amounts to 100%.

(b) Eurobank Property Services S.A., Romania

In March 2015, the Group acquired from Lamda Development S.A 20% of Eurobank Property Services S.A. and thus the total Group participation to the company amounts to 100%.

(c) ERB Property Services d.o.o. Beograd, Serbia

In April 2015, the Group acquired from Lamda Development S.A 20% of ERB Property Services d.o.o. Beograd and thus the total Group participation to the company amounts to 100%.

(d) Global Fund Management S.A, Greece

In April 2015, the liquidation of the company was completed.

(e) Grivalia Hospitality S.A., Luxembourg

In June 2015, the Group established Grivalia Hospitality S.A. through its subsidiary GRIVALIA PROPERTIES R.E.I.C. Hence, the total Group participation to the company amounts to 20.48%.

(f) Diethnis Ktimatiki S.A., Greece

In May 2015, the Group acquired 100% of Diethnis Ktimatiki S.A. through its subsidiary Eurolife ERB Life Insurance S.A. The transaction was recognized as an acquisition of an asset that does not constitute a business, since the acquired entity is a single asset entity owning a vacant building, and thus did not give rise to goodwill.

(g) Byzantium Finance Plc, United Kingdom

In June 2015, the liquidation of the company was completed.

(h) Bancpost S.A., Romania

In June 2015, the Group acquired 0.04% of Bancpost S.A. and thus the total Group participation to the company amounts to 99.15%.

Post balance sheet events

Grivalia New Europe S.A., Luxembourg

In July 2015, the Group established Grivalia New Europe S.A. through its subsidiary GRIVALIA PROPERTIES R.E.I.C. Hence, the total Group participation to the company amounts to 20.48%.

Hellenic Postbank – Hellenic Post Mutual Funds Mngt, Greece

In September 2015, the Annual General Meeting of shareholders of the company decided its liquidation.

ERB Asset Fin d.o.o. Beograd, Serbia

In September 2015, it was decided the liquidation of the company.

18. Other assets

	30 June 2015 € million	31 December 2014 € million
Receivable from Deposit Guarantee and Investment Fund	**672**	668
Repossessed properties and relative prepayments	**491**	526
Pledged amount for a Greek sovereign risk financial guarantee	**258**	257
Income tax receivable	**251**	243
Prepaid expenses and accrued income	**53**	57
Investments in associated undertakings and joint ventures (see below)	**6**	6
Other assets	**371**	386
	2,102	2,143

As at 30 June 2015, other assets amounting to € 371 million mainly consist of receivables from (a) settlement balances with customers, (b) guarantees, (c) public entities, (d) fraudulent and legal cases, net of provisions and (e) insurance and brokerage activity.

The following is a listing of the Group's associated undertakings and joint ventures as at 30 June 2015:

Name	Country of incorporation	Line of business	Percentage Holding
Femion Ltd	Cyprus	Special purpose investment vehicle	66.45
Tefin S.A. [(1)]	Greece	Motor vehicle sales financing	50.00
Sinda Enterprises Company Ltd	Cyprus	Special purpose investment vehicle	48.00
Unitfinance S.A. [(1)]	Greece	Financing company	40.00
Rosequeens Properties Ltd	Cyprus	Special purpose investment vehicle	33.33
Rosequeens Properties SRL	Romania	Real estate company	33.33
Odyssey GP S.a.r.l.	Luxembourg	Special purpose investment vehicle	20.00

[(1)] *In December 2013, the Extraordinary General Meeting of shareholders of the companies decided their liquidation.*

Note: Filoxenia S.A. is a dormant and under liquidation associated undertaking not consolidated due to immateriality.

The Group's only associated undertaking is Odyssey GP S.a.r.l.

In January 2015, the Group disposed its participation interest of 50% in Cardlink S.A. The total number of shares of Cardlink S.A. which were held by the Group, were disposed to a company of the group “Quest Holdings S.A.”, for a total consideration amount of € 7.5 million.

19. Due to central banks

	30 June 2015 € million	31 December 2014 € million
Secured borrowing from ECB and BoG	**32,677**	12,610

As at 30 June 2015, the Bank has increased its dependency on Eurosystem financing facilities to € 32.7 bn (of which € 22.9 bn funding from ELA) as a result of deposit withdrawals and reduction of wholesale secured funding. As at 30 September 2015, the Eurosystem funding stood at € 31.6 bn, of which € 22.3 bn funding from ELA.

20. Due to credit institutions

	30 June 2015 € million	31 December 2014 € million
Secured borrowing from other banks	**456**	9,695
Borrowing from international financial institutions	**353**	398
Interbank takings	**45**	80
Current accounts and settlement balances with banks	**34**	83
Other borrowings	**100**	-
	988	10,256

As at 30 June 2015, other borrowings refer to funds received by the Bank from IFG – Greek SME Finance S.A., in order to provide financing to Small & Medium-Sized Enterprises (SMEs). The funds originated from the German and Greek Public and are under the management of KFW (German government-owned development bank) and ETEAN S.A. (Hellenic fund for entrepreneurship and development) respectively.

21. Due to customers

	30 June 2015 € million	31 December 2014 € million
Term deposits	**16,257**	24,505
Savings and current accounts	**14,191**	15,258
Repurchase agreements	**53**	515
Unit linked products	**426**	494
Other term products	**82**	106
	31,009	40,878

The other term products comprise of (a) senior medium-term notes held by Group's customers, amounting to € 35 million (2014: € 57 million) and (b) subordinated notes held by Group's customers, amounting to € 47 million (2014: € 49 million).

22. Debt securities in issue

	30 June 2015 € million	31 December 2014 € million
Medium-term notes (note 21)	**320**	409
Subordinated - Lower Tier II (note 21)	**220**	218
Securitised	**100**	131
Government guaranteed bonds	**-**	53
	640	811

Medium-term notes (EMTN)

During the first half of 2015, the Group proceeded with the repurchase of medium term notes of face value of € 77 million, recognizing a gain of € 25 million.

Asset Backed Securities

During the first half of 2015, the Group proceeded with the redemption of residential mortgage backed securities and consumer loans backed securities of face value of € 2,596 million, of which € 11 million were held by third parties.

Government guaranteed and covered bonds

In January 2015, the Bank issued new government guaranteed bonds of face value of € 2,736 million.

During the second quarter of 2015, the Group proceeded with the cancellation of covered bonds of face value of € 3,050 million, held by the Bank and its subsidiaries.

As at 30 June 2015, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 4), as well as the covered bonds, of face value of € 16,453 million and € 100 million respectively, were retained by the Bank and its subsidiaries.

According to the State Aid rules, as in force, it is provided that in the event that HFSF participates in the capital increase, the prior contribution of preferred securities holders and subordinated creditors is required to reduce the capital shortfall. In addition, senior notes may also be eligible instruments for contributing in the potential recapitalization, taking into account the 14 August Eurogroup statement that the bail-in will apply for senior bondholders whereas bail in of depositors is excluded (note 2).

Financial disclosures required by the Act 2620/28.08.2009 of the Bank of Greece in relation to the covered bonds issued, are available at the Bank's website.

Post balance sheet events

By the end of October 2015, the face value of government guaranteed bonds fully retained by the Bank, was decreased by € 2,410 million.

On 29 October 2015, the Bank launched a Liability Management Exercise (LME), aiming to strengthen the Bank's CET1 (note 31).

23. Other liabilities

	30 June 2015 € million	31 December 2014 € million
Insurance reserves	**1,315**	1,267
Deferred income and accrued expenses	**93**	88
Other provisions	**85**	97
Settlement balances with customers [(1)]	**63**	48
Sovereign risk financial guarantee	**51**	52
Standard legal staff retirement indemnity obligations	**42**	41
Deferred tax liabilities (note 12)	**7**	22
Income taxes payable	**31**	17
Other liabilities	**328**	388
	2,015	2,020

[(1)] *Including balances from brokerage activities*

As at 30 June 2015, other liabilities amounting to € 328 million mainly consist of payables relating with (a) suppliers and creditors, (b) bank checks and remittances, (c) contributions to insurance organizations, (d) duties and other taxes, (e) credit card transactions under settlement and (f) liabilities from insurance activity.

As at 30 June 2015, other provisions amounting to € 85 million consist of amounts for (a) outstanding litigations and claims in dispute of € 63 million (note 29), and (b) other provisions for operational risk events of € 13 million, untaken vacation indemnity of € 2 million, and other of € 7 million.

24. Ordinary share capital, share premium and treasury shares

The par value of the Bank's shares is € 0.30 per share (31 December 2014: € 0.30). All shares are fully paid. The movement of ordinary share capital, share premium and treasury shares is as follows:

	Ordinary share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January 2015	**4,412**	**(0)**	**4,412**	**6,682**	**(0)**	**6,682**
Purchase of treasury shares	-	(6)	(6)	-	4	4
Sale of treasury shares	-	5	5	-	(3)	(3)
Balance at 30 June 2015	**4,412**	**(1)**	**4,411**	**6,682**	**1**	**6,683**

The following is an analysis of the movement in the number of shares issued by the Bank:

	Number of shares		
	Issued ordinary shares	Treasury shares	Net
Balance at 1 January 2015	**14,707,876,542**	**(1,241,629)**	**14,706,634,913**
Purchase of treasury shares	-	(21,174,779)	(21,174,779)
Sale of treasury shares	-	18,392,992	18,392,992
Balance at 30 June 2015	**14,707,876,542**	**(4,023,416)**	**14,703,853,126**

Treasury shares

Under Law 3756/2009, banks participating in the Government's Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

In the ordinary course of business, subsidiaries of the Group may acquire and dispose of treasury shares.

25. Preference shares

Preference Shares		
Number of shares	30 June 2015 € million	31 December 2014 € million
345,500,000	**950**	950

On 12 January 2009 the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 "Greek Economy Liquidity Support Program", to be fully subscribed to and paid by the Greek State with bonds of equivalent value. The proceeds of the issue total € 940 million, net of expenses, and the transaction was completed on 21 May 2009. In accordance with the current legal and regulatory framework, the issued shares have been classified as Common Equity Tier I capital.

The preference shares pay a non-cumulative coupon, subject to meeting minimum capital adequacy requirements, set by Bank of Greece (BoG), availability of distributable reserves in accordance with article 44a of Company Law 2190/1920 and the approval of the Annual General Meeting. Five years after the issue of the preference shares, the Bank may redeem the preference shares at their nominal value. If such redemption is not possible, because the Bank's capital adequacy ratio would fall below the minimum requirements set by the BoG, the preference shares will be converted into ordinary shares or shares of any other class existing at the time of the conversion following a decision of the Minister of Finance and after a recommendation by the Governor of the BoG and on condition that at the expiry of the five year period, the Bank will have submitted, and the Minister of Finance will have approved, further to a recommendation by the Governor of the BoG, a restructuring plan of the Bank pursuant to the legislation as in force. The conversion ratio will take into account the average market price of the Bank's ordinary shares during the calendar year preceding such conversion. In case of non redemption at the expiration of the five year period, the abovementioned coupon is increased by 2% each year, following relevant decision by the Minister of Finance, upon recommendation of the BoG.

Based on the 2014 results and Law 3723/2008 in combination with article 44a of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted.

26. Preferred securities

The outstanding amount of preferred securities issued by the Group through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 June 2015 is analysed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
At 30 June 2015	**2**	**5**	**49**	**21**	**77**

On 30 December 2014, ERB Hellas Funding Ltd announced the non-payment of the non-cumulative preferred dividend on the preferred securities of Series A, Series C and Series D, which otherwise would have been paid on 18 March 2015, 9 January 2015 and 29 January 2015, respectively.

On 31 March 2015, ERB Hellas Funding Ltd announced the non-payment of the non-cumulative preferred dividend on the preferred securities of Series C and Series D, which otherwise would have been paid on 9 April 2015 and 29 April 2015, respectively.

On 30 June 2015, ERB Hellas Funding Ltd announced the non-payment of the non-cumulative preferred dividend on the preferred securities of Series C and Series D, which otherwise would have been paid on 9 July 2015 and 29 July 2015, respectively.

According to the State Aid rules, as in force, it is provided that in the event that HFSF participates in the capital increase, the prior contribution of preferred securities holders and subordinated creditors is required to reduce the capital shortfall (note 2).

Post balance sheet events

On 30 September 2015, ERB Hellas Funding Ltd announced the non-payment of the non-cumulative preferred dividend on the preferred securities of Series B, Series C and Series D, which otherwise would have been paid on 2 November 2015, 9 October 2015 and 29 October 2015 respectively.

On 29 October 2015, the Bank launched a Liability Management Exercise (LME), aiming to strengthen the Bank's CET1 (note 31).

27. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price). When a quoted price for an identical asset or liability is not observable, fair value is measured using valuation techniques that are appropriate in the circumstances, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

Financial instruments carried at fair value

Trading assets, derivatives and other transactions undertaken for trading purposes, as well as available-for-sale securities and assets and liabilities designated at fair-value-through-profit-or-loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, the fair values are estimated using valuation techniques. These financial instruments carried at fair value are categorized into the three levels of the fair value hierarchy as at 30 June 2015 based on whether the inputs to the fair values are observable or unobservable, as follows:

(a) Level 1 – Financial instruments measured based on quoted prices in active markets for identical financial instruments that the Group can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments, equity and derivative instruments traded on exchanges, as well as mutual funds and unit-linked products that have regularly and frequently published quotes.

(b) Level 2 – Financial instruments measured using valuation techniques with the following inputs: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) may also include other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments mainly include over-the-counter (OTC) derivatives and less-liquid debt instruments.

(c) Level 3 – Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities and certain OTC derivatives.

The fair value hierarchy categorization of the Group's financial assets and liabilities carried at fair value is presented in the following tables:

	30 June 2015			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets measured at fair value:				
Financial instruments held for trading	63	21	1	85
Financial instruments designated at fair value through profit or loss	183	-	-	183
Derivative financial instruments	0	1,632	18	1,650
Available-for-sale investment securities	5,205	98	49	5,352
Total financial assets	**5,451**	**1,751**	**68**	**7,270**
Financial liabilities measured at fair value:				
Derivative financial instruments	2	2,425	-	2,427
Due to customers:				
- Structured deposits	-	11	-	11
- Unit linked products	187	239	-	426
Debt issued and other borrowed funds:				
- Structured notes	-	33	-	33
Trading liabilities	8	-	-	8
Total financial liabilities	**197**	**2,708**	**-**	**2,905**

	31 December 2014			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets measured at fair value:				
Financial instruments held for trading	116	1	0	117
Financial instruments designated at fair value through profit or loss	243	-	-	243
Derivative financial instruments	-	2,132	2	2,134
Available-for-sale investment securities	5,506	69	51	5,626
Total financial assets	5,865	2,202	53	8,120
Financial liabilities measured at fair value:				
Derivative financial instruments	1	2,474	-	2,475
Due to customers:				
- Structured deposits	-	32	-	32
- Unit linked products	248	246	-	494
Debt issued and other borrowed funds:				
- Structured notes	-	37	-	37
Trading liabilities	16	-	-	16
Total financial liabilities	265	2,789	-	3,054

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected.

In the first half of 2015, the Group transferred the Greek listed available for sale and trading shares and the available for sale mutual funds with underlying Greek listed shares of € 33 million, € 21 million, and € 2 million respectively, from Level 1 to Level 2 due to their market's temporary closing (see below).

In the first half of 2015 the Group transferred derivative financial instruments of € 23 million from Level 2 to Level 3, which are valued using valuation techniques, where the CVA calculation is based on unobservable inputs that result in a CVA adjustment significant to the entire fair value of the derivative (2014: € 7 million).

Reconciliation of Level 3 fair value measurements

	30 June 2015 € million
Balance at 1 January	53
Transfers into Level 3	23
Transfers out of Level 3	(1)
Additions net of disposal and redemptions	1
Total gain/(loss) for the period included in profit or loss	(9)
Total gain/(loss) for the period included in other comprehensive income	0
Foreign exchange differences and other	1
Balance at 30 June	68

Group's valuation processes

The Group uses widely recognized valuation models for determining the fair value of common financial instruments, such as interest and cross currency swaps, that use only observable market data and require little management estimation and judgment. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, 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. Fair values estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty, where appropriate.

Global Market Counterparty Risk Sector establishes the processes and procedures governing the fair valuations, in line with the Group's accounting policies. Some of the specific valuation controls include: verification of observable pricing, re-performance of model valuations, a review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc. Where third parties' valuations are used for fair value measurement, these are reviewed in order to ensure compliance with the requirements of IFRS 13.

Valuation techniques

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Group and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in circumstances, the Group considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Group applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorized as Level 3 in the fair value hierarchy. A reasonably possible change in the main unobservable input (i.e. the recovery rate), used in their valuation, would not have a significant effect on their fair value measurement.

The Group determines fair values for debt securities held using quoted market prices in active markets for securities with similar credit risk, maturity and yield or by using discounted cash flows method.

For debt securities issued by the Group and designated at FVTPL, fair values are determined by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

The fair values of unquoted available-for-sale equity instruments are estimated mainly (i) using third parties' valuation reports based on investees' net assets, where management does not perform any further significant adjustments, and (ii) net assets' valuations, adjusted where considered necessary.

Financial instruments not carried at fair value

The following table presents the carrying amounts and fair values of financial assets and liabilities which are not carried at fair value on the balance sheet:

	30 June 2015	
	Carrying amount € million	Fair value € million
Loans and advances to customers	**41,070**	**41,169**
Investment securities		
- Debt securities lending portfolio	**11,408**	**11,075**
- Held-to-maturity securities	**671**	**664**
Total financial assets	**53,149**	**52,908**
Debt securities in issue	**607**	**240**
Total financial liabilities	**607**	**240**

	31 December 2014	
	Carrying amount € million	Fair value € million
Loans and advances to customers	42,133	42,060
Investment securities		
- Debt securities lending portfolio	11,566	11,046
- Held-to-maturity securities	657	623
Total financial assets	54,356	53,729
Debt securities in issue	774	639
Total financial liabilities	774	639

The assumptions and methodologies underlying the calculation of fair values of financial instruments not carried at fair value on the balance sheet date are in line with those used to calculate the fair values for financial instruments carried at fair value and are as follows:

(a) Loans and advances to customers: for loans and advances to customers quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Group makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate.

(b) Investment securities carried at amortized cost: the fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield or by using the discounted cash flows method.

(c) Debt securities in issue: the fair values of the debt securities in issue are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

For other financial instruments which are short term or re-price at frequent intervals (cash and balances with central banks, due from credit institutions, due to central banks, due to credit institutions and due to customers), the carrying amounts represent reasonable approximations of fair values.

Fair values of financial assets and liabilities with Greek sovereign and other Greek issuers

As at 30 June 2015, the economic and political situation in Greece, as described in note 2, contributed to the financial markets' increased volatility and instigated a sharp drop in the market prices of Greek securities, affecting accordingly, the relevant market variables used as inputs in the valuation techniques applied by the Group, e.g. credit spreads, implied volatilities.

Additionally, the bank holiday and the imposition of capital controls on 28 June 2015 forced the closing of the Electronic Secondary Securities Market (HDAT) and the Athens Stock Exchange until 3 August 2015 that are presumed by the Group as the principal markets for Greek government securities and Greek listed shares, respectively.

In the absence of HDAT's prices, the fair value measurement of Greek government securities was based on the quoted prices obtained by internationally recognized market data providers as at 30 June 2015. Since the imposition of capital controls until 30 June 2015, the Group recorded a mark to market loss of € 150 million, in relation to these securities. Additionally, the Group transferred into level 2 of the fair value hierarchy, the Greek listed available for sale and trading shares and the available for sale mutual funds with underlying Greek listed shares, due to their market's temporary closing as mentioned above.

Post Balance sheet event

The markets' positive sentiment subsequent to the announcement for the agreement of Greece's third bailout program, on 13 July 2015, led to the improvement of the Hellenic's Republic credit spreads and the increase of the Greek government securities' market prices that are, subsequent to the announcement, traded at significant higher levels, signaling in parallel the markets' gradual normalization. From 30 June 2015 until 30 September 2015, the Group recognized a mark to market gain of € 303 million, deriving from the increase in their market prices. Additionally, in the third quarter of 2015, the Group recognized a gain of € 65 million for derivatives with the Greek State.

28. Cash and cash equivalents and other information on Interim Cash Flow Statement

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days original maturity:

	30 June 2015 € million	31 December 2014 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**1,135**	1,092
Due from credit institutions	**1,201**	823
Financial instruments at fair value through profit or loss	**0**	25
Cash and cash equivalents presented within assets of disposal group classified as held for sale	**15**	38
	2,351	1,978

Other (income)/losses on investment securities presented in continuing operating activities are analysed as follows:

	30 June 2015 € million	30 June 2014 € million
Amortisation of premiums/discounts and accrued interest	**(42)**	(70)
(Gains)/losses from sales	**(22)**	(55)
Dividends	**(2)**	(1)
	(66)	(126)

29. Contingent liabilities and commitments

Credit related commitments are analysed as follows:

	30 June 2015 € million	31 December 2014 € million
Guarantees [1] and standby letters of credit	**619**	605
Other guarantees (medium risk) and documentary credits	**505**	471
Commitments to extend credit	**349**	498
	1,473	1,574

[1] *Guarantees that carry the same credit risk as loans*

Legal Proceedings

As at 30 June 2015 there were a number of legal proceedings outstanding against the Group for which a provision of € 63 million was recorded (31 December 2014: € 60 million).

30. Board of Directors

The Board of Directors was elected by the Annual General Meeting held on 27 June 2013 for a three years term of office. The Annual General Meeting held on 26 June 2015 approved the extension of the term of office of the current Board until 2018 and more specifically by 27 June 2018, prolonged until the end of the period the Annual General Meeting for the year 2018 will take place. Further to the changes already reported up to the publication of the Annual Financial Report for the year ended 31 December 2014, the below changes in the composition of the Board of Directors have taken place since then:

On 28 April 2015, the Extraordinary General Meeting elected two new Board members, Mr. Stavros Ioannou and Mr. Theodoros Kalantonis.

On 13 May 2015, following the resignation of Mr. Josh Seegopaul, the Board appointed Mr. Stephen L. Johnson as new Board member.

Following the above, on 13 May 2015 the Board was reconstituted as a body, as follows:

N. Karamouzis	Chairman, Non-Executive (nominated as Chairman on 1 February 2015)
S. Lorentziadis	Vice Chairman, Non-Executive Independent
F. Karavias	Chief Executive Officer (nominated as CEO on 1 February 2015)
S. Ioannou	Deputy Chief Executive Officer (nominated as Deputy CEO on 28 April 2015)
T. Kalantonis	Deputy Chief Executive Officer (nominated as Deputy CEO on 28 April 2015)
W. S. Burton	Non-Executive
G. Chryssikos	Non-Executive
J. S. Haick	Non-Executive Independent
B. P. Martin	Non-Executive Independent
S. L. Johnson	Non-Executive Independent (nominated as Non-Executive Independent on 13 May 2015)
C. Andreou	Non-Executive (Greek State representative under Law 3723/2008 – appointed as of 6 March 2015)
K. H. Prince – Wright	Non-Executive (HFSF representative under Law 3864/2010)

31. Post balance sheet events

Acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria AD

On 17 July 2015 the Group announced that it has reached a preliminary agreement with Alpha Bank regarding the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria AD. The completion of the transaction is expected by the end of 2015 after the execution of a due diligence to be conducted to Alpha Bank's Branch and obtaining all necessary approvals by the competent authorities.

Upon completion of the acquisition of the Alpha Bank's Branch, which covers the entire banking operations of the Branch in Bulgaria, Eurobank Bulgaria AD is expected to strengthen its core market position in the Bulgarian banking sector and expand its customer base in both the retail and corporate business banking segments. Eurobank Bulgaria AD is expected to benefit from significant synergies from the second year post completion of the acquisition, while maintaining its strong capital ratios and substantial liquidity buffers. The agreement is fully aligned with the restructuring plans for Alpha Bank and Eurobank, as approved by the European Commission in 2014.

Resolution Fund contributions

In the context of Directive 2014/59/EU for the recovery and resolution of credit institutions and investment firms (BRRD), which has been enacted in Greece with Law 4335/2015, and is also enacted in certain countries where the Group has activities (note 6), member states shall ensure that, by 31 December 2024, the available financial means of their national resolution authorities reach at least 1% of the amount of covered deposits of all the institutions authorised in their territory. The terms of calculation and payment of the contributions for the year 2015 are expected to be specified by the relevant national resolution authorities within the following months. In this context, the Group recognized a provision of € 40 million in relation to the above expected contributions, in the third quarter of 2015.

In addition, according to Law 4335/2015 and following the designation of Resolution Branch of HDIGF as the national resolution fund (note 6), total assets and liabilities of the said scheme were transferred to a separate account within HDIGF ('Account for the Settlement of Past Years' Resolution Measures') for which the Group expects that it will continue to recognize annual contributions as specified by HDIGF. The process for determining such contributions and other key terms of the abovementioned account are expected to be defined upon the transposition of Directive 2014/49/EU on deposit guarantee schemes in the Greek law.

Furthermore, in line with Law 3746/2009 and following a decision notified by HDIGF in October 2015, Greek banks are required to pay in the year 2015 supplementary contributions for the funding of resolution measures for 'Panellinia Bank S.A', in relation to which the Bank's contribution is expected to amount to € 12 million and will be recognized in the fourth quarter of 2015.

As per the draft law submitted to the Greek Parliament on 30 October 2015, the provision of Law 4335/2015 for the establishment of a separate account within HDIGF, referred to above, is abolished.

Liability Management Exercise (LME)

On 29 October 2015, the Bank launched a Liability Management Exercise (LME), aiming to strengthen the Bank's CET1 and, in combination with the planned share capital increase of the Bank through a bookbuilding process, to cover the additional Bank's capital requirements, which have been derived from the Comprehensive Assessment of the Greek financial sector that was conducted by the SSM (note 6).

LME is effected on a voluntary basis inviting the eligible securities' holders to:

a) tender such outstanding securities issued by the Bank and its SPVs (ERB Hellas Funding, ERB Hellas PLC and ERB Hellas Cayman) for purchase against cash at a purchase price equal to, in the case of:

- Tier I securities (preferred securities), 50% of the liquidation preference of such securities
- Tier II securities (subordinated securities), 80% of their outstanding principal amount plus accrued interest
- Senior securities, 100% of their outstanding principal amount plus accrued interest
- Structured senior securities, the relevant early repurchase price

b) irrevocably instruct the relevant Offeror which for all the said securities' takeover will be the Bank, exempting Series C of the Tier I securities, where the Offeror will be ERB Hellas Funding Limited to deposit the aggregate purchase proceeds in the share capital increase account for the sole purpose of subscribing for new ordinary registered shares of the Bank at the new shares price to be set through the results of the bookbuilding process during the Bank's upcoming share capital increase.

The Bank will accept less than the aggregate tendered amount of securities if (i) the sum of the LME generated capital amount and the bookbulding process capital amount would exceed the capital requirement and (ii) the Bank determines in its sole discretion that it is appropriate to apply a scaling factor to acceptances in respect of the offers.

The Offer Period is expected to commence, on or about 4 November 2015 and will expire on 11 November 2015, whereas the announcement of the LME results is expected on or about 16 November 2015.

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

Note 2-Principal accounting policies
Note 4-Greek Economy Liquidity Support Program
Note 6-Capital management
Note 11-Other impairment and non recurring income/(expenses)
Note 12-Income tax and non recurring tax adjustments
Note 17-Shares in subsidiary undertakings
Note 19-Due to central banks
Note 22-Debt securities in issue
Note 26-Preferred securities
Note 27-Fair value of financial assets and liabilities

32. Related parties

In May 2013, following its full subscription in the Bank's recapitalization of € 5,839 million, the HFSF became the controlling shareholder and a related party of the Bank. In May 2014, following the completion of the Bank’s share capital increase for raising € 2,864 million, fully covered by private, institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%.

In addition, in the context of the Law 3864/2010 (the ‘HFSF Law’) as amended by Law 4254/2014, the HFSF’s voting rights in the Bank’s General Assemblies have been switched to restricted ones. Accordingly, as of early May 2014, the HFSF is no more the controlling shareholder of the Bank but is considered to have significant influence over it.

Furthermore, in the context of the amended HFSF Law and following the completion of the aforementioned Bank’s share capital increase, on 28 August 2014 HFSF entered into a new Relationship Framework Agreement (RFA) with Eurobank, similar to that of the other systemic banks, which regulates, among others, (a) the Bank’s corporate governance, (b) the development and approval of the Bank’s Restructuring Plan, (c) the material obligations deriving from the Restructuring Plan and the switch of voting rights, (d) the monitoring of the implementation of the Restructuring Plan and the Bank’s ensuing risk profile and (e) the significant matters requiring the HFSF’s consent.

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. These include loans, deposits and guarantees. In addition, as part of its normal course of business in investment banking activities, the Group at times may hold positions in debt and equity instruments of related parties.

The outstanding balances of the said related party transactions and the relating income and expenses are as follows:

	30 June 2015			31 December 2014		
	Key management personnel (KMP)[(1)] € million	**Entities controlled or jointly controlled by KMP, associates & joint ventures € million**	**HFSF € million**	Key management personnel (KMP)[(1)] € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million
Loans and advances to customers, net of provision [(3)]	**8**	**4**	**0**	6	4	0
Other assets [(2)]	**0**	**-**	**4**	0	-	3
Due to customers	**5**	**8**	**0**	5	9	0
Other liabilities	**0**	**-**	**-**	0	-	9
Guarantees issued	**0**	**-**	**-**	-	-	-
Guarantees received	**0**	**-**	**-**	0	-	-
	Six months ended 30 June 2015			Six months ended 30 June 2014		
Net interest income	**0**	**0**	**-**	(0)	0	0
Net banking fee and commission income	**0**	**-**	**-**	0	-	-
Impairment losses on loans and advances	**-**	**-**	**-**	-	(2)	-
Other operating income/(expense)	**0**	**(0)**	**1**	(0)	-	(0)

(1)Key management personnel includes directors and key management personnel of the Group and HFSF (until early May 2014) and their close family members. For the period until early May 2014, the amounts of income and expenses in relation with transactions with directors and key management personnel of HFSF and their close family members were immaterial.
(2)Receivable from HFSF pursuant to the terms of the relevant binding agreement for the acquisition of NHPB.
(3) Including an impairment allowance of 16.8 million against loans balances with a Group's joint venture.

In addition, as at 30 June 2015 the loans, net of provisions, granted to non consolidated entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements (note 17) amounted to € 3.8 million (31 December 2014: 3 million).

Key management compensation (directors and other key management personnel of the Group)

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 3.49 million (30 June 2014: € 2.78 million) and long-term employee benefits (excluding share-based payments) of € 0.48 million (30 June 2014: € 0.35 million). Additionally, the Group has recognized € 0.5 million expense relating with equity settled share based payments (30 June 2014: € 0.12 million income relating with forfeited share options).

Athens, 31 October 2015

Nikolaos V. Karamouzis	**Fokion C. Karavias**	**Harris V. Kokologiannis**
I.D. No AB – 336562	I.D. No AI - 677962	I.D. No AK-021124
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER OF GROUP FINANCE GROUP CHIEF FINANCIAL OFFICER

V. *Condensed Interim Financial Statements for the six months ended 30 June 2015*

EUROBANK ERGASIAS S.A.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2015

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Company Registration No: 000223001000

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Interim Balance Sheet

	Note	30 June 2015 € million	31 December 2014 € million
ASSETS			
Cash and balances with central banks		**769**	801
Due from credit institutions		**5,915**	5,892
Financial instruments at fair value through profit or loss		**13**	73
Derivative financial instruments		**1,620**	2,121
Loans and advances to customers	13	**33,749**	35,076
Investment securities	14	**14,435**	14,959
Shares in subsidiary undertakings	15	**2,423**	2,570
Property, plant and equipment		**266**	282
Investment property		**63**	64
Intangible assets		**63**	60
Deferred tax assets	11	**4,408**	3,871
Other assets	16	**2,036**	1,725
Total assets		**65,760**	67,494
LIABILITIES			
Due to central banks	17	**32,677**	12,610
Due to credit institutions	18	**2,146**	13,408
Derivative financial instruments		**2,411**	2,470
Due to customers	19	**23,008**	31,985
Debt securities in issue	20	**1,178**	1,287
Other liabilities	21	**403**	477
Total liabilities		**61,823**	62,237
EQUITY			
Ordinary share capital	22	**4,412**	4,412
Share premium	22	**6,682**	6,682
Reserves and retained earnings		**(8,505)**	(7,185)
Preference shares	23	**950**	950
Total equity attributable to shareholders of the Bank		**3,539**	4,859
Hybrid capital	24	**398**	398
Total equity		**3,937**	5,257
Total equity and liabilities		**65,760**	67,494

Notes on pages 6 to 34 form an integral part of these condensed interim financial statements

Interim Income Statement

	Note	Six months ended 30 June 2015 € million	Six months ended 30 June 2014 € million	Three months ended 30 June 2015 € million	Three months ended 30 June 2014 € million
Net interest income		**491**	493	**244**	250
Net banking fee and commission income		**42**	30	**20**	15
Income from non banking services		**3**	3	**2**	1
Dividend income	7	**366**	20	**359**	20
Net trading income		**(9)**	5	**18**	(3)
Gains less losses from investment securities		**(5)**	16	**1**	9
Net other operating income		**8**	0	**-**	1
Operating income		**896**	567	**644**	293
Operating expenses	8	**(329)**	(357)	**(166)**	(179)
Profit from operations before impairments and non recurring income/(expenses)		**567**	210	**478**	114
Impairment losses on loans and advances	9	**(2,026)**	(828)	**(1,773)**	(408)
Impairment and other losses on shares in subsidiary undertakings	15	**(159)**	(38)	**(159)**	11
Other impairment losses	10	**(53)**	(28)	**(30)**	(18)
Restructuring costs and other non recurring income/(expenses)	10	**(2)**	93	**(0)**	(7)
Profit/(loss) before tax		**(1,673)**	(591)	**(1,484)**	(308)
Income tax	11	**486**	176	**435**	83
Non recurring tax adjustments	11	**-**	77	**-**	-
Net profit/(loss) from continuing operations		**(1,187)**	(338)	**(1,049)**	(225)
Net profit/(loss) from discontinued operations	12	-	(52)	-	-
Net profit/(loss) attributable to shareholders		**(1,187)**	(390)	**(1,049)**	(225)

Notes on pages 6 to 34 form an integral part of these condensed interim financial statements

Interim Statement of Comprehensive Income

	Six months ended 30 June				Three months ended 30 June			
	2015		2014		**2015**		2014	
	€ million		€ million		**€ million**		€ million	
Net profit/(loss)		**(1,187)**		(390)		**(1,049)**		(225)
Other comprehensive income:								
Items that are or may be reclassified subsequently to profit or loss:								
Cash flow hedges								
- net changes in fair value, net of tax	**17**		(4)		**17**		(1)	
- transfer to net profit, net of tax	**(4)**	**13**	10	6	**(3)**	**14**	5	4
Available for sale securities								
- net changes in fair value, net of tax	**(149)**		18		**(85)**		1	
- transfer to net profit, net of tax	**3**	**(146)**	(11)	7	**5**	**(80)**	(7)	(6)
Other comprehensive income		**(133)**		13		**(66)**		(2)
Total comprehensive income attributable to shareholders:								
- from continuing operations	**(1,320)**		(325)		**(1,115)**		(227)	
- from discontinued operations	**-**	**(1,320)**	(52)	(377)	**-**	**(1,115)**	-	(227)

Notes on pages 6 to 34 form an integral part of these condensed interim financial statements

Interim Statement of Changes in Equity

	Total equity attributable to shareholders of the Bank						
	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Hybrid capital € million	Total € million
Balance at 1 January 2014	1,641	6,669	3,457	(9,113)	950	398	4,002
Net profit/(loss)	-	-	-	(390)	-	-	(390)
Other comprehensive income	-	-	13	-	-	-	13
Total comprehensive income for the six months ended 30 June 2014	-	-	13	(390)	-	-	(377)
Share capital increase, net of expenses	2,771	12	-	(6)	-	-	2,777
Deferred tax on treasury shares' and preferred securities' transactions	-	-	-	11	-	-	11
Share-based payment:							
- Value of employee services	-	-	(0)	-	-	-	(0)
	2,771	12	(0)	5	-	-	2,788
Balance at 30 June 2014	4,412	6,681	3,470	(9,498)	950	398	6,413
Balance at 1 January 2015	**4,412**	**6,682**	**3,072**	**(10,257)**	**950**	**398**	**5,257**
Net profit/(loss)	-	-	-	(1,187)	-	-	**(1,187)**
Other comprehensive income	-	-	(133)	-	-	-	**(133)**
Total comprehensive income for the six months ended 30 June 2015	**-**	**-**	**(133)**	**(1,187)**	**-**	**-**	**(1,320)**
Balance at 30 June 2015	**4,412**	**6,682**	**2,939**	**(11,444)**	**950**	**398**	**3,937**
	Note 22	Note 22			Note 23	Note 24	

Notes on pages 6 to 34 form an integral part of these condensed interim financial statements

Interim Cash Flow Statement

	Note	Six months ended 30 June 2015 € million	2014 € million
Cash flows from operating activities			
Profit/(loss) before income tax		**(1,673)**	(591)
Adjustments for :			
Impairment losses on loans and advances		**2,026**	828
Other impairment losses and provisions		**212**	(71)
Depreciation and amortisation		**22**	28
Other (income)/losses on investment securities	26	**(2)**	(58)
(Income)/losses on debt securities in issue		**(1)**	2
(Gain)/ loss on sale of subsidiary undertakings, associates and joint ventures		**(9)**	38
Dividends from subsidiaries, associates and joint ventures		**(365)**	(19)
Other adjustments		**5**	0
		215	157
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(115)**	97
Net (increase)/decrease in financial instruments at fair value through profit or loss		**59**	(5)
Net (increase)/decrease in due from credit institutions		**(56)**	1,711
Net (increase)/decrease in loans and advances to customers		**(791)**	679
Net (increase)/decrease in derivative financial instruments		**484**	10
Net (increase)/decrease in other assets		**7**	3
Net increase/(decrease) in due to credit institutions		**8,805**	(5,655)
Net increase/(decrease) in due to customers		**(8,906)**	431
Net increase/(decrease) in other liabilities		**(92)**	(82)
		(605)	(2,811)
Net cash from/(used in) operating activities		**(390)**	(2,654)
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		**(13)**	(14)
(Purchases)/sales and redemptions of investment securities		**294**	212
Acquisition of subsidiaries, associated undertakings, joint ventures and participations in capital increases		**(12)**	(0)
Disposal of holdings in subsidiaries , associated undertakings and joint ventures		**7**	139
Dividends from investment securities, subsidiaries, associated undertakings and joint ventures		**25**	7
Net cash from/(used in) investing activities		**301**	344
Cash flows from financing activities			
(Repayments)/proceeds from debt securities in issue		**(109)**	(171)
Proceeds from share capital increase (SCI)		**-**	2,864
Expenses paid for SCI		**-**	(104)
Net cash from/(used in) financing activities		**(109)**	2,589
Net increase/(decrease) in cash and cash equivalents		**(198)**	279
Cash and cash equivalents at beginning of period	26	**912**	1,218
Cash and cash equivalents at end of period	26	**714**	1,497

Notes on pages 6 to 34 form an integral part of these condensed interim financial statements

1. General information

Eurobank Ergasias S.A. (the "Bank") is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Bank is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Bank operates in Greece and through its subsidiaries in Central, Eastern and Southeastern Europe.

These condensed interim financial statements were approved by the Board of Directors on 31 October 2015.

2. Principal accounting policies

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and they should be read in conjunction with the Bank's published annual financial statements for the year ended 31 December 2014. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

Going concern considerations

The interim financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate, taking into consideration the following:

Macroeconomic environment

Since May 2010, Greece has undertaken significant structural reforms to restore competitiveness and promote economic growth through a program agreed with the European Union (EU), the European Central Bank (ECB) and the International Monetary Fund (IMF) ('the Institutions'). This had led to a significant fiscal consolidation with a primary surplus of 1% of GDP in 2013 and a primary balance of 0% of GDP in 2014, but also to reform fatigue and social unrest. After the parliamentary elections of 25 January 2015, the new Greek government negotiated and managed to achieve a four-month extension of the Master Financial Assistance Facility Agreement (MFFA) on 20 February 2015. Following the prolonged discussions between the Greek Government and the Institutions, the extension of the MFFA expired on 30 June 2015 without a successful conclusion of the review or a new extension. After the imposition of capital controls and a referendum that led to the rejection of the Eurozone proposal as this was tabled in the negotiations before the expiration of the MFFA, the government restarted the negotiations over a new 3-year European Stability Mechanism (ESM) program with a ca € 86 bn financing envelope, which will permit Greece to service its debt, recapitalize its banks, clear accumulated arrears, and finance its budgets. A Preliminary Agreement was reached in the 13 July 2015 Euro Summit. The final agreement on the 3-year ESM program together with an additional series of prerequisite structural reforms passed in the Greek Parliament and got the approval of the Eurogroup on 14 August 2015. The reforms included in the new program aim to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration. The first installment of the new loan of € 26 bn consists of two sub-tranches: a) € 16 bn of which € 13 bn were disbursed on 20 August 2015 and b) € 10 bn which have been approved for the upcoming banks' recapitalization. On 20 August the Greek Prime Minister announced the resignation of the government and called early elections, which were held on 20 September 2015.

On 8 October 2015, the new coalition government, consisting of the same parties, won the confidence vote for its programmatic statements in the Greek Parliament, paving the way for the implementation of the agreed reforms in order to achieve the timely completion of the first program review, that represents a key prerequisite for i) the release of additional official funding under the 3-year ESM loan facility and ii) the initiation of official discussions on additional debt relief measures to Greece.

In this context, the restrictions in the free movement of capital with their negative impact on the economic activity, and the effect of the new fiscal discipline package agreed under the new bailout program, create material uncertainties on the current Greek macroeconomic environment, with potentially adverse effects on the liquidity and solvency of the Greek banking sector. On the other hand, the demonstrated resilience of the Greek economy, a swift resolution of uncertainty as regards current negotiations with the Institutions on the first program review, the successful recapitalization of the domestic banking system and the mobilization of EU funding to support domestic investment and job creation would facilitate a stabilization of the domestic environment and a resumption of positive economic growth as early as in the second half of 2016.

Liquidity risk

Liquidity, of the whole Greek banking sector, was negatively affected in the first two months of 2015 due to the combined effect of deposit withdrawals, reduction of wholesale secured funding and the decision of ECB to lift the waiver of minimum credit rating requirements for marketable instruments issued or guaranteed by Hellenic Republic (i.e. Greek government bonds and Pillar 2 & 3 of the Law 3723/2008). As a result, Greek banks reverted to the fallback funding source, the Emergency Liquidity Assistance (ELA) mechanism to cover their short term liquidity needs.

The prolonged negotiations of the Greek government with the Institutions until the expiration of the extension of the MFFA on 30 June 2015, led to increased uncertainty and significant deposit outflows. With banks' liquidity buffers falling to significantly low levels, the Greek government on 28 June 2015 introduced restrictions on banking transactions and a temporary bank holiday, in order to contain further liquidity outflows. Following the termination of the bank holiday in Greece on 20 July 2015, there has been some gradual relaxation of capital controls with the easing process expected to continue in the following months, being accelerated after the completion of banks' recapitalization.

In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system. The decisive implementation of the measures agreed in the context of the new ESM program and the completion of banks' recapitalization will permit ECB to reinstate the waiver for the instruments issued or guaranteed by the Hellenic Republic and will signal the gradual repatriation of deposits in the banking system and the re-access to the markets for liquidity.

Solvency risk

Despite the fact that the Greek economy showed early signs of recovery during 2014 for the first time since 2007, there are significant downside risks associated with fiscal gap funding uncertainties (as described earlier) and the low levels of investment and consumption levels, which may undermine in the short-term the pace of recovery. The current adverse economic conditions in Greece, including the imposition of capital restrictions, had a negative impact on the liquidity of the Greek banks and raised concerns regarding their solvency position. The new ESM Program agreed between Greece and its European partners in August 2015 includes a buffer of up to € 25 bn for the banking sector in order to address potential banks' recapitalization needs of viable banks and resolution costs of non-viable banks, in full compliance with EU competition and State Aid rules.

ECB Comprehensive assessment 2015

In this context, a comprehensive assessment of the Greek banks ('CA') was conducted by the competent supervisory authorities in order to determine their potential capital needs. The results of the CA have been derived taking into account the combined effect of i) an Asset Quality Review (AQR), by reviewing the quality of the Bank's assets, including the adequacy of asset and collateral valuation and related provisions and ii) a forward looking Stress Test based on 6-month 2015 preliminary data so as to assess the resilience of the Greek banks' balance sheets to stress test scenarios for the period 2015-2017. The results of the CA were announced on 31 October 2015 (note 6).

The sufficient specification of the framework for actions to be taken to ensure financial stability and to strengthen the viability of Greek financial institutions (including the funds for potential recapitalization needs) may entail the prior contribution (burden sharing) of the Bank's issued instruments in reducing the capital shortfall by end of 2015. The State Aid rules in force since 1 August 2013 stipulate that in the event that HFSF participates in the capital increase, the prior contribution of preferred securities holders and subordinated creditors is required to reduce the capital shortfall. In addition, unsecured senior liabilities non preferred by mandatory provisions of law may also be eligible instruments for contributing in the potential recapitalization, taking into account the 14 August Eurogroup statement that bail-in will apply for senior debt bondholders, whereas bail in of depositors is excluded (note 6).

The above conditions pose a significant challenge for the Bank, the capital adequacy of which was comfortably above the minimum required level a few months ago, following the 14 April 2014 share capital increase of € 2,864 million, fully covered by private investors. The Bank expects that the recapitalization process will be completed within the set deadlines constituting a key milestone for rebuilding trust in the banking system and in the economy in general.

Going concern assessment

Notwithstanding the conditions and uncertainties mentioned above, the Board of Directors having considered the mitigating factors set out below, have a reasonable expectation that the Bank will complete within a specific timeframe all actions and initiatives scheduled to cover the capital shortfall that arose from the recent assessment of the Bank's capital needs by ECB. Hence they are satisfied that the financial statements of the Bank can be prepared on a going concern basis:

- The existence of the new 3-year ESM program with a ca € 86 bn financing envelope (including the up to € 25 bn recapitalization facility), aiming to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration,

- The authorities' commitment to take decisive measures to safeguard the stability in the financial sector, such as the draft law specifying the banks' recapitalization framework, that was submitted to the Greek Parliament on 30 October 2015 (note 6),

- The Institutions' and the Greek government's commitment to take decisive actions on non-performing loans,

- The Bank continues the implementation of its medium term internal capital generating plan, which includes initiatives generating or releasing Common Equity Tier I capital and/or reducing risk weighted assets and

- The Bank's continued access to Eurosystem funding (ECB and ELA liquidity facilities) over the foreseeable future.

The accounting policies and methods of computation in these condensed interim financial statements are consistent with those in the published annual financial statements for the year ended 31 December 2014, except as described below.

Amendments to standards and new interpretations adopted by the Bank

The following amendments to standards and new interpretations, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and endorsed by the European Union (EU), apply from 1 January 2015:

Annual Improvements to IFRSs 2011-2013 Cycle

The amendments introduce key changes to three IFRSs, following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project, as follows:

- Clarify that IFRS 3 'Business Combinations' does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
- Clarify that the exception in IFRS 13 'Fair Value Measurement' for measuring the fair value of a group of financial assets and financial liabilities on a net basis applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 'Financial Instruments: Recognition and Measurement' or IFRS 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities under IAS 32 'Financial Instruments: Presentation';
- Address the interrelationship between IFRS 3 'Business Combinations' and IAS 40 'Investment Property', clarifying in the latter that an entity should assess whether: (a) the acquired property is investment property under IAS 40 and (b) the acquisition of investment property constitutes a business combination as defined in IFRS 3.

The adoption of the amendments had no impact on the Bank's condensed interim financial statements.

IFRIC 21, Levies

IFRIC 21 Levies clarifies that an entity recognizes a liability for a levy that is not income tax when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, for example a specified level of revenue, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

The adoption of the interpretation had no impact on the Bank's condensed interim financial statements. See also note 29.

3. Critical accounting estimates and judgments in applying accounting policies

In the process of applying the Bank's accounting policies, the Bank's Management makes various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognized in the financial statements. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In view of the significant risks and uncertainties that stem from the current macroeconomic environment in Greece and their impact on the prospects of the Greek economy until 2016 that are largely depended on the factors described in note 2, including the effectiveness of the new fiscal discipline measures and the implementation pace of the several structural reforms, the Bank revisited the significant judgments and key sources of estimation uncertainty in applying its accounting policies, as these are provided in its published financial statements for the year ended 31 December 2014. Accordingly, in the second quarter of 2015, the Bank formulated the key assumptions and sources of estimation uncertainty that entail a significant risk of resulting in a material adjustment to the carrying amounts of the reported assets and liabilities, as further described in notes 2, 5, 9, 11 and 25.

4. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008 as in force, as follows:

(a) First stream - preference shares
345,500,000 non-voting, preference shares, with nominal value of € 950 million, were subscribed to by the Hellenic Republic on 21 May 2009 (note 23).

(b) Second stream - bonds guaranteed by the Hellenic Republic
As at 30 June 2015, the government guaranteed bonds, of face value of € 16,453 million, were fully retained by the Bank. In January 2015 , the Bank issued new government guaranteed bonds of face value of € 2,736 million while by the end of October 2015,the face value of government guaranteed bonds fully retained by the Bank, was decreased by € 2,410 million (note 20).

(c) Third stream - lending of Greek Government bonds
Liquidity obtained under this stream must be used to fund mortgages and loans to small and medium-size enterprises. As at 30 June 2015, the Bank had borrowed special Greek Government bonds of face value of € 1,918 million, which were returned in full in August 2015.

Under Law 3723/2008, for the period the Bank participates in the program through the preference shares or the guaranteed bonds (streams (a) and (b) above) the Hellenic Republic is entitled to appoint its representative to the Board of Directors with the right to veto resolutions of strategic character or resolutions which materially alter the legal or financial position of the Bank and require the General Assembly's approval or resolutions related to the dividends' distribution and the remuneration policy concerning the Board members and the General Managers and their deputies, pursuant to a relevant decision of the Minister of Finance or in the event such representative considers that the resolution may jeopardize the interests of the depositors or materially affect the solvency and the orderly operation of the Bank.

In addition, under Law 3756/2009 as in force, any distribution of profits to ordinary shareholders of the banks participating in the first stream of the Greek Economy Liquidity Support Program for the financial years 2008 to 2013 could only take place in the form of ordinary shares, other than treasury shares. In addition, under Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

5. Credit exposure to Greek sovereign debt

As at 30 June 2015, the total carrying value of Greek sovereign major exposures amounted to € 4,866 million (31 December 2014: € 5,251 million). This includes (a) Treasury Bills of € 2,163 million (31 December 2014: € 2,003 million), (b) Greek Government Bonds (GGBs) of € 1,365 million (31 December 2014: € 1,518 million), (c) derivatives with the Greek State of € 848 million (31 December 2014: € 1,102 million), (d) exposure of € 207 million relating with Greek Sovereign risk financial guarantee (31 December 2014: € 204 million), (e) loans guaranteed by the Greek State of € 173 million (31 December 2014: € 198 million), (f) loans to Greek local authorities and public organizations of € 91 million (31 December 2014: € 99 million), and (g) other receivables of € 19 million (31 December 2014: € 20 million). Reverse repo agreements with public organizations matured in January 2015 (31 December 2014: € 107 million).

As at 30 June 2015, given the challenging financial situation in Greece, the Bank evaluated the recoverability of its exposure to Greek sovereign debt, considering the existing economic conditions, the forecast for the Greek economy in the context of the new financial assistance program agreed with the official sector and the financial markets' trends.

Although the agreement for Greece's third bail-out program significantly reduced the country's risk of default and the uncertainty in the markets, the risks that relate with the implementation of the fiscal discipline measures, the structural reforms agenda and the achievement of the agreed fiscal targets still remain, resulting in the continuance of the uncertainty over the prospects of the Greek economy and the capacity of the Greek state to service its sovereign debt.

Notwithstanding the risks and uncertainties mentioned above, the Bank, having considered the agreed actions for the Greek economy's revival and the commitments for the stability of the financial sector, has not recognized any impairment losses for Greek sovereign debt securities. Information for the fair values of Greek sovereign exposures carried at fair value is provided in notes 14 and 25.

The adequacy of the impairment allowance for loans and receivables either guaranteed by the Greek state or granted to public related entities was evaluated in the context of the Bank's impairment policy and critical accounting estimates' reassessment (note 9).

The Bank monitors the developments for the Greek debt crisis closely in order to adjust appropriately its estimates and judgments based on the latest available information.

6. Capital management

Recapitalization framework and process

On 23 July 2015, the Directive 2014/59/EU for the recovery and resolution of credit institutions and investment firms (BRRD) was transposed into Greek Law by virtue of Law 4335/2015, with the exception of its provisions on the bail-in tool which shall be applicable as at 1 January 2016.

Pursuant to Law 4335/2015, with respect to Greek credit institutions, the Bank of Greece (BoG) has been designated as the national resolution authority and the Resolution Branch of the Hellenic Deposit and Investment Guarantee Fund ('HDIGF') as the national resolution fund. The powers provided to the said competent Greek authorities are divided into three categories: (a) preparation and prevention with preparatory steps such as recovery plans while BoG prepares a resolution plan for each credit institution, (b) early intervention with predetermined measures at an early stage so as to avoid insolvency and (c) resolution if insolvency of an institution presents a concern as regards the general public interest.

In the context of the said law (article 32 of Law 4335/2015), BoG has the power to apply a set of resolution tools individually or in combination, in case certain trigger conditions for resolution are met as follows: (a) the determination that the institution is failing or is likely to fail, (b) there is no reasonable prospect that any alternative private sector measures or supervisory action taken in respect of the institution, would prevent the failure of the institution within a reasonable timeframe and (c) there is a necessity of a resolution action in favor of the public interest.

The said resolution tools are the following: (a) sale of business, (b) bridge institution, (c) asset separation (which may be used only in conjunction with other tools) and (d) as of 1 January 2016 the bail-in tool.

Additionally, in adverse conditions of a systemic crisis, extraordinary public financial support may be provided through (additional) financial stabilization tools, which consist of public equity support and temporary public ownership (articles 57 and 58 of Law 4335/2015). As of 1 January 2016, for the said public financial support to be provided, shareholders, holders of other instruments of ownership, holders of relevant capital instruments and other eligible liabilities need to have contributed, through write down, conversion or otherwise, to loss absorption and recapitalization equal to an amount not less than 8 % of total liabilities including own funds of the institution under resolution (article 56 of Law 4335/2015).

According to Law 4336/2015, it is provided that all the necessary political actions for the assurance of financial stability and the enforcement of the viability of the banking sector shall be taken. The principal strategic concern shall focus on the restoration of financial stability and improvement of the banks' viability through the following measures: i) normalization of liquidity and payment conditions and enforcement of banking assets, ii) enforcement of corporate governance and iii) dealing with the problem of non-performing loans. In this context, a capital buffer of up to € 25 bn is provided to address potential recapitalization needs of viable banks and the resolution cost of non-viable banks, in full compliance with the regulations of the EU for competition and public assistance.

On 30 October 2015, the Greek Government submitted to the Greek Parliament a draft law which amends the law regarding the Hellenic Financial Stability Fund (i.e. Law 3864/2010 as in effect and applied until today),in order to align it with the integration of the BRRD directive and the new recapitalization framework.

The most significant changes of Law 3864/2010 in the abovementioned draft law with respect to the recapitalization framework are set out below:

According to article 6 of Law 3864/2010, as amended by the present draft law, in case the credit institution has a capital shortfall, it may submit a request for capital support to HFSF up to the amount of the shortfall, as determined by the competent authority (either the European Central Bank in the context of the SSM or Bank of Greece). The request is followed by a letter of the competent authority, which defines the amount of the capital shortfall, the conclusive date by which the credit institution shall cover the abovementioned capital shortfall and the capital raising plan as submitted to the competent authority. The said request is also followed by an amendment draft of the already approved by the European Commission restructuring plan, or alternatively by a draft restructuring plan, as the case may be.

According to article 6a, in the event that the voluntary measures set out in the credit institution's restructuring plan or amended restructuring plan, as the case may be, are insufficient to cover its capital shortfall and there is a need to avoid significant side effects to the economy with adverse effects upon the public, and in order to ensure that the use of public funds remains the minimum necessary, the Cabinet, following a recommendation by the Bank of Greece, would issue an Act for the mandatory application of the measures provided in this article 6a (burden-sharing measures), aimed at allocating the residual amount of the capital shortfall of the credit institution to the holders of its capital instruments and other obligations, as may be deemed necessary. The unsecured senior liabilities non preferred by mandatory provisions of law have been added to the instruments, whose nominal value may be reduced or which may be converted to ordinary shares in order to restore capital adequacy as required by the competent authority.

It is also provided that in case of conversion of the preference shares of Law 3723/2008 into ordinary shares in accordance with article 6a of Law 3864/2010, the HFSF acquires ownership of such ordinary shares.

According to new article 6b, in case the Minister of Finance decides -in accordance with the provisions of article 56 of Law 4335/2015- to implement (as a financial stabilization tool) the public equity support tool of article 57 of Law 4335/2015, HFSF participates in the recapitalization of the credit institution and receives in exchange Common Equity Tier 1 (CET1) instruments and additional Tier 1 instruments or Tier 2 instruments, described in article 57, par. 1 of Law 4335/2015.

According to article 7, the HFSF provides capital support as determined by the competent authority, but only up to the amount of the relevant credit institution's capital shortfall remaining outstanding after the implementation of the voluntary measures and mandatory (burden-sharing) measures provided in article 6 and following any potential participation of private investors and the approval of the restructuring plan by the European Commission and further following:

(i) completion of the mandatory (burden-sharing) measures of article 6a of Law 3864/2010 and confirmation by the European Commission (as part of the approval of the restructuring plan) that the credit institution concerned falls within the ambit of the exception of the article 32 of Law 4335/2015; or

(ii) placement of the credit institution concerned into resolution (articles 56 and 57 of Law 4335/2015) and taking of the measures required by Law 4335/2015,

in each case through HFSF's subscription for ordinary shares, Contingent Convertible Securities (CoCos) or other convertible financial instruments issuable by the credit institution. For these purposes, the HFSF may exercise, dispose of or waive any pre-emption rights in the context of a share capital increase or issue of CoCos or other convertible financial instruments.

The exact proportion of HFSF's participation between ordinary shares, the conditions for the issuance of CoCos or other convertible financial instruments, as well as the conditions for the conversion of such instruments and any other necessary details will be set for in a Cabinet Act.

Furthermore, the subscription price of the new shares is defined as the market price as it occurs from the bookbuilding process of the credit institution. By decision of the General Council of the HFSF, HFSF can accept this price on the basis of a valuation of an independent financial advisor, who estimates that the book building process is in accordance with international best practice at certain circumstances.

Other than the amendments in relation to the recapitalization framework, new provisions are introduced, according to article 10, that allow the HFSF to evaluate the Board and Committees of the credit institutions based on the best international practices.

Capital position

As at 30 June 2015, the Group's and Bank's Common Equity Tier I ratio (Basel III (CRDIV) rules estimate) stands at 10.4% and 10.3%, respectively.

The Bank has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ('BIS rules/ratios') and adopted by the European Union and the Bank of Greece in supervising the Bank. As of 1 January 2014 the capital adequacy calculation is based on Basel III (CRDIV) rules. Supplementary to that, in the context of Internal Capital Adequacy Assessment Process ('ICAAP'), the Bank considers a broader range of risk types and the Bank's risk and management capabilities. ICAAP aims ultimately to ensure that the Bank has sufficient capital to cover all material risks that it is exposed to, over a 12-month horizon.

During the last years the Bank, apart from the share capital increase of € 2,864 million completed in April 2014, focused on the organic strengthening of its capital position by active derisking of lending portfolios through tighter credit policies and change in the portfolio mix in favor of more secured loans as well as by proceeding to several strategic initiatives to internally generate capital.

Finally, the Bank is examining a number of additional initiatives for enhancing its capital base, associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce Risk Weighted Assets.

European Central Bank's 2015 Comprehensive Assessment

The adverse economic conditions in Greece, especially since the second quarter of 2015, had a negative impact on the liquidity of the Greek banks and raised concerns regarding their solvency position (note 2). In accordance with the preliminary agreement of the 12 July 2015 Euro summit, the new ESM program would have to include the establishment of a buffer of € 10 bn to € 25 bn for the banking sector in order to address potential bank recapitalization needs and resolution costs and the ECB /SSM would conduct a CA of the supervised four Greek banks.

In this context, the CA was conducted taking into account the combined effect of:

(a) An Asset Quality Review (AQR), by reviewing the quality of the banks' Greek portfolios, including the adequacy of asset and collateral valuation and related provisions; and

(b) A forward looking Stress Test (ST) to examine the resilience of the banks' balance sheet to a potential further deterioration of market conditions.

Capital adequacy was assessed over a three-year time period (2015-2017) under two ST scenarios: baseline and adverse. According to the ST process, the banks used as reference the preliminary data for the second quarter of 2015 and submitted their 3-year business plans built on base case assumptions: GDP growth as provided from ECB for 2015 -2.3%, 2016 - 1.3% and 2017 +2.7%, while the other assumptions, including credit and deposit growth, were based on the four banks Economists' consensus. These business plans were stress-tested by ECB under the baseline and adverse scenarios to assess potential capital shortfalls.

On 31 October 2015, ECB announced the results of the CA on the four systemically important Greek Banks, including the Bank.

CA results for Eurobank

The CA results for Eurobank are summarized as follows:

AQR Results

The AQR constituted a thorough review of the carrying values of the Bank's Greek portfolios as of 30 June 2015 encompassing 98% of the Greek portfolio. The AQR identified additional provisioning needs, leading to a CET1 ratio of 8.6%, after taking into account the entire amount of losses identified in the AQR, which implies a capital shortfall of € 339 million, relative to the threshold of a CET1 ratio of 9.5%. The AQR-adjusted capital position provided the starting point for the Stress Test (ST).

Stress test Results

The ST under the baseline scenario has not triggered further negative impact on the Bank's solvency position, maintaining the post-AQR and baseline scenario CET1 at 8.6%, which corresponds to a capital shortfall of € 339 million, relative to a CET1 ratio of 9.5%, which is the threshold in the baseline scenario of the ST.

The ST under the adverse scenario identified further negative impacts on the Bank's solvency position, leading to a CET1 ratio of 1.3%, which implies a capital shortfall of €2,122 million, relative to a CET1 ratio of 8%, which is the threshold in the adverse scenario of the ST.

Following these results, the Bank will shortly submit a capital plan to the ECB for approval, describing in detail the measures it intends to implement in order to cover the shortfall identified in the CA, for under both the base and the adverse scenario.

The 2015 AQR is a prudential exercise, which was performed under the same methodology as the 2014 AQR. This methodology was developed by ECB for the purpose of the 2014 CA in order to ensure consistency across banks without introducing greater prescription into the accounting rules outside of the supervisory mechanisms.

The results of the AQR had no effect on the accounting policies applied by the Bank for the six months ended 30 June 2015, which are described in note 2 of the Financial Statements for the year ended 31 December 2014. Furthermore, the AQR impact has been already captured in the first half of 2015 to the appropriate extent through the application of the Bank's existing impairment accounting policies, which incorporate the constant evaluation and calibration of estimates and judgments based on the latest available information (note 9).

Restructuring plan

On 29 April 2014, the European Commission approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. The Hellenic Republic has committed that the Bank will implement in particular specific measures and actions and will achieve objectives which are integral part of said restructuring plan.

Principal commitments to be implemented by the end of 2018 relate to (a) the reduction of the total costs and the net loan to deposit ratio for the Group's Greek activities, (b) the reduction of the Bank's cost of deposits, (c) the reduction of the Group's foreign assets, (d) the decrease of the shareholding in specific non-banking subsidiaries, (e) the securities portfolio deleveraging, and (f) restrictions on the capital injection to the Bank's foreign subsidiaries unless the regulatory framework of each relevant jurisdiction requires otherwise, the purchase of non-investment grade securities, the staff remuneration, the credit policy to be adopted and other strategic decisions.

In the context of the new recapitalization process, in case that additional State Aid is necessary, the restructuring plan will be revisited and resubmitted for approval to the European Commission. The approval process is expected to be completed within 2015.

Monitoring Trustee

The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund (IMF) and the European Central Bank (ECB) provides for the appointment of a monitoring trustee in all banks under State Aid.

On 22 February 2013, the Bank appointed Grant Thornton as its Monitoring Trustee (MT). The MT monitors compliance with commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and reports to the European Commission.

7. Dividend income

During the first half of 2015, the Bank recognized dividend income mainly resulting from shares in subsidiaries amounting to € 366 million (30 June 2014: € 20 million) of which € 341 million will be cash settled in the third quarter of 2015 (note 16).

The analysis of the aforementioned dividends per entity is as follows:

	30 June 2015 € million	30 June 2014 € million
ERB New Europe Holding B.V.	**262**	-
Eurolife ERB Insurance Group Holdings S.A.	**38**	-
Eurobank Factors S.A.	**25**	-
Eurobank Equities S.A.	**16**	-
Eurobank Fund Management Company (Luxemburg) S.A.	**18**	-
Eurobank Property Services S.A.	**-**	13
Grivalia Properties R.E.I.C.	**6**	6
Other (including AFS and trading portfolio)	**1**	1
Total	**366**	20

8. Operating expenses

	30 June 2015 € million	30 June 2014 € million
Staff costs	**(185)**	(203)
Administrative expenses	**(100)**	(104)
Depreciation of property, plant and equipment	**(15)**	(20)
Amortisation of intangible assets	**(7)**	(8)
Operating lease rentals	**(22)**	(22)
Total	**(329)**	(357)

The average number of employees of the Bank during the period was 9,073 (30 June 2014: 8,959). As at 30 June 2015, the number of branches of the Bank was amounted to 533.

9. Impairment allowance for loans and advances to customers

The movement of the impairment allowance for loans and advances to customers by product line is as follows:

	30 June 2015				
	Wholesale € million	Mortgage € million	Consumer [1] € million	Small business € million	Total € million
Balance at 1 January	3,374	1,381	2,143	1,540	8,438
Impairment loss for the period [2]	628	695	248	395	1,966
Recoveries of amounts previously written off	-	-	2	-	2
Amounts written off	(27)	(0)	(0)	(0)	(27)
NPV unwinding	(40)	(35)	(4)	(42)	(121)
Foreign exchange differences and other movements	36	7	(18)	6	31
Balance at 30 June	3,971	2,048	2,371	1,899	10,289

[1] *Credit cards balances are included.*

[2] *Impairment losses on loans and advances as presented in income statement for the period ended 30 June 2015 include an amount of € 60 million which has been provided against the interbank placement with the Bank's indirect subsidiary 'PJSC Universal Bank' in Ukraine (note 30).*

The critical accounting estimates and judgements that are made by the Bank's Management in assessing the impairment losses on loans and advances to customers are evaluated constantly, particularly in circumstances of economic uncertainty, based on the latest available information and expectations of future events that are considered reasonable.

In this context, in the second quarter of 2015, the Bank assessed the borrowers' financial performance, the recovery value of the underlying collaterals and calibrated its provisioning models in order to reflect:

- the negative ramifications of the recent financial and political turmoil in Greece, i.e. the third bailout program that provides, among others, for a new package of fiscal measures, the prolonged uncertainty of domestic political landscape and the imposition of capital controls;

- their consequential impact on the Greek economy's prospects until 2016, i.e. increased market uncertainly, mainly relating with the satisfactory implementation of fiscal sustainability measures and the safeguarding of financial stability, worsening of GDP rate, continuation of high unemployment rate, negative investment growth and reduction of import/export activity. Particularly, the macroeconomic assumptions provided by the Single Supervisory Mechanism in August 2015 regarding the real GDP's growth rate, i.e. decline by 2.3% in 2015, decline by 1.3% in 2016, increase by 2.7% in 2017, as well as the unemployment rate's level, i.e. 26.9% in 2015, 27.1% in 2016 and 25.7% in 2017, were taken into consideration in estimating the impairment losses. Prior to the recent financial crisis, the Bank's own estimates on the respective macroeconomic variables provided for the growth of the real GDP rate by 0.2% in 2015, 2.0% in 2016 and 2.5% in 2017, and the gradual decrease of the unemployment rate to 25.7% in 2015, 24.0% in 2016 and 22.0% in 2017;

- the downward trend in the real estate market in Greece, based on the latest available information and the expected further delay of its recovery period. Particularly, the residential property prices are estimated to decline by 5.8% in 2015, 2.4% in 2016 and increase by 1.6% in 2017. On the other hand, the commercial property prices are estimated to decline by 3.7% in 2015, 0.3% in 2016 and increase by 1.3% in 2017. The above estimates for residential and commercial properties represent the consensus forecasts of the Chief Economists of the four Greek systemic banks and the Bank's own estimates. Prior to the recent financial crisis, the latest available information on the respective variables, as was published by the European Banking Authority and taken into consideration by the Bank, provided for the decline of the residential property prices by 3.7% in 2015 and 1.2% in 2016, and the decline of commercial property prices by 0.8% in 2015 and the increase by 0.6% in 2016. Additionally, in view of the revised estimates on property prices, as well as the updated information on market's activity and range of prices, the Bank applied more conservative haircuts on collaterals' values, in order to reflect appropriately their recovery amount.

Additionally, as at 30 June 2015, in assessing the adequacy of impairment losses on loans and advances to customers, the Bank took into consideration the 2015 AQR results and their underlying assumptions, the impact of which has been already captured, to the appropriate extent, based on its existing impairment policies and within the context of its revised estimates, as described above (see also note 3).

Accordingly, in the second quarter of 2015, the Bank recognised an impairment loss of € 562 million and € 1,151 million for wholesale and retail loan exposures, respectively. Considering the interrelationship among the key parameters used by the Bank for the measurement of impairment losses, as described above, it is not practicable to quantify separately the effect of each key parameter, in a reliable manner.

10. Other impairment and non recurring income/(expenses)

	30 June 2015 € million	30 June 2014 € million
Impairment and valuation losses on investment and repossessed properties	**(28)**	(6)
Impairment losses on bonds [1]	**(20)**	(22)
Impairment losses on mutual funds and equities	**(5)**	-
Other impairment losses	**(53)**	(28)
Reversal of provision for claims in dispute	**-**	103
Integration costs relating with the operational merger of NHPB and New Proton	**(0)**	(10)
Restructuring costs	**(2)**	-
Restructuring costs and other non recurring income/(expenses)	**(2)**	93
Total	**(55)**	65

[1] In the first half of 2014, an amount of € 13 million was included for corporate bonds held by a Group's subsidiary and guaranteed by the Bank.

The deteriorating macroeconomic conditions described in note 9 and the persistent decline in real estate market prices in Greece were taken into consideration in assessing the recoverable amount of investment and repossessed properties portfolio. As a result, as at 30 June 2015, the Bank recognized impairment and valuation losses on investment and repossessed properties amounting to € 28 million.

In the first half of 2015, the Bank recognized an additional impairment loss of € 20 million for the Ukrainian government bonds that are included in its held-to-maturity investment portfolio, due to the continued uncertainty in the economic and political conditions in the country, that led to a significant drop in the market prices of those bonds.

The market's positive reaction to the terms of the restructuring offer, announced by the Ukrainian government on 27 August 2015, led to the recovery of the Ukrainian securities' market prices that are, subsequent to the announcement, traded at significant higher levels. Additionally, the payment suspension of certain sovereign bonds maturing in September 2015, as it was explicitly stated by the Ukrainian government in the above mentioned announcement due to the forthcoming restructuring agreement, triggered the settlement of the Bank's Credit Default Swaps (CDSs) that are directly linked with the specific Ukrainian government bonds mentioned above. Following the ISDA's (International Swaps and Derivatives Association) auction on 6 October 2015, the settlement of the CDSs took place on 13 October 2015. Therefore, as of 30 September 2015, the Bank proceeded with the partial reversal of the cumulative recognized impairment by € 30 million, in order to reflect the settlement price.

As at 31 March 2014, the Bank proceeded with the release of the provision of € 103 million, recognized in 2013 based on the management's estimates of the final amount of the consideration to be received for the disposal of Polish operations.

11. Income tax and non recurring tax adjustments

	30 June 2015 € million	30 June 2014 € million
Current tax	(3)	(4)
Deferred tax	489	180
Income tax	486	176
Recognition of DTA following Circular 1143/15.05.2014	-	34
Reversal of provision of withholding tax claims	-	43
Tax (charge)/income from continuing operations	486	253
Tax (charge)/income from discontinued operations	-	18
Total	486	271

According to Law 4172/2013, as was in force at the end of the current reporting period, the nominal Greek corporate tax rate applied for income generated in accounting year 2014 and for the period ended 30 June 2015 was 26%. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 10% withholding tax.

According to law 4334/2015, which was enacted on 16 July 2015 and amended tax law 4172/2013, the nominal Greek corporate tax rate increased from 26% to 29% for income generated in accounting years 2015 and onwards. This change which is a non-adjusting event for the period ended 30 June 2015 will result in an increase of net deferred tax asset by € 509 million.

In May 2014, the Ministry of Finance with its Circular 1143/15.05.2014 provided clarifications for the application of tax Law 4172/2013. In particular, with the said Circular, it was clarified that the accumulated losses from shares and derivatives which had been recognized in accordance with the former tax Law 2238/1994 can be utilized for tax purposes (i.e. are added to carried forward tax losses). Hence, during the first half of 2014, the Bank recognized in income statement a one off tax income of € 34 million. In addition, as at 30 June 2014, following a favourable Supreme Court decision, the Bank recognized a non-recurring tax income of € 43 million due to reversal of provisions in relation to withholding tax claims against the State.

For the year ended 31 December 2011 and onwards, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, are required to obtain an 'Annual Tax Certificate' provided for in article 82 of Law 2238/1994 (currently article 65a of Law 4174/2013), which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. According to the relevant Ministerial Decision 1159/2011, 18 months after the issuance of a tax unqualified certificate, provided that no tax issues have been identified from the tax authorities' potential re-audits, the tax audit is considered finalized. Further tax audits may be effected only in cases of tax offences that have been identified by the Ministry of Finance audits (i.e. breaches of the money laundering legislation, forged or fictitious invoices, transactions with non-existent companies or breaches of transfer pricing rules).

The Bank has been audited by tax authorities up to 2009, has not been audited for 2010 and has obtained by external auditors unqualified tax certificates for years 2011 – 2014. In addition, New TT Hellenic Postbank and New Proton Bank, which were merged with the Bank in 2013, have obtained by external auditors unqualified tax certificate with a matter of emphasis for their unaudited by tax authorities periods/tax years 18/1-30/6/2013 and 9/10/2011- 31/12/2012, respectively, with regards to potential tax obligations resulting from their carve out. For both cases the Bank has formed adequate provisions. In accordance with the aforementioned tax legislation and considering related preconditions, tax audit for the years 2011 and 2012 for the Bank is considered finalized, according to the Ministerial Decision 1159/2011.

Deferred income taxes are calculated on all temporary differences under the liability method as well as for unused tax losses at the rate in effect at the time the reversal is expected to take place.

The movement on deferred income tax is as follows:

	30 June 2015 € million
Balance at 1 January	**3,871**
Income statement credit/(charge) from continued operations	**489**
Available for sale investment securities	**53**
Cash flow hedges	**(5)**
Balance at 30 June	**4,408**

Deferred income tax assets are attributable to the following items:

	30 June 2015 € million	31 December 2014 € million
PSI+ tax related losses	**1,189**	1,211
Loan impairment	**2,478**	1,993
Unused tax losses	**249**	258
Valuations through the income statement	**269**	250
Costs directly attributable to equity transactions	**45**	48
Cash flow hedges	**31**	35
Valuations directly to available-for-sale revaluation reserve	**89**	37
Fixed assets	**(1)**	(5)
Defined benefit obligations	**9**	8
Other	**50**	36
Net deferred income tax	**4,408**	3,871

Deferred income tax (charge)/credit in the income statement is attributable to the following items:

	30 June 2015 € million	30 June 2014 € million
Loan impairment	**485**	125
Unused tax losses	**(9)**	66
Tax deductible PSI+ losses	**(22)**	(22)
Change in fair value and other temporary differences	**35**	63
Deferred income tax (charge)/credit	**489**	232

As at 30 June 2015, the Bank recognized net deferred tax assets amounting to € 4.408 bn as follows:

(a) € 1,189 million refer to losses resulted from the Bank's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;

(b) € 2,478 million refer to temporary differences arising from loan impairment that can be utilized in future periods with no specified time limit and according to current tax legislation;

(c) € 249 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2018;

(d) € 45 million mainly refer to costs directly attributable to Bank's share capital increases, subject to 10 years' amortization for tax purposes starting from the year they have been incurred;

(e) € 447 million refer to other temporary differences the majority of which can be utilized in future periods with no specified time limit and according to current tax legislation.

The recognition of the above presented deferred tax assets is based on management's assessment that it is expected that the Bank, based on its business plan, will have sufficient taxable profits, against which the unused tax losses and the deductible temporary differences can be utilized.

According to article 5 of Law 4303/2014 (a new article 27A was incorporated in the Law 4172/2013), which is applicable to Greek financial institutions, including leasing and factoring companies, deferred tax assets that have been or will be recognized due to losses from the Private Sector Involvement ('PSI') and the Greek State Debt Buyback Program, accumulated provisions and other general losses due to credit risk in relation to existing receivables as of 31 December 2014 (excluding any receivables raised for Group companies or connected parties), will be converted into directly enforceable claims (tax credit) against the Greek State, provided that the after tax accounting result for the period, is a loss. As at 30 June 2015, deferred tax assets eligible for conversion to tax credits amounted to € 3,667 million.

The total amount of the claim will be determined by multiplying the above eligible deferred tax assets with a ratio that represents the after tax accounting loss of the period as a percentage of total equity, excluding the after tax accounting loss of the period.

The claim will arise upon approval of the financial statements and will be offset against the relevant amount of income tax. When the amount of income tax is insufficient to offset the above claim, any remaining claim will give rise to a direct refund right against the Greek State. For this purpose, a special reserve equal to 110% of the above claim will be created exclusively for a share capital increase and the issuance of capital conversion rights (warrants) without consideration in favor of the Greek State. The above rights will be convertible into ordinary shares and will be freely transferable. Existing shareholders will have a call option within a reasonable period based on their participation in the share capital at the time of issuance of those rights. Furthermore Law 4172/2013 also provides for the issuance of a Ministerial Cabinet Act to address the implementation details relevant to the conversion of eligible deferred tax assets into a tax credit.

On 7 November 2014, the Extraordinary General Meeting of the Shareholders of the Bank approved the Bank's participation in the above described mechanism which is effective from the tax year 2015 onwards.

Post balance sheet events

According to Law 4336/2015 which has been voted on 14 August 2015 there is a provision, amongst others, for the future amendment of the aforementioned legal framework for the conversion of Deferred Tax Assets (DTAs) to tax credit against the Greek State, with the view of minimizing the funding from the new ESM program and the connection between banks and the State.

A draft law referring to the Greek Banks' recapitalization was submitted to the Greek Parliament on 30 October 2015. Such draft bill includes, amongst others, a provision amending the existing Deferred Tax Credits (DTCs) framework. The main proposed amendments provide that eligible DTAs could be converted into DTCs from fiscal year 2016 onwards and that the eligible DTA on accumulated provisions and other losses in general due to credit risk is the one corresponding to those (provisions and credit losses) accounted as at 30 June 2015.

12. Discontinued operations

Disposal of Polish operations

During the first half of 2014, the gain on the disposal of Polish operations was adjusted with € 70 million losses, before tax (€ 52 million losses, after tax), while the relating provision recognized in 2013 based on management's estimates of the final amount of the consideration to be received was released accordingly (note 10).

13. Loans and advances to customers

	30 June 2015 € million	31 December 2014 € million
Wholesale lending	**15,414**	15,235
Mortgage lending	**16,958**	16,620
Consumer lending [1]	**5,155**	5,269
Small business lending	**6,511**	6,390
	44,038	43,514
Less: Impairment allowance (note 9)	**(10,289)**	(8,438)
	33,749	35,076

[1] *Credit cards balances are included.*

In the first half of 2015, gross loans balance was significantly affected by the appreciation of CHF and USD against Euro during the first quarter of 2015, which led to an increase of approximately € 0.8 bn.

As of 30 September 2014, in accordance with IAS 39, the Bank has elected to reclassify certain impaired corporate bond loans from the 'Available-for-sale' portfolio to 'Loans and advances to customers' portfolio that meet the definition of loans and receivables and the Bank has the intention and ability to hold them for the foreseeable future or until maturity. The reclassifications were made with effect from 30 September 2014 at the loans' fair value of € 150 million (gross amount of € 550 million less fair value adjustment of € 400 million), which became their amortized cost at the reclassification date. Considering that the reclassified bond loans are impaired, the fair value adjustment of € 400 million represented incurred credit losses already recognised by the Bank as of the reclassification date.

As at 30 June 2015, the carrying amount of these loans is € 111 million which approximates their fair value and impairment losses of € 15 million were recognized in the income statement for the six months ended 30 June 2015. No amounts would have been recognized in the OCI had these financial assets not been reclassified.

As at 30 June 2015, the 90 days past due loans (gross) amounted to € 15,766 million.

14. Investment securities

	30 June 2015 € million	31 December 2014 € million
Available-for-sale investment securities	2,895	2,913
Debt securities lending portfolio	11,311	11,700
Held-to-maturity investment securities	229	346
	14,435	14,959

The investment securities per category are analyzed as follows:

	30 June 2015			
	Available--for-sale securities € million	Debt securities lending portfolio € million	Held-to--maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,051	-	10,051
- Greek government bonds	481	875	-	1,356
- Greek government treasury bills	2,162	-	-	2,162
- Other government bonds	119	280	51	450
- Other issuers	40	105	178	323
	2,802	11,311	229	14,342
Equity securities	93	-	-	93
Total	2,895	11,311	229	14,435

	31 December 2014			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,061	-	10,061
- Greek government bonds	618	890	-	1,508
- Greek government treasury bills	1,994	-	-	1,994
- Other government bonds	163	383	61	607
- Other issuers	39	366	285	690
	2,814	11,700	346	14,860
Equity securities	99	-	-	99
Total	2,913	11,700	346	14,959

In 2008 and 2010, in accordance with the amendments to IAS 39, the Bank reclassified eligible debt securities from the 'Available-for-sale' portfolio to 'Debt securities lending' portfolio carried at amortized cost. Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method. As at 30 June 2015, the carrying amount of the reclassified securities was € 851 million. If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 30 June 2015 would have resulted in € 351 million losses net of tax, which would have been recognized in the available-for-sale revaluation reserve.

15. Shares in subsidiary undertakings

Hellenic Postbank - Hellenic Post Mutual Funds Mngt Company S.A., Greece

In January 2015, the Bank acquired from Hellenic Post (ELTA) 49% of Hellenic Postbank – Hellenic Post Mutual Funds Management Company S.A. and thus the total Bank's participation to the company amounts to 100%.

ERB Leasing E.A.D, Bulgaria

In January 2015, the share capital of ERB Leasing E.A.D, increased by € 11 million.

Global Fund Management S.A, Greece

In April 2015, the liquidation of the company was completed.

Eurobank Ergasias Leasing S.A., Greece

In May 2015, the Bank acquired from Eurobank Equities S.A. 0.44% of Eurobank Ergasias Leasing S.A. and thus the total Bank participation to the company amounts to 100%.

Byzantium Finance Plc, United Kingdom

In June 2015, the liquidation of the company was completed.

ERB New Europe Holding B.V.

In June 2015, following the dividend distributed from ERB New Europe Holding B.V. to the Bank in the second quarter of 2015 (note 7), the Bank reassessed the recoverable amount of its investment and an impairment charge amounted to € 159 million was recorded accordingly.

Transfer of London branch

In the second quarter of 2015, as part of the Group's reorganization initiatives, the Bank transferred the operations of Eurobank Ergasias S.A London Branch to its subsidiary Eurobank Private Bank Luxemburg S.A. At the date of transfer (a) the total assets of London branch amounted to € 198 million of which loans and advances to customers € 153 million and cash and balances with central bank € 39 million and (b) the total liabilities amounted to € 196 million of which due to customers € 71 million. The funding of the Bank to London Branch of € 124 million was repaid by Eurobank Private Bank Luxemburg S.A. The above transaction represents a common control transaction that was performed for a total consideration of € 2.6 million equal to the book value of net assets transferred.

Grivalia Properties R.E.I.C

In the first quarter of 2014 Fairfax Financial Holding Limited (through its subsidiaries) acquired from the Bank its pre-emption rights in Grivalia Properties R.E.I.C share capital increase, of a deemed cost of €69 million, for a total consideration of € 20 million and thus a loss of €49 million was recognized in Bank's income statement. In addition, in June 2014, the Bank disposed of 13.47% of its interest that was held in Grivalia Properties and accordingly, the carrying amount of the Bank's participation in Grivalia Properties decreased by € 109 million and a gain of € 11 million was recognized in the income statement.

Post balance sheet event

Hellenic Postbank – Hellenic Post Mutual Funds Mngt, Greece

In September 2015, the Annual General Meeting of shareholders of the company decided its liquidation.

16. Other assets

	30 June 2015 € million	31 December 2014 € million
Receivable from Deposit Guarantee and Investment Fund	**672**	668
Repossessed properties and relative prepayments	**324**	344
Pledged amount for a Greek sovereign risk financial guarantee	**258**	257
Income tax receivable	**220**	212
Prepaid expenses and accrued income	**30**	49
Investments in associated undertakings and joint ventures	**5**	5
Dividends receivable from shares in subsidiaries (note 7)	**341**	-
Other assets	**186**	190
	2,036	1,725

As at 30 June 2015, other assets amounting to € 186 million mainly consist of receivables from (a) settlement balances with customers, (b) guarantees, (c) public entities, and (d) fraudulent and legal cases, net of provisions.

In January 2015, the Bank disposed its participation interest of 50% in Cardlink S.A. The total number of shares of Cardlink S.A. which were held by the Bank, were disposed to a company of the group "Quest Holdings S.A.", for a total consideration amount of € 7.5 million.

17. Due to central banks

	30 June 2015 € million	31 December 2014 € million
Secured borrowing from ECB and BoG	**32,677**	12,610

As at 30 June 2015, the Bank has increased its dependency on Eurosystem financing facilities to € 32.7 bn (of which € 22.9 bn funding from ELA) as a result of deposit withdrawals and reduction of wholesale secured funding. As at 30 September 2015, the Eurosystem funding stood at € 31.6 bn, of which € 22.3 bn funding from ELA.

18. Due to credit institutions

	30 June 2015 € million	31 December 2014 € million
Secured borrowing from other banks	**1,442**	12,071
Borrowing from international financial institutions	**239**	254
Interbank takings	**307**	948
Current accounts and settlement balances with banks	**58**	135
Other borrowings	**100**	-
	2,146	13,408

As at 30 June 2015, other borrowings refer to funds received by the Bank from IFG-Greek SME Finance S.A., in order to provide financing to Small & Medium-Sized Enterprises (SMEs). The funds originated from the German and Greek Public and are under the management of KFW (German government- owned development bank) and ETEAN S.A. (Hellenic fund for entrepreneurship and development), respectively.

19. Due to customers

	30 June 2015 € million	31 December 2014 € million
Term deposits	**12,256**	20,148
Savings and current accounts	**10,652**	11,235
Repurchase agreements	**53**	553
Other term products	**47**	49
	23,008	31,985

The other term products concern subordinated notes held by the Bank's customers.

20. Debt securities in issue

	30 June 2015 € million	31 December 2014 € million
Securitised	**905**	938
Subordinated-Lower Tier II (note 19)	**220**	218
Medium-term notes (EMTN)	**53**	78
Government guaranteed bonds	**-**	53
	1,178	1,287

Asset Backed Securities

During the first half of 2015, the Bank proceeded with the redemption of residential mortgage backed and consumer loans backed securities of face value of € 2,596 million, € 11 million of which were held by third parties.

Medium-term notes (EMTN)

During the first half of 2015, the Bank proceeded with the redemption of notes of face value of € 25 million.

As at 30 June 2015, the notes issued by the Bank under the EMTN program, totalling to € 53 million (2014: € 78 million), were fully retained by the Bank's subsidiaries.

Government guaranteed and covered bonds

In January 2015, the Bank issued new government guaranteed bonds of face value of € 2,736 million.

During the second quarter of 2015, the Bank proceeded with the cancellation of covered bonds of face value of € 3,050 million, held by the Bank and its subsidiaries.

As at 30 June 2015, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 4), as well as the covered bonds, of face value of € 16,453 million and € 100 million respectively, were retained by the Bank and its subsidiaries.

According to the State Aid rules, as in force, it is provided that in the event that HFSF participates in the capital increase, the prior contribution of preferred securities holders and subordinated creditors is required to reduce the capital shortfall. In addition, senior notes may also be eligible instruments for contributing in the potential recapitalization, taking into account the 14 August Eurogroup statement that the bail-in will apply for senior bondholders whereas bail in of depositors is excluded (note 2).

Financial disclosures required by the Act 2620/28.08.2009 of the Bank of Greece in relation to the covered bonds issued, are available at the Bank's website.

Post balance sheet events

By the end of October 2015, the face value of government guaranteed bonds fully retained by the Bank was decreased by € 2,410 million.

On 29 October 2015, the Bank launched a Liability Management Exercise (LME), aiming to strengthen the Bank's CET1 (note 29).

21. Other liabilities

	30 June 2015 € million	31 December 2014 € million
Sovereign risk financial guarantee	**51**	52
Other provisions	**64**	73
Deferred income and accrued expenses	**56**	55
Standard legal staff retirement indemnity obligations	**34**	32
Other liabilities	**198**	265
	403	477

As at 30 June 2015, other liabilities amounting to € 198 million mainly consist of payables relating with (a) suppliers and creditors, (b) bank checks and remittances, (c) contributions to insurance organizations, (d) duties and other taxes and (e) credit card transactions under settlement.

As at 30 June 2015, other provisions amounting to € 64 million consist of amounts for (a) outstanding litigations and claims in dispute of € 55 million (note 27), and (b) other provisions for operational risk events of € 8 million, and untaken vacation indemnity of € 1 million.

22. Ordinary share capital and share premium

The par value of the Bank's shares is € 0.30 per share (31 December 2014: € 0.30). All shares are fully paid. The balance of ordinary share capital, share premium and the number of ordinary shares issued by the Bank, are as follows:

	Ordinary share capital € million	**Share premium € million**	**Number of issued ordinary shares**
Balance at 30 June 2015	**4,412**	**6,682**	**14,707,876,542**

Treasury shares

Under Law 3756/2009, banks participating in the Government's Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

23. Preference shares

	Preference Shares	
	30 June 2015	31 December 2014
Number of shares	€ million	€ million
345,500,000	950	950

On 12 January 2009 the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 "Greek Economy Liquidity Support Program", to be fully subscribed to and paid by the Greek State with bonds of equivalent value. The proceeds of the issue total € 940 million, net of expenses, and the transaction was completed on 21 May 2009. In accordance with the current legal and regulatory framework, the issued shares have been classified as Common Equity Tier I capital.

The preference shares pay a non-cumulative coupon, subject to meeting minimum capital adequacy requirements, set by Bank of Greece (BoG), availability of distributable reserves in accordance with article 44a of Company Law 2190/1920 and the approval of the Annual General Meeting. Five years after the issue of the preference shares, the Bank may redeem the preference shares at their nominal value. If such redemption is not possible, because the Bank's capital adequacy ratio would fall below the minimum requirements set by the BoG, the preference shares will be converted into ordinary shares or shares of any other class existing at the time of the conversion following a decision of the Minister of Finance and after a recommendation by the Governor of the BoG and on condition that at the expiry of the five year period, the Bank will have submitted, and the Minister of Finance will have approved, further to a recommendation by the Governor of the BoG, a restructuring plan of the Bank pursuant to the legislation as in force. The conversion ratio will take into account the average market price of the Bank's ordinary shares during the calendar year preceding such conversion. In case of non-redemption at the expiration of the five year period, the abovementioned coupon is increased by 2% each year, following relevant decision by the Minister of Finance, upon recommendation of the BoG.

Based on the 2014 results and Law 3723/2008 in combination with article 44a of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted.

24. Hybrid capital

The outstanding amount of hybrid capital issued by the Bank, in the form of preferred securities, through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 June 2015 is analyzed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
At 30 June 2015	72	151	154	21	398

On 30 December 2014, ERB Hellas Funding Ltd announced the non-payment of the non-cumulative preferred dividend on the preferred securities of Series A, Series C and Series D, which otherwise would have been paid on 18 March 2015, 9 January 2015 and 29 January 2015, respectively.

On 31 March 2015, ERB Hellas Funding Ltd announced the non-payment of the non-cumulative preferred dividend on the preferred securities of Series C and Series D, which otherwise would have been paid on 9 April 2015 and 29 April 2015, respectively.

On 30 June 2015, ERB Hellas Funding Ltd announced the non-payment of the non-cumulative preferred dividend on the preferred securities of Series C and Series D, which otherwise would have been paid on 9 July 2015 and 29 July 2015, respectively.

According to the State Aid rules, as in force it is provided that in the event that HFSF participates in the capital increase, the prior contribution of hybrid capital holders and subordinated creditors is required to reduce the capital shortfall (note 2).

Post balance sheet events

On 30 September 2015, ERB Hellas Funding Ltd announced the non-payment of the non-cumulative preferred dividend on the preferred securities of Series B, Series C and Series D, which otherwise would have been paid on 2 November 2015, 9 October 2015 and 29 October 2015, respectively.

In October 2015, the Bank proceeded with the buy-back and the subsequent cancelation of its hybrid instruments of face value of € 325 million, previously held by its subsidiary ERB Hellas Cayman. Accordingly, the Hybrid capital of the Bank was reduced to € 77 million and the resulting gain of € 178 million after tax, was recorded directly in equity.

On 29 October 2015, the Bank launched a Liability Management Exercise (LME), aiming to strengthen the Bank's CET1 (note 29).

25. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price). When a quoted price for an identical asset or liability is not observable, fair value is measured using valuation techniques that are appropriate in the circumstances, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

Financial instruments carried at fair value

Trading assets, derivatives and other transactions undertaken for trading purposes, as well as available-for-sale securities and assets and liabilities designated at fair-value-through-profit-or-loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, the fair values are estimated using valuation techniques. These financial instruments carried at fair value are categorized into the three levels of the fair value hierarchy as at 30 June 2015 based on whether the inputs to the fair values are observable or unobservable, as follows:

(a) Level 1 – Financial instruments measured based on quoted prices in active markets for identical financial instruments that the Bank can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments, equity and derivative instruments traded on exchanges, as well as mutual funds and unit-linked products that have regularly and frequently published quotes.

(b) Level 2 – Financial instruments measured using valuation techniques with the following inputs: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) may also include other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments mainly include over-the-counter (OTC) derivatives and less-liquid debt instruments.

(c) Level 3 – Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities and certain OTC derivatives.

The fair value hierarchy categorization of the Bank's financial assets and liabilities carried at fair value is presented in the following tables:

	30 June 2015			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Financial assets measured at fair value:				
Financial instruments held for trading	**9**	**3**	**1**	**13**
Derivative financial instruments	**0**	**1,602**	**18**	**1,620**
Available-for-sale investment securities	**2,829**	**25**	**41**	**2,895**
Total financial assets	**2,838**	**1,630**	**60**	**4,528**
Financial liabilities measured at fair value:				
Derivative financial instruments	**2**	**2,409**	**-**	**2,411**
Due to customers:				
- Structured deposits	**-**	**110**	**-**	**110**
Trading liabilities	**8**	**-**	**-**	**8**
Total financial liabilities	**10**	**2,519**	**-**	**2,529**

	31 December 2014			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Financial assets measured at fair value:				
Financial instruments held for trading	32	41	0	73
Derivative financial instruments	-	2,119	2	2,121
Available-for-sale investment securities	2,869	1	43	2,913
Total financial assets	2,901	2,161	45	5,107
Financial liabilities measured at fair value:				
Derivative financial instruments	1	2,469	-	2,470
Due to customers:				
- Structured deposits	-	149	-	149
Trading liabilities	9	-	-	9
Total financial liabilities	10	2,618	-	2,628

The Bank recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected.

In the first half of 2015, the Bank transferred the Greek listed available for sale shares and the available for sale mutual funds with underlying Greek listed shares of € 20 million and € 2 million respectively, from Level 1 to Level 2 due to their market's temporary closing (see below).

In the first half of 2015 the Bank transferred derivative financial instruments of € 23 million from Level 2 to Level 3, which are valued using valuation techniques, where the CVA calculation is based on unobservable inputs that result in a CVA adjustment significant to the entire fair value of the derivative (2014: € 7 million).

Reconciliation of Level 3 fair value measurements

	30 June 2015 € million
Balance at 1 January	**45**
Transfers into Level 3	**23**
Transfers out of Level 3	**(1)**
Additions, net of disposals and redemptions	**0**
Total gain/(loss) for the period included in profit or loss	**(9)**
Total gain/(loss) for the period included in other comprehensive income	**1**
Other	**1**
Balance at 30 June	**60**

Bank's valuation processes

The Bank uses widely recognized valuation models for determining the fair value of common financial instruments, such as interest and cross currency swaps, that use only observable market data and require little management estimation and judgment. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, 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. Fair values estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and the counterparty, where appropriate.

Global Market Counterparty Risk Sector establishes the processes and procedures governing the fair valuations, in line with the Bank's accounting policies. Some of the specific valuation controls include: verification of observable pricing, re-performance of model valuations, a review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc. Where third parties' valuations are used for fair value measurement, these are reviewed in order to ensure compliance with the requirements of IFRS 13.

Valuation techniques

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Bank and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in circumstances, the Bank considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Bank applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorized as Level 3 in the fair value hierarchy. A reasonably possible change in the main unobservable input (i.e. the recovery rate), used in their valuation, would not have a significant effect on their fair value measurement.

The Bank determines fair values for debt securities held using quoted market prices in active markets for securities with similar credit risk, maturity and yield or by using discounted cash flows method.

For debt securities issued by the Bank and designated at FVTPL, fair values are determined by discounting the expected cash flows at a risk-adjusted rate, where the Bank's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Bank or other Greek issuers.

The fair values of unquoted available-for-sale equity instruments are estimated mainly (i) using third parties' valuation reports based on investees' net assets, where management does not perform any further significant adjustments, and (ii) net assets' valuations, adjusted where considered necessary.

Financial instruments not carried at fair value

The following table presents the carrying amounts and fair values of financial assets and liabilities which are not carried at fair value on the balance sheet:

	30 June 2015	
	Carrying amount € million	Fair value € million
Loans and advances to customers	**33,749**	**33,900**
Investment securities		
- Debt securities lending portfolio	**11,311**	**10,987**
- Held-to-maturity securities	**229**	**216**
Total financial assets	**45,289**	**45,103**
Debt securities in issue		
held by third party investors	**320**	**122**
Total financial liablities	**320**	**122**

	31 December 2014	
	Carrying amount € million	Fair value € million
Loans and advances to customers	35,076	34,930
Investment securities		
- Debt securities lending portfolio	11,700	11,167
- Held-to-maturity securities	346	329
Total financial assets	47,122	46,426
Debt securities in issue		
held by third party investors	402	326
Total financial liablities	402	326

The assumptions and methodologies underlying the calculation of fair values of financial instruments not carried at fair value on the balance sheet date are in line with those used to calculate the fair values for financial instruments carried at fair value and are as follows:

(a) Loans and advances to customers: for loans and advances to customers quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Bank makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate.

(b) Investment securities carried at amortized cost: the fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield or by using the discounted cash flows method.

(c) Debt securities in issue held by third party investors: the fair values of the debt securities in issue are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Bank's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Bank or other Greek issuers.

For other financial instruments which are short term or re-price at frequent intervals (cash and balances with central banks, due from credit institutions, due to central banks, due to credit institutions and due to customers), the carrying amounts represent reasonable approximations of fair values.

Fair values of financial assets and liabilities with Greek sovereign and other Greek issuers

As at 30 June 2015, the economic and political situation in Greece, as described in note 2, contributed to the financial markets' increased volatility and instigated a sharp drop in the market prices of Greek securities, affecting accordingly, the relevant market variables used as inputs in the valuation techniques applied by the Bank, e.g. credit spreads, implied volatilities.

Additionally, the bank holiday and the imposition of capital controls on 28 June 2015 forced the closing of the Electronic Secondary Securities Market (HDAT) and the Athens Stock Exchange until 3 August 2015 that are presumed by the Bank as the principal markets for Greek government securities and Greek listed shares, respectively.

In the absence of HDAT's prices, the fair value measurement of Greek government securities was based on the quoted prices obtained by internationally recognized market data providers as at 30 June 2015. Since the imposition of capital controls until 30 June 2015, the Bank recorded a mark to market loss of € 135 million, in relation to these securities. Additionally, the Bank transferred into level 2 of the fair value hierarchy, the Greek listed available for sale shares and the available for sale mutual funds with underlying Greek listed shares, due to their market's temporary closing as mentioned above.

Post Balance sheet event

The markets' positive sentiment subsequent to the announcement for the agreement of Greece's third bailout program, on 13 July 2015, led to improvement of the Hellenic's Republic credit spreads and the increase of the Greek government securities' market prices that are, subsequent to the announcement, traded at significant higher levels, signaling in parallel the markets' gradual normalization. From 30 June 2015 until 30 September 2015, the Bank recognized a mark to market gain of € 272 million, deriving from the increase in their market prices. Additionally, in the third quarter of 2015, the Bank recognized a gain of € 65 million for derivatives with the Greek State.

26. Cash and cash equivalents and other information on Interim Cash Flow Statement

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days original maturity:

	30 June 2015 € million	31 December 2014 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central bank)	**438**	545
Due from credit institutions	**275**	366
Financial instruments at fair value through profit or loss	**1**	1
	714	912

Other (income)/losses on investment securities presented in operating activities are analysed as follows:

	30 June 2015 € million	30 June 2014 € million
Amortisation of premiums/discounts and accrued interest	**(6)**	(41)
(Gains)/losses from sale	**5**	(16)
Dividends	**(1)**	(1)
	(2)	(58)

27. Contingent liabilities and commitments

Credit related commitments are analyzed as follows:

	30 June 2015 € million	31 December 2014 € million
Guarantees [1] and standby letters of credit	**1,340**	1,302
Guarantees to Bank's SPV's issuing EMTNs	**1,051**	1,062
Other guarantees (medium risk) and documentary credits	**416**	445
Commitments to extent credit	**115**	114
	2,922	2,923

[1] *Guarantees that carry the same credit risk as loans*

Legal Proceedings

As at 30 June 2015, there were a number of legal proceedings outstanding against the Bank for which a provision of € 55 million was recorded (31 December 2014: € 53 million).

28. Board of Directors

The Board of Directors was elected by the Annual General Meeting held on 27 June 2013 for a three years term of office. The Annual General Meeting held on 26 June 2015 approved the extension of the term of office of the current Board until 2018 and more specifically by 27 June 2018, prolonged until the end of the period the Annual General Meeting for the year 2018 will take place. Further to the changes already reported up to the publication of the Annual Financial Report for the year ended 31 December 2014, the below changes in the composition of the Board of Directors have taken place since then:

On 28 April 2015, the Extraordinary General Meeting elected two new Board members, Mr. Stavros Ioannou and Mr. Theodoros Kalantonis.

On 13 May 2015, following the resignation of Mr. Josh Seegopaul, the Board appointed Mr. Stephen L. Johnson as new Board member.

Following the above, on 13 May 2015 the Board was reconstituted as a body, as follows:

N. Karamouzis	Chairman, Non-Executive (nominated as Chairman on 1 February 2015)
S. Lorentziadis	Vice Chairman, Non-Executive Independent
F. Karavias	Chief Executive Officer (nominated as CEO on 1 February 2015)
S. Ioannou	Deputy Chief Executive Officer (nominated as Deputy CEO on 28 April 2015)
T. Kalantonis	Deputy Chief Executive Officer (nominated as Deputy CEO on 28 April 2015)
W. S. Burton	Non-Executive
G. Chryssikos	Non-Executive
J. S. Haick	Non-Executive Independent
B. P. Martin	Non-Executive Independent
S.L. Johnson	Non-Executive Independent (nominated as Non-Executive Independent on 13 May 2015)
C. Andreou	Non-Executive (Greek State representative under Law 3723/2008 – appointed as of 6 March 2015)
K. H. Prince – Wright	Non-Executive (HFSF representative under Law 3864/2010)

29. Post balance sheet events

Resolution Fund contributions

In the context of Directive 2014/59/EU for the recovery and resolution of credit institutions and investment firms (BRRD), which has been enacted in Greece with Law 4335/2015 (note 6), member states shall ensure that, by 31 December 2024, the available financial means of their national resolution authorities reach at least 1% of the amount of covered deposits of all the institutions authorized in their territory. The terms of calculation and payment of the contributions for the year 2015 are expected to be specified by Bank of Greece (BoG) within the following months. In this context, the Bank recognized a provision of € 40 million in relation to the above expected contributions, in the third quarter of 2015.

In addition, according to Law 4335/2015 and following the designation of Resolution Branch of HDIGF as the national resolution fund (note 6), total assets and liabilities of the said scheme were transferred to a separate account within HDIGF ('Account for the Settlement of Past Years' Resolution Measures') for which the Bank expects that it will continue to recognize annual contributions as specified by HDIGF. The process for determining such contributions and other key terms of the abovementioned account are expected to be defined upon the transposition of Directive 2014/49/EU on deposit guarantee schemes in the Greek law.

Furthermore, in line with Law 3746/2009 and following a decision notified by HDIGF in October 2015, Greek banks are required to pay in the year 2015 supplementary contributions for the funding of resolution measures for 'Panellinia Bank S.A', in relation to which the Bank's contribution is expected to amount to € 12 million and will be recognized in the fourth quarter of 2015.

As per the draft law submitted to the Greek Parliament on 30 October 2015, the provision of Law 4335/2015 for the establishment of a separate account within HDIGF, referred to the above, is abolished.

Liability Management Exercise

On 29 October 2015, the Bank launched a Liability Management Exercise (LME), aiming to strengthen the Bank's CET1 and, in combination with the planned share capital increase of the Bank through a bookbuilding process, to cover the additional Bank's capital requirements, which have been derived from the Comprehensive Assessment of the Greek financial sector that was conducted by the SSM (note 6).

LME is effected on a voluntary basis inviting the eligible securities' holders to:

a) tender such outstanding securities issued by the Bank and its SPVs (ERB Hellas Funding, ERB Hellas PLC and ERB Hellas Cayman) for purchase against cash at a purchase price equal to, in the case of:

- Tier I securities (preferred securities), 50% of the liquidation preference of such securities
- Tier II securities (subordinated securities), 80% of their outstanding principal amount plus accrued interest
- Senior securities, 100% of their outstanding principal amount plus accrued interest
- Structured senior securities, the relevant early repurchase price

b) irrevocably instruct the relevant Offeror which for all the said securities' takeover will be the Bank, exempting Series C of the Tier I securities, where the Offeror will be ERB Hellas Funding Limited to deposit the aggregate purchase proceeds in the share capital increase account for the sole purpose of subscribing for new ordinary registered shares of the Bank at the new shares price to be set through the results of the bookbuilding process during the Bank's upcoming share capital increase.

The Bank will accept less than the aggregate tendered amount of securities if (i) the sum of the LME generated capital amount and the bookbulding process capital amount would exceed the capital requirement and (ii) the Bank determines in its sole discretion that it is appropriate to apply a scaling factor to acceptances in respect of the offers.

The Offer Period is expected to commence, on or about 4 November 2015 and will expire on 11 November 2015, whereas the announcement of the LME results is expected on or about 16 November 2015.

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

Note 2-Principal accounting policies
Note 4- Greek Economy Liquidity Support Program
Note 6-Capital management
Note 10-Other impairment and non-recurring income/(expenses)
Note 11-Income tax and non-recurring tax adjustments

Note 15-Shares in subsidiary undertakings
Note 17-Due to central banks
Note 20-Debt securities in issue
Note 24-Hybrid capital
Note 25-Fair value of financial assets and liabilities

30. Related parties

In May 2013, following its full subscription in the Bank's recapitalization of € 5,839 million, the HFSF became the controlling shareholder and a related party of the Bank. In May 2014, following the completion of the Bank's share capital increase for raising € 2,864 million, fully covered by private, institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%.

In addition, in the context of the Law 3864/2010 (the 'HFSF Law') as amended by Law 4254/2014, the HFSF's voting rights in the Bank's General Assemblies have been switched to restricted ones. Accordingly, as of early May 2014, the HFSF is no more the controlling shareholder of the Bank but is considered to have significant influence over it.

Furthermore, in the context of the amended HFSF Law and following the completion of the aforementioned Bank's share capital increase, on 28 August 2014 HFSF entered into a new Relationship Framework Agreement (RFA) with Eurobank, similar to that of the other systemic banks, which regulates, among others, (a) the Bank's corporate governance, (b) the development and approval of the Bank's Restructuring Plan, (c) the material obligations deriving from the Restructuring Plan and the switch of voting rights, (d) the monitoring of the implementation of the Restructuring Plan and the Bank's ensuing risk profile and (e) the significant matters requiring the HFSF's consent.

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. These include loans, deposits and guarantees. In addition, as part of its normal course of business in investment banking activities, the Bank at times may hold positions in debt and equity instruments of related parties.

The outstanding balances of the said related party transactions and the relating income and expenses are as follows:

	30 June 2015				31 December 2014			
	Subsidiaries € million	Key management personnel (KMP)[1] € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million	Subsidiaries € million	Key management personnel (KMP)[1] € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million
Due from credit institutions	3,257	-	-	-	3,394	-	-	-
Financial Instruments at fair value through P&L	3	-	-	-	47	-	-	-
Derivative Financial instruments assets	8	-	-	-	15	-	-	-
Investment Securities	90	-	-	-	313	-	-	-
Loans & advances to customers, net of provision	1,577	8	4	0	1,590	6	4	0
Other assets[2]	372	-	-	4	29	-	-	3
Due to credit institutions	1,396	-	-	-	3,368	-	-	-
Derivative financial instruments liabilities	3	-	-	-	3	-	-	-
Due to customers	1,384	2	8	0	1,492	3	9	0
Debt securities in issue	859	-	-	-	885	-	-	-
Other liabilities	15	-	-	-	18	-	-	9
Guarantees issued	1,696	-	-	-	1,785	-	-	-
Guarantees received	-	0	-	-	-	0	-	-
	Six months ended 30 June 2015				Six months ended 30 June 2014			
Net interest income	(7)	0	0	-	3	(0)	(0)	-
Net banking fee and commission income	8	-	-	-	3	-	-	-
Dividend income	365	-	-	-	19	-	-	-
Net trading income	9	-	-	-	(1)	-	-	-
Other operating income/(expense)	(8)	-	(0)	1	(9)	-	(0)	-
Impairment losses on loans and advances and collectors fees	(72)	-	-	-	(36)	-	(2)	-

[1] Key management personnel includes directors and key management personnel of the Bank and HFSF (until early May 2014) and their close family members. For the period until early May 2014, the amounts of income and expenses in relation with transactions with directors and key management personnel of HFSF and their close family members were immaterial.
[2] Receivable from HFSF pursuant to the terms of the relevant binding agreement for the acquisition of NHPB.

In addition, at 30 June 2015 the loans, net of provisions, granted to entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements amounted to €3.8 million (31 December 2014: €3 million).

During the period ended 30 June 2015, the Bank has recorded impairment losses of € 60 million against the interbank placement with its indirect subsidiary "PJSC Universal Bank" in Ukraine, which has been classified as held for sale operations in Group's financial statements as of March 2014. As at 30 June 2015, the impairment allowance for loans and receivables with Bank's consolidated subsidiaries and joint ventures amounted to € 148.4 million (31 December 2014: €88.5 million).

In relation to the guarantees issued, the Bank has received cash collateral of € 535 million as at 30 June 2015 (31 December 2014: €523 million), which is included in due to customers.

Key management compensation (directors and other key management personnel of the Bank)

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 3.06 million (30 June 2014: € 2.72 million) and long-term employee benefits of € 0.34 million (30 June 2014: € 0.33 million expense and € 0.12 million income relating with forfeited share options).

Athens, 31 October 2015

Nikolaos V. Karamouzis	**Fokion C. Karavias**	**Harris V. Kokologiannis**
I.D. No AB – 336562	I.D. No AI - 677962	I.D. No AK-021124
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER OF GROUP FINANCE GROUP CHIEF FINANCIAL OFFICER

VI. *Financial Data and Information for the period from 1 January 2015 to 30 June 2015*

EUROBANK ERGASIAS S.A.
Company Registration No : 000223001000 - 8 Othonos Street, Athens 105 57
FINANCIAL DATA AND INFORMATION FOR THE PERIOD
from 1 January to 30 June 2015
(as stipulated by the Decision 4/507/28.04.2009 of the Capital Market Commission)

The information listed below aims to provide a general overview about the financial position and the financial results of Eurobank Ergasias S.A. and its Group. Consequently, readers are strongly advised to visit the website of the Bank, where the interim financial statements prepared under International Financial Reporting Standards (IFRS) are available, before any investment decision or transaction with the Bank is entered into.

COMPANY'S DATA

Company's website:	www.eurobank.gr	**Audit Firm:**	PricewaterhouseCoopers S.A.
Date of approval of the interim financial statements by BoD :	31 October 2015	**Auditors' report:**	Unqualified - emphasis of matter
Certified Public Accountant - Auditor:	Marios Psaltis	**Issue Date of Auditor's report:**	31 October 2015

INCOME STATEMENT

Amounts in euro million

Bank 1 Jan-30 Jun 2015	Bank 1 Jan-30 Jun 2014	Bank 1 Apr-30 Jun 2015	Bank 1 Apr-30 Jun 2014		Group 1 Jan-30 Jun 2015	Group 1 Jan-30 Jun 2014	Group 1 Apr-30 Jun 2015	Group 1 Apr-30 Jun 2014
491	493	**244**	250	Net interest income	**751**	743	**378**	376
42	30	**20**	15	Net banking fee and commission income	**106**	95	**53**	49
-	-	**-**	-	Net insurance income	**18**	17	**8**	8
3	3	**2**	1	Income from non banking services	**25**	22	**12**	12
366	20	**359**	20	Dividend income	**2**	2	**1**	2
(9)	5	**18**	(3)	Net trading income	**(10)**	13	**(5)**	7
(5)	16	**1**	9	Gains less losses from investment securities	**22**	55	**5**	33
8	0	**-**	1	Net other operating income	**8**	4	**7**	3
896	567	**644**	293	**Operating income**	**922**	951	**459**	490
(329)	(357)	**(166)**	(179)	Operating expenses	**(494)**	(535)	**(247)**	(268)
567	210	**478**	114	**Profit from operations before impairments and non recurring income/(expenses)**	**428**	416	**212**	222
(2,026)	(828)	**(1,773)**	(408)	Impairment losses on loans and advances	**(2,138)**	(934)	**(1,836)**	(455)
(159)	(38)	**(159)**	11	Impairment and other losses on shares in subsidiary undertakings	**-**	-	**-**	-
(53)	(28)	**(30)**	(18)	Other impairment losses	**(75)**	(64)	**(52)**	(24)
(2)	93	**(0)**	(7)	Restructuring costs and other non recurring income/(expenses)	**(3)**	92	**(1)**	(8)
-	-	**-**	-	Share of results of associated undertakings and joint ventures	**0**	0	**(0)**	0
(1,673)	(591)	**(1,484)**	(308)	**Profit/(loss) before tax**	**(1,788)**	(490)	**(1,677)**	(265)
486	176	**435**	83	Income tax	**440**	137	**410**	60
-	77	**-**	-	Non recurring tax adjustments	**-**	82	**-**	5
(1,187)	(338)	**(1,049)**	(225)	**Net profit/(loss) from continuing operations**	**(1,348)**	(271)	**(1,267)**	(200)
-	(52)	**-**	-	Net profit/(loss) from discontinued operations	**(53)**	(227)	**(46)**	(95)
(1,187)	(390)	**(1,049)**	(225)	**Net profit/(loss)**	**(1,401)**	(498)	**(1,313)**	(295)
-	-	**-**	-	Net profit/(loss) attributable to non controlling interests	**11**	10	**5**	6
(1,187)	(390)	**(1,049)**	(225)	**Net profit/(loss) attributable to shareholders**	**(1,412)**	(508)	**(1,318)**	(301)
(0.0807)	(0.0471)	**(0.0713)**	(0.0204)	**Basic earnings/(losses) per share**	**(0.0961)**	(0.0614)	**(0.0897)**	(0.0272)
(0.0807)	(0.0408)	**(0.0713)**	(0.0204)	**Basic earnings/(losses) per share from continuing operations**	**(0.0925)**	(0.0340)	**(0.0865)**	(0.0187)

BALANCE SHEET

Amounts in euro million

Bank 30 Jun 2015	Bank 31 Dec 2014		Group 30 Jun 2015	Group 31 Dec 2014
		ASSETS		
769	801	Cash and balances with central banks	**2,069**	1,948
5,915	5,892	Due from credit institutions	**3,651**	3,059
13	73	Financial instruments at fair value through profit or loss	**268**	360
1,620	2,121	Derivative financial instruments	**1,650**	2,134
33,749	35,076	Loans and advances to customers	**41,070**	42,133
2,895	2,913	Available-for-sale investment securities	**5,352**	5,626
229	346	Held-to-maturity investment securities	**671**	657
11,311	11,700	Debt securities lending portfolio	**11,408**	11,566
2,423	2,570	Shares in subsidiary undertakings	**-**	-
5	5	Investments in associated undertakings and joint ventures	**6**	6
266	282	Property, plant and equipment	**691**	702
63	64	Investment property	**877**	876
63	60	Intangible assets	**151**	150
4,408	3,871	Deferred tax assets	**4,432**	3,894
2,031	1,720	Other assets	**2,096**	2,137
-	-	Assets of disposal group classified as held for sale	**152**	270
65,760	67,494	**Total assets**	**74,544**	75,518
		LIABILITIES		
32,677	12,610	Due to central banks	**32,677**	12,610
2,146	13,408	Due to credit institutions	**988**	10,256
2,411	2,470	Derivative financial instruments	**2,427**	2,475
23,008	31,985	Due to customers	**31,009**	40,878
1,178	1,287	Debt securities in issue	**640**	811
403	477	Other liabilities	**2,015**	2,020
-	-	Liabilities of disposal group classified as held for sale	**116**	164
61,823	62,237	**Total liabilities**	**69,872**	69,214
		EQUITY		
4,412	4,412	Ordinary share capital	**4,411**	4,412
950	950	Preference shares	**950**	950
6,682	6,682	Share premium	**6,683**	6,682
(8,505)	(7,185)	Reserves and retained earnings	**(8,103)**	(6,485)
3,539	4,859	**Total equity attributable to shareholders of the Bank**	**3,941**	5,559
398	398	Hybrid capital-preferred securities	**77**	77
-	-	Non controlling interests	**654**	668
3,937	5,257	**Total equity**	**4,672**	6,304
65,760	67,494	**Total equity and liabilities**	**74,544**	75,518

STATEMENT OF COMPREHENSIVE INCOME

Amounts in euro million

Bank 1 Jan-30 Jun 2015	Bank 1 Jan-30 Jun 2014	Bank 1 Apr-30 Jun 2015	Bank 1 Apr-30 Jun 2014		Group 1 Jan-30 Jun 2015	Group 1 Jan-30 Jun 2014	Group 1 Apr-30 Jun 2015	Group 1 Apr-30 Jun 2014
(1,187)	(390)	**(1,049)**	(225)	**Net profit/(loss)**	**(1,401)**	(498)	**(1,313)**	(295)
(133)	13	**(66)**	(2)	IAS 39 revaluation reserve	**(201)**	23	**(182)**	11
-	-	**-**	-	Foreign currency translation	**(5)**	(7)	**(7)**	2
(1,320)	(377)	**(1,115)**	(227)	**Total comprehensive income, net of tax**	**(1,607)**	(482)	**(1,502)**	(282)
				Attributable to:				
				Shareholders				
(1,320)	(325)	**(1,115)**	(227)	- from continuing operations	**(1,562)**	(258)	**(1,459)**	(194)
-	(52)	**-**	-	- from discontinued operations	**(56)**	(234)	**(48)**	(94)
-	-	**-**	-	Non controlling interests from continuing operations	**11**	10	**5**	6

STATEMENT OF CHANGES IN EQUITY

Amounts in euro million

Bank 1 Jan-30 Jun 2015	Bank 1 Jan-30 Jun 2014		Group 1 Jan-30 Jun 2015	Group 1 Jan-30 Jun 2014
5,257	4,002	**Balance at 1 January**	**6,304**	4,523
(1,187)	(390)	Net profit/(loss)	**(1,401)**	(498)
(133)	13	Other comprehensive income	**(206)**	16
-	2,777	Share capital increase, net of expenses	**-**	2,783
-	-	Acquisition/changes in participating interests in subsidiary undertakings	**(2)**	331
-	-	Dividends distributed by subsidiaries attributable to non controlling interests	**(24)**	(12)
-	11	Treasury shares and preferred securities, net of tax	**(0)**	11
-	(0)	Other	**1**	(0)
3,937	6,413	**Balance at 30 June**	**4,672**	7,154

CASH FLOW STATEMENT

Amounts in euro million

Bank 1 Jan-30 Jun 2015	Bank 1 Jan-30 Jun 2014		Group 1 Jan-30 Jun 2015	Group 1 Jan-30 Jun 2014
(390)	(2,654)	Net cash from/(used in) continuing operating activities	**445**	(4,735)
301	344	Net cash from/(used in) continuing investing activities	**144**	1,736
(109)	2,589	Net cash from/(used in) continuing financing activities	**(193)**	3,095
-	-	Effect of exchange rate changes on cash and cash equivalents	**0**	4
(198)	279	**Net increase/(decrease) in cash and cash equivalents from continuing operations**	**396**	100
-	-	Net cash flows from discontinued operating activities	**(44)**	(7)
-	-	Net cash flows from discontinued investing activities	**21**	2
-	-	**Net increase/(decrease) in cash and cash equivalents from discontinued operations**	**(23)**	(5)
912	1,218	Cash and cash equivalents at beginning of period	**1,978**	1,951
714	1,497	**Cash and cash equivalents at end of period**	**2,351**	2,046

Notes :

1. The accounting policies applied for the preparation of the financial statements as at 30 June 2015 are consistent with those stated in the published annual financial statements of the Bank and the Group for the year ended 31 December 2014, after taking into consideration the amendments in IFRS stated in the note 2 of the financial statements.
2. In the second quarter of 2015, the Group assessed the borrowers' financial performance and the recovery value of the underlying collaterals, and calibrated its provisioning models in order to reflect among others the negative ramifications of the recent financial and political turmoil in Greece. Accordingly, the Bank and the Group recognized an impairment loss of their loan portfolio of € 1,713 million and € 1,836 million, respectively (notes 9 and 10 of the Bank's and the Group's financial statements, respectively).
3. The fixed assets of the Bank and the Group are free of material charges or encumbrances.
4. A list of companies consolidated on 30 June 2015 is mentioned in notes 17 and 18 of the consolidated financial statements, where information on the percentage of Group's holding, the country of incorporation, as well as, the consolidation method applied is reported. (a) The companies that were included in consolidated financial statements on 30 June 2015 but not consolidated on 30 June 2014, were (i) Eurolife ERB Insurance Group Holdings S.A, which was established in September 2014, (ii) Herald Greece 1 S.A and Herald Greece 2 S.A, which were acquired in September 2014, (iii) Diethnis Ktimatiki S.A., which was acquired in May 2015 and (iv) Grivalia Hospitality S.A., which was established in June 2015. (b) On 30 June 2015 the companies which were not included in consolidated financial statements were (i) Andromeda Leasing I Holdings Ltd and Andromeda Leasing I plc which were liquidated in the third quarter of 2014, (ii) ERB Auto Leasing E.O.O.D. which was merged with ERB Leasing E.A.D. in August 2014, (iii) T Leasing S.A. which was merged with Eurobank Ergasias Leasing S.A. in November 2014, (iv) Cardlink S.A. which was disposed in January 2015, (v) Global Fund Management S.A which was liquidated in April 2015 and (vi) Byzantium Finance Plc which was liquidated in June 2015. The companies that are not consolidated on 30 June 2015 and the reasons for their exclusion are mentioned in notes 17 and 18 of the Group's financial statements.
5. As at 30 June 2015, there were a number of legal proceedings outstanding against the Bank and the Group, for which a provision of € 55m and € 63m respectively has been recorded. The outcome of the aforementioned lawsuits is not expected to have significant impact on the Bank's and the Group's financial position.
6. The Bank has been audited by tax authorities up to 2009, has not been audited for 2010 and has obtained by external auditors unqualified tax certificates for years 2011-2014 in accordance with article 82 of Law 2238/1994 (currently article 65a of Law 4174/2013). In line with the said law and considering related preconditions, tax audit for the years 2011 and 2012 is considered finalized. Information in relation to open tax years of Group's companies is provided in note 12 of the Group's financial statements.
7. The total number of employees as at 30 June 2015 was 9,085 for the Bank (30 June 2014: 8,901) and 17,469 for the Group (30 June 2014: 18,393).
8. The number of treasury shares held by subsidiaries of the Bank as at 30 June 2015 was 4,023,416 at a cost of € 562 ths.
9. The Group's related party transactions, excluding the key management personnel ("KMP"), are as follows: receivables € 8.1m, liabilities € 8.5m, expenses € 0.19m and revenues € 0.66m. The Bank's related party transactions, excluding the KMP, are as follows: receivables € 5,315m, liabilities € 3,665m, guarantees issued € 1,696m, expenses € 132m and revenues € 428m. The transactions of the Group with the KMP are as follows: compensation € 4.5m, receivables € 7.8m, liabilities € 5.1m, guarantees received € 0.12m, expenses € 0.04m and revenues € 0.06m. The transactions of the Bank with the KMP are as follows: compensation € 3.4m, receivables € 7.6m, liabilities € 2.1m, guarantees received € 0.12m, expenses € 0.01m and revenues € 0.03m (notes 30 and 32 of the Bank's and the Group's financial statements, respectively).
10. During the first half of 2015, liquidity of the whole Greek banking sector was negatively affected due to the combined effect of deposit withdrawals, reduction of wholesale secured funding and the decision of ECB to lift the waiver of minimum credit rating requirements for marketable instruments issued or guaranteed by Hellenic Republic (i.e., Greek government bonds and Pillar 2 & 3 of the Law 3723/2008). As a result Greek banks reverted to the fallback funding source, the Emergency Liquidity Assistance (ELA) mechanism to cover their short term liquidity needs. Specifically, as at 30 June 2015 the Bank has increased its dependency on Eurosystem financing facilities to € 32.7 bn, € 22.9 bn of which funding from ELA. As at 30 September 2015, the Eurosystem funding stood at € 31.6 bn, of which € 22.3 bn funding from ELA (note 2 of financial statements).
11. On 29 October 2015, the Bank launched a Liability Management Exercise (LME) aiming to strengthen the Bank's CET1 (notes 29 and 31 of the Bank's and the Group's financial statements, respectively).
12. In the 3rd quarter of 2015, the European Central Bank (ECB)/Single supervisory Mechanism (SSM) conducted a comprehensive assessment (CA) of the four systemic Greek banks in order to assess their capital adequacy taking into account the combined effect of an Asset Quality Review (AQR) and a forward looking Stress Test (ST) over a three-year time period (2015-2017) under two stress test scenarios (baseline and adverse). On 31 October 2015, ECB/SSM announced the CA results according to which the Group's capital shortfall under the baseline and adverse scenario amounts to €339 million and €2,122 million respectively. As at 30 June 2015, the Group's Common Equity Tier I ratio stands at 10.4%. The emphasis of matter stated in Auditor's report, refers to the current economic conditions in Greece, the effects of the increased credit risk provisions on the Group's regulatory capital, the planned actions to restore the capital adequacy of the Group, as well as to the material uncertainties regarding the macroeconomic environment, the development of fiscal aggregates and the framework and process with respect to the recapitalization of the Greek banks (notes 2 and 6 of the Bank's and the Group's financial statements).

Athens, 31 October 2015

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