EFG EUROBANK ERGASIAS S.A.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MARCH 2012

8 Othonos Street, Athens 105 57, Greece
www.eurobank.gr, Tel.: (+30) 210 333 7000
Company Registration No: 6068/06/B/86/07

Index to the Condensed Interim Financial Statements

	Note	Three months ended 31 March 2012 € million	2011 € million
Net interest income		**264**	295
Net banking fee and commission income		**32**	52
Income from non banking services		**0**	2
Dividend income		**14**	0
Net trading income		**46**	(18)
Gains less losses from investment securities		**8**	(93)
Other operating income		**1**	17
Operating income		**365**	255
Operating expenses		**(166)**	(178)
Profit from operations before impairment losses on loans and advances and Greek sovereign debt		**199**	77
Impairment losses on loans and advances	10	**(303)**	(269)
Impairment losses on Greek sovereign debt	6	**(199)**	-
Profit/(loss) before tax		**(303)**	(192)
Income tax	8	**61**	28
Profit/(loss) for the period from continuing operations		**(242)**	(164)
Profit/(loss) for the period from discontinued operations	9	**-**	190
Net profit/(loss) for the period attributable to shareholders		**(242)**	26

Notes on pages 8 to 14 form an integral part of these condensed interim financial statements

Interim Balance Sheet

	Note	31 March 2012 € million	31 December 2011 € million
ASSETS			
Cash and balances with central bank		**621**	1,821
Loans and advances to banks		**18,511**	23,965
Financial instruments at fair value through profit or loss		**287**	94
Derivative financial instruments		**1,834**	1,950
Loans and advances to customers		**35,102**	36,087
Investment securities	11	**6,369**	5,946
Shares in subsidiary undertakings		**2,941**	2,946
Investments in joint ventures		**6**	6
Property, plant and equipment		**319**	328
Intangible assets		**71**	73
Other assets		**2,900**	2,566
Total assets		**68,961**	75,782
LIABILITIES			
Secured borrowing from banks		**33,744**	34,549
Other deposits from banks		**3,125**	3,372
Derivative financial instruments		**2,828**	3,044
Due to customers		**24,335**	26,864
Debt issued and other borrowed funds	13	**4,624**	4,337
Other liabilities		**535**	3,626
Total liabilities		**69,191**	75,792
EQUITY			
Ordinary share capital	14	**1,228**	1,228
Share premium	14	**1,448**	1,448
Other reserves		**(4,595)**	(4,380)
Preference shares	15	**950**	950
Hybrid capital	16	**739**	744
Total		**(230)**	(10)
Total equity and liabilities		**68,961**	75,782

Notes on pages 8 to 14 form an integral part of these condensed interim financial statements

	Three months ended 31 March			
	2012 € million		2011 € million	
Profit/(loss) for the period		**(242)**		26
Other comprehensive income:				
Cash flow hedges				
-net changes in fair value, net of tax	**(16)**		(3)	
-transfer to net profit, net of tax	**(6)**	**(22)**	3	(0)
Available for sale securities				
-net changes in fair value, net of tax	**57**		11	
-transfer to net profit, net of tax	**3**	**60**	2	13
Foreign currency translation				
-net changes in fair value, net of tax	**-**		1	
-transfer to net profit, net of tax	**-**	**-**	(3)	(2)
Other comprehensive income for the period		**38**		11
Total comprehensive income for the period attributable to shareholders:				
-from continuing operations	**(204)**		(152)	
-from discontinued operations	**-**	**(204)**	189	37

Notes on pages 8 to 14 form an integral part of these condensed interim financial statements

EFG EUROBANK ERGASIAS S.A.

Interim Statement of Changes in Equity
for the three months ended 31 March 2012

	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 2011	1,481	1,450	691	(247)	950	790	5,115
Other comprehensive income for the period	-	-	11	-	-	-	11
Profit/(loss) for the period	-	-	-	26	-	-	26
Total comprehensive income for the three months ended 31 March 2011	-	-	11	26	-	-	37
Merger with Dias S.A.	-	-	67	-	-	-	67
Purchase/sale of hybrid capital	-	-	-	8	-	(16)	(8)
Preference shares' and hybrid capital's dividend paid	-	-	-	(13)	-	-	(13)
Share-based payment:							
- Value of employee services	-	-	(2)	-	-	-	(2)
Treasury shares arising from mergers	(2)	(1)	-	-	-	-	(3)
Sale of treasury shares, net of tax and related expenses	2	1	-	(7)	-	-	(4)
	-	-	65	(12)	-	(16)	37
Balance at 31 March 2011	1,481	1,450	767	(233)	950	774	5,189
Balance at 1 January 2012	**1,228**	**1,448**	**971**	**(5,351)**	**950**	**744**	**(10)**
Other comprehensive income for the period	-	-	38	-	-	-	**38**
Profit/(loss) for the period	-	-	-	(242)	-	-	**(242)**
Total comprehensive income for the three months ended 31 March 2012	**-**	**-**	**38**	**(242)**	**-**	**-**	**(204)**
Purchase/sale of hybrid capital	-	-	-	3	-	(5)	**(2)**
Preference shares' and hybrid capital's dividend paid	-	-	-	(14)	-	-	**(14)**
Share-based payment:							
- Value of employee services	-	-	(0)	-	-	-	**(0)**
	-	**-**	**(0)**	**(11)**	**-**	**(5)**	**(16)**
Balance at 31 March 2012	**1,228**	**1,448**	**1,009**	**(5,604)**	**950**	**739**	**(230)**
	Note 14	Note 14			Note 15	Note 16	

Notes on pages 8 to 14 form an integral part of these condensed interim financial statements

EFG EUROBANK ERGASIAS S.A.

Interim Cash Flow Statement
for the three months ended 31 March 2012

	Three months ended 31 March	
	2012	2011
	€ million	€ million
Cash flows from operating activities		
Interest received and net trading receipts	**685**	627
Interest paid	**(425)**	(373)
Fees and commissions received	**61**	84
Fees and commissions paid	**(30)**	(26)
Other income received	**1**	0
Cash payments to employees and suppliers	**(131)**	(146)
Income taxes paid	**-**	(5)
Cash flows from continuing operating profits before changes in operating assets and liabilities	**161**	161
Changes in operating assets and liabilities		
Net (increase)/decrease in cash and balances with central bank	**1,191**	(134)
Net (increase)/decrease in financial instruments at fair value through profit or loss	**(11)**	91
Net (increase)/decrease in loans and advances to banks	**5,838**	4,494
Net (increase)/decrease in loans and advances to customers	**395**	1,130
Net (increase)/decrease in derivative financial instruments	**(179)**	(277)
Net (increase)/decrease in other assets	**(228)**	32
Net increase/(decrease) in due to banks	**(1,085)**	(3,969)
Net increase/(decrease) in due to customers	**(2,665)**	(1,855)
Net increase/(decrease) in other liabilities	**(3,147)**	18
Net cash from/(used in) continuing operating activities	**270**	(309)
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	**(4)**	(6)
Proceeds from sale of property, plant and equipment and intangible assets	**0**	0
(Purchases)/sales and redemptions of investment securities	**(190)**	372
Acquisition of subsidiary and associated undertakings and participations in capital increases	**(19)**	-
Cash acquired from merger with subsidiary	**-**	23
Disposal of subsidiaries and foreign operations, net of cash and cash equivalents disposed	**1**	(143)
Dividends from investment securities, subsidiary and associated undertakings	**14**	-
Net cash from/(used in) continuing investing activities	**(198)**	246
Cash flows from financing activities		
(Repayments)/Proceeds from debt issued and other borrowed funds	**304**	(1,010)
Purchase of hybrid capital	**(2)**	(14)
Proceeds from sale of hybrid capital	**(0)**	7
Preference shares' and hybrid capital's dividend paid	**(14)**	(12)
Proceeds from sale of treasury shares	**-**	2
Net cash from/(used in) continuing financing activities	**288**	(1,027)
Net increase/(decrease) in cash and cash equivalents from continuing operations	**360**	(1,090)
Net cash flows from discontinued operating activities	**-**	36
Net cash flows from discontinued investing activities	**-**	(29)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	**-**	7
Cash and cash equivalents at beginning of period	**2,172**	3,235
Cash and cash equivalents at end of period	**2,532**	2,152

Notes on pages 8 to 14 form an integral part of these condensed interim financial statements

1. General information

EFG 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 mainly in Greece and in Central, Eastern and Southeastern Europe.

These condensed interim financial statements were approved by the Board of Directors on 31 May 2012.

2. Basis of preparation of condensed interim financial statements

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 2011. 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.

These condensed interim financial statements are the separate statements of the Bank prepared in accordance with the requirements of the Capital Market Commission. The Bank also prepares consolidated financial statements which include the financial statements of the Bank and its subsidiaries.

Going concern considerations

The financial statements have been prepared on a going concern basis. In making its assessment of the Bank’s ability to continue as a going concern, the Board of Directors has taken into consideration the impact of the following factors:

Solvency risk

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

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

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

Liquidity risk

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

Other economic uncertainties

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

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

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

(a) Bank of Greece (BoG) recommendation of 18 April 2012 and 23 May 2012 for the Bank's accession to the provisions of article 6 par. 8 and 10 respectively of Law 3864/2010 as amended (Establishment of the Hellenic Financial Stability Fund-HFSF and Recapitalisation of Greek financial institutions),

(b) the HFSF's advance contribution of € 3.97 bn, following the relevant application submitted by the Bank and the confirmation received by the BoG about the viability and credibility of the Bank’s business plan, in order to ensure that the Bank is sufficiently capitalized to the current minimum level of 8% (Total Capital Adequacy Ratio),

(c) the availability of additional recapitalisation funds from the official sector that can support any capital needs on top of the amounts already committed by HFSF,

(d) the existence of the comprehensive financial support program of the EC/ECB/IMF (including the € 50 bn recapitalisation facility), aiming to correct Greece’s competitiveness gap and restore growth, employment and public debt sustainability and secure the banking system stability,

(e) the Greek authorities’ commitment to support the banking system and create a viable and well capitalised private banking sector, and

(f) the Bank’s continued access to Eurosystem funding (ECB and ELA liquidity facilities) over the foreseeable future.

3. Principal accounting policies

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 2011.

The following amendments to standards and interpretations are effective from 1 January 2012, but currently, they do not have a significant effect to the Bank's financial statements:

- IFRS 7, Amendment - Disclosures, Transfers of Financial Assets

4. Critical accounting estimates and judgements in applying accounting policies

In preparing these condensed interim financial statements, the significant judgements made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published annual financial statements for the year ended 31 December 2011.

5. Greek Economy Liquidity Support Program

The Bank participates in the Greek Government's plan to support liquidity in the Greek economy under Law 3723/2008, as amended by Laws 3844/2010, 3845/2010, 3872/2010 and 3965/2011 and extended by Ministerial decision 57863/B.2535/29.12.2011, 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 15).

(b) Second stream - bonds guaranteed by the Hellenic Republic
As at 31 March 2012, the government guaranteed bonds, totaling to € 17,776 million, were fully retained by the Bank and its subsidiaries (note 13).

(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 31 March 2012, there were no special Greek Government bonds borrowed by the Bank.

Under Law 3723/2008, as amended by Law 3965/2011, for the period the Bank participates in the program through the preference shares or the guaranteed bonds (streams (a) and (b) above), the Government is entitled to appoint its representative to the Board of Directors, veto strategic decisions, decisions which alter substantially the legal or financial position of the Bank and require the General Assembly's approval and dividend distributions as well as restrict management remuneration.

In addition, under Law 3756/2009, as amended by Law 3844/2010 and supplemented by Laws 3965/2011 and 4063/2012, banks participating in the Greek Economy Liquidity Support Program are not allowed to declare a cash dividend to their ordinary shareholders for 2008 to date, and are not allowed to acquire treasury shares under article 16 of the Company Law.

6. Credit exposure to Greek sovereign debt

Greek Government bonds exchanged under PSI+ in 2012

On 21 February 2012, Euro Area finance ministers agreed on a bail out programme for Greece, including financial assistance from the official sector and a voluntary debt exchange agreed with the Private Sector.

The key terms and conditions of the final voluntary debt exchange package (PSI+) are as follows:

(a) For every bond selected to participate in PSI+, 53.5% of the face amount will be forgiven, 31.5% of the face amount will be exchanged with new bonds of equal face amount issued by Greece and the remaining 15% will be exchanged with short-term securities issued by the European Financial Stability Facility (EFSF),

(b) The coupon on the new Greek Government Bonds (nGGBs) will be 2% from 2012 to 2015, rising to 3% from 2015 to 2020, 3.65% for 2021 and 4.3% until 2042,

(c) Accrued interest on the exchanged bonds will be settled through the issue of short-term EFSF securities,

(d) The nGGBs will be issued in 20 separate tranches with staggered bullet maturities commencing in 2023 and ending in 2042 to replicate an amortisation of 5% per annum on the aggregate amount of the nGGBs,

(e) The nGGBs will rank pari passu with the EFSF € 30 bn loan to Greece contributing to the PSI+ exercise,

(f) nGGBs will be subject to English Law,

(g) Each new bond will be accompanied by a detachable GDP-linked security of the same notional amount as the face amount of the new bond.

The support programme aims at ensuring debt sustainability and restoring competitiveness, allowing Greece to achieve strict fiscal consolidation targets and the implementation of privatization plans and structural reforms. Furthermore, the respective contributions from the private and official sector should ensure that Greece's public debt ratio is brought on a downward path reaching 120.5% of GDP by 2020.

The invitation for tender was launched on 24 February 2012 and the bonds invited to participate in PSI+ had an aggregate outstanding face amount of approximately € 206 bn. Greek and foreign law bonds of approximately € 199 bn were eventually exchanged.

Under Law 4046/2012, the tax losses arising from the bond exchange under the PSI+ program will be tax deductible in equal installments over the life of the new bonds received.

The exchange programme of Greek Government bonds and other eligible securities (PSI+) provides evidence of a concession granted to the borrower (the Greek State) by the lender relating to the borrower's financial difficulty that the lender would not otherwise consider. Therefore, following the Bank's participation in the programme, the Bank recognised an impairment loss of € 5,641 million before tax, as of 31 December 2011, for GGBs and other securities of face value € 7,334 million exchanged in 2012 under PSI+. Included above were GGBs of face value € 4.7 bn which were booked in special purpose vehicles and guaranteed by the Bank. During the first quarter of 2012, these GGBs were purchased by the Bank.

Under this exchange, in March 2012, the Bank received a) new Greek government bonds (nGGBs') with face value equal to 31.5% of the face amount of the old bonds, b) EFSF notes having a face amount of 15% of the face value of the old bonds and c) GDP-linked securities. All exchanged bonds were derecognised and the new GGBs, classified in the Held to Maturity portfolio, recognised at fair value with a resulting loss before tax, of € 199 million. GDP-linked securities were classified as derivatives.

Following the completion of the exchange, the nGGBs will be carried at € 764 million.

6. Credit exposure to Greek sovereign debt (continued)

Other Greek sovereign exposure

As at 31 March 2012, the total carrying value of other Greek Sovereign Exposure amounted to € 3,463 million. This includes Treasury Bills (booked in special purpose vehicles and guaranteed by the Bank) of € 1,513 million and GGBs of € 911 million maturing in 2014 and issued for the Greek State's subscription to the Preference Shares issued under Law 3723/2008 "Greek Economy Liquidity Support Program".

7. Greek Banks' recapitalisation

Recapitalisation framework and process

Given the severity of the impact of the Greek Bond exchange programme (PSI+), on 21 February 2012 the Euro Area finance ministers allocated a total of € 50 bn of the second support programme for Greece specifically for the recapitalisation of the Greek Banking system. These funds will be directed to the Hellenic Financial Stability Fund (HFSF) whose mandate has been extended and enhanced accordingly. The first tranche of these funds was remitted to Greece in April 2012, while the rest, according to IMF "Request for extended arrangement under the extended fund facility", will be made available in June 2012.

The Bank of Greece (BoG) is currently assessing the viability of each Greek Bank and estimated its capital needs, taking into consideration both the PSI+ impact and the difficult economic environment of the next three years, for which adequate buffers must be set aside. BoG's assessment of capital needs is based in a minimum EBA Equity Tier I ratio of 9% by September 2012, and 10% by June 2013, with also a minimum 7% required under a 3 year adverse stress scenario as at December 2014.

The BoG is assessing the capital needs of each bank based on, inter alia, the impact of its participation in the PSI+ programme, the results from the BlackRock loan diagnostic exercise, the viability of its business plan, and a detailed timetable of mitigating actions to restore solvency. BoG's and the European Central Bank's initial assessment is that the € 50 bn is adequate to cover the capital needs, as above, of the viable Greek Banks and the resolution of the non viable ones. BoG is expected to communicate shortly its assessment to each bank.

In the meantime, the impact of Greek banks participation in the Greek Government Bonds exchange programme (PSI+) is such that they require a temporary financial support from the Hellenic Financial Stability Fund (HFSF-see below), subject to the requirements provided by law.

The HFSF was established in 2010, in order to maintain the stability of the Greek banking system through ensuring that adequate resources are available to support viable banks' recapitalisation needs and participating to the capital increases for any non-subscribed part.

Banks considered viable will be given the opportunity to apply for and receive EBA-Core Tier I-eligible capital from the HFSF under a certain process. Capital may take the form of ordinary shares, contingent convertible bonds or ordinary shares with restricted voting rights. Ordinary shares with restricted voting rights will only be available if private investors contribute at least 10% of the capital raising. The Law 4051/2012, which stipulates the above, underlines that among its main objectives are to incentivise the participation of private investors and to maintain the business autonomy of the banks.

The Government will ensure that Greek banks have business autonomy both de jure and de facto. The voting rights of the HFSF for the common shares it holds, subject to the 10% threshold mentioned above, will be strictly limited to specific strategic decisions on the condition that the bank adheres to its restructuring plan.

Private shareholders will be given incentives to purchase HFSF-held shares. The HFSF will decide on the disposal process of the ordinary shares and the contingent convertible bonds the latest within 5 years from its participation in the capital increase.

A Cabinet Act agreed in consultation with the Troika (European Commission, ECB and IMF) shall provide the technical details of the banks' recapitalisation framework, embodying these principles within summer.

Non viable Banks will be resolved by the HFSF, in an orderly manner and at the lowest cost to the State, in a way that ensures financial stability.

To ensure that the system remains well-capitalized, by the second quarter of 2013, the Bank of Greece will conduct a follow-up stress-test exercise, based on end of 2012 market values and using a methodology determined in consultation with the Troika (European Commission, ECB, IMF).

Eurobank EFG Group's capital requirements

BoG, after assessing the business plan and the capital needs of Eurobank EFG (the "Bank") has concluded that Eurobank EFG is a viable bank and has notified the Bank accordingly. The Bank, the Hellenic Financial Stability Fund ("HFSF") and the European Financial Stability Facility ("EFSF") have signed on May 28th 2012 a trilateral presubscription agreement based on which HFSF advanced to the Bank EFSF notes of face value € 3.97 bn as an advance payment of its participation in the future share capital increase of the Bank. Including the advance contribution of HFSF of € 3.97 bn the Group's regulatory capital stands at € 3.8 bn, its Capital Adequacy Ratio at 9% and EBA Core Tier I Ratio at 7.9%. Proforma with the disposal of the Turkish operations which was agreed in April 2012 and is expected to be completed in the autumn, the EBA Equity Tier I ratio would increase to 8.4%.

The regulatory impact of the 3 year adverse stress scenario is currently being estimated in cooperation with the Bank of Greece and HFSF, both on a short term and a medium term basis.

The Group continues the implementation of its medium term internal capital generating plan, which includes initiatives which generate or release EBA equity capital and/or reduce Risk Weighted Assets. In addition the Group is preparing for the capital raising that must be completed by end of September 2012.

The Directors have concluded that the Group is viable and have a reasonable expectation that the recapitalisation of the Group will be promptly and successfully completed.

8. Income tax

On 14 February 2012, Law 4046/2012 was enacted and provided that the tax losses arising from the bond exchange under the PSI+ program (note 6) will be tax deductible in equal installments over the life of the new bonds received.

The nominal Greek corporate tax rate is 20%. In addition, dividends distributed as of 2012 are subject to a 25% withholding tax.

9. Discontinued operations

Based on the terms of the Investment Agreement signed with Raiffeisen Bank International AG (RBI) in February 2011, the Bank recorded the disposal of its Polish operations as of 31 March 2011 for a total consideration of € 718 million.

On 30 April 2012, the Bank transferred 70% of its Polish banking subsidiary (Polbank EFG) to RBI after obtaining the relevant approvals from the Polish Financial Supervision Authority (KNF). As of 30 April 2012, Polbank EFG and RBI Poland (RBI's Polish banking subsidiary) are combined.

Moreover, Eurobank EFG exercised on 30 April 2012 its put option on its 13% stake in Raiffeisen Polbank. The relevant transfer of shares is expected to be completed within the next few months.

The results of the Bank's Polish operations for 2011 are set out below. The income statement distinguishes discontinued operations from continuing operations.

	31 March 2011 € million
Net interest income	35
Net banking fee and commission income	7
Other income from discontinued operations	(1)
Operating expenses	(35)
Impairment losses on loans and advances	(17)
Profit/(loss) before tax from discontinued operations	(11)
Income tax	2
Profit/(loss) before gain on disposal	(9)
Gain on disposal before tax	240
Tax on gain on disposal	(41)
Profit/(loss) for the period from discontinued operations attributable to shareholders	190

10. Provision for impairment losses on loans and advances to customers

The movement of the provision for impairment losses on loans and advances is as follows:

	€ million
Balance at 1 January 2012	**2,744**
Impairment losses on loans and advances charged in the period	303
Amounts recovered during the period	4
Loans written off during the period as uncollectible	(6)
Foreign exchange differences and other movements	(54)
Balance at 31 March 2012	**2,991**

11. Investment securities

	31 March 2012 € million	31 December 2011 € million
Available-for-sale investment securities	**1,471**	1,052
Debt securities lending portfolio	**2,923**	3,402
Held-to-maturity investment securities	**1,975**	1,492
	6,369	5,946

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 amortised cost. Interest on the reclassified securities continued to be recognised in interest income using the effective interest rate method. As at 31 March 2012, the carrying amount of the reclassified securities was € 1,580 million. If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 31 March 2012 would have resulted in € 589 million losses net of tax, which would have been recognised in the available-for-sale revaluation reserve.

In 2010, in accordance with the amendments to IAS 39, the Bank reclassified eligible debt securities, listed on non-active markets, which the Bank has the intention and ability to hold for the foreseeable future, from the "Trading" portfolio to "Debt securities lending" portfolio carried at amortised cost. Interest on the reclassified securities continued to be recognised in interest income using the effective interest rate method. As at 31 March 2012, the carrying amount of the reclassified securities was € 72 million. If the financial assets had not been reclassified changes in the fair value for the period from the reclassification date until 31 March 2012, would have resulted in € 12 million losses, net of tax, out of which € 9 million gain, net of tax, refer to the period ended 31 March 2012.

Reclassified Greek Government bonds of € 148 million as at 31 December 2011, exchanged with new bonds under the PSI plan in 2012, were derecognised (note 6).

12. Shares in subsidiary undertakings

(a) EFG Hellas (Cayman Islands) Ltd, Cayman Islands
In February 2012, the Bank sold its participation in EFG Hellas (Cayman Islands) Ltd to its subsidiary EFG New Europe Funding III Ltd.

(b) EFG Hellas II (Cayman Islands) Ltd, Cayman Islands
In March 2012, the Company was liquidated.

13. Debt issued and other borrowed funds

	31 March 2012 € million	31 December 2011 € million
Securitised	**4,220**	4,335
Medium-term notes (EMTN)	**402**	-
Covered bonds	**1**	1
Government guaranteed bonds	**1**	1
	4,624	4,337

During the period, the Bank proceeded with the repurchase of residential mortgage backed securities Class A amounting to € 57 million, issued by its special purpose entity Themeleion IV Mortgage Finance PLC in June 2007.

In February 2012, the Bank issued a note amounting to € 361 million, under the EMTN program, which was purchased by its subsidiaries.

As at 31 March 2012, the covered bonds and government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 5), totaling € 4,450 million and € 17,776 million respectively, were fully retained by the Bank and its subsidiaries.

Post Balance sheet event
In May 2012, covered bonds amounting to € 650 million matured.

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.

14. Ordinary share capital, share premium and treasury shares

The par value of the Bank's shares is € 2.22 per share (31 December 2011: € 2.22). All shares are fully paid. Ordinary share capital, share premium and treasury shares are as follows:

	Ordinary share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 31 March 2012	**1,228**	**-**	**1,228**	**1,448**	**-**	**1,448**

	Number of shares		
	Issued ordinary shares	Treasury shares	Net
Balance at 31 March 2012	**552,948,427**	**-**	**552,948,427**

In June 2009, the Annual General Meeting approved the issue, within certain parameters, the terms and timing of which are at the Board of Directors discretion, either in total or gradually in tranches, of a callable bond of up to € 500 million, convertible to ordinary shares of the Bank (note 16, Series D and E). In July 2011, the repeat Annual General Meeting decided the amendment of the terms of the callable bonds approved by the Annual General Meeting in June 2009 for the amount of € 150 million not yet issued/allotted and the increase of the bonds total amount by up to € 100 million under certain conditions.

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.

15. Preference shares

Preference Shares		
Number of shares	31 March 2012 € million	31 December 2011 € million
345,500,000	**950**	950
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 Tier I capital.

The preference shares pay a non-cumulative coupon of 10%, subject to meeting minimum capital adequacy requirements, set by Bank of Greece, availability of distributable reserves in accordance with article 44a of Company Law 2190/1920 and the approval of the Annual General Meeting. According to article 39 of Law 3844/2010, five years after the issue of the preference shares or earlier subject to the approval of the Bank of Greece, the Bank may redeem the preference shares at their nominal value. In case of non redemption at the expiration of the five year period, the coupon is increased by 2% each year.

Based on the 2011 results, the Directors will not recommend to the Shareholders' Annual General Meeting the distribution of a dividend to either ordinary or preference shareholders.

16. Hybrid capital

The movement of hybrid capital issued by the Bank through its Special Purpose Entity, EFG Hellas Funding Limited, is as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Series E € million	Total € million
Balance at 1 January 2012	89	155	166	275	59	744
Purchase of hybrid capital	(1)	(2)	(2)	(0)	-	**(5)**
Sale of hybrid capital	-	-	0	-	-	**0**
Balance at 31 March 2012	**88**	**153**	**164**	**275**	**59**	**739**

The rate of preferred dividends for the Tier I Issue series A has been determined at 2.50% for the period March 18, 2012 to March 17, 2013.

As at 31 March 2012, the dividend attributable to hybrid capital's holders amounted to € 12 million (31 March 2011: € 13 million).

As at 31 March 2012, total gain from the redemption of preferred securities amounted to € 3 million (31 March 2011: € 8 million).

17. Contingent liabilities and other commitments

As at 31 March 2012, the Bank's contingent liabilities in terms of guarantees, standby letters of credit and commitments to extend credit amounted to € 8,908 million (31 December 2011: € 10,814 million) and the Bank's documentary credits amounted to € 14 million (31 December 2011: € 19 million).

The Bank's capital commitments in terms of property, plant and equipment amounted to € 3 million (31 December 2011: € 6 million).

In February 2012, the guarantee issued by the Bank in favor of EFG Ora Funding Limited III, as well as the guarantee received by the ultimate parent company of the Bank, were reduced to € 67 million.

18. Post balance sheet events

On 22 May 2012, the Second Repeat Extraordinary Shareholders’ Meeting of Alpha Bank approved the abortion of the merger procedure with Eurobank EFG and the recall of Alpha Bank’s General Meeting decisions on 15 November 2011.

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

Note 7-Greek Banks' recapitalisation
Note 9-Discontinued operations
Note 13-Debt issued and other borrowed funds

19. Related party transactions

The Bank is a member of the worldwide EFG Group, which consists of credit institutions, financial services and financial holding companies. The operating parent company of the EFG Group is European Financial Group EFG (Luxembourg) S.A., whilst its ultimate parent company is Private Financial Holdings Limited (PFH), which is owned and controlled indirectly by members of the Latsis family. As at 31 March 2012, the EFG Group held 44.7% of the ordinary shares and voting rights of the Bank through wholly owned subsidiaries of the ultimate parent company, the remaining ordinary shares and voting rights being held by institutional and retail investors, none of which, to the knowledge of the Bank, holds 5% or more.

The Bank's annual consolidated financial statements are fully consolidated in the annual consolidated financial statements of European Financial Group EFG (Luxembourg) S.A., which does not prepare interim financial statements.

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

	31 March 2012			
	Subsidiaries € million	EFG Group € million	Key management personnel € million	Other € million
Loans and advances to banks	12,031	0	-	-
Financial instruments at fair value through profit or loss	127	0	-	-
Derivative financial instruments assets	114	-	-	1
Investment securities	390	83	-	7
Loans and advances to customers	1,918	-	15	132
Other assets	49	-	-	-
Due to banks	2,715	54	-	-
Derivative financial instruments liabilities	39	-	-	0
Due to customers	4,465	0	19	67
Debt issued and other borrowed funds	4,383	-	-	-
Other liabilities	238	-	-	-
Guarantees issued (note 17)	6,336	67	0	8
Guarantees received (note 17)	-	67	0	8
	three months ended 31 March 2012			
Net interest income	9	1	(0)	1
Net banking fee and commission income	14	(0)	-	-
Dividend income	14	-	-	-
Net trading income (see below)	5	-	-	-
Other operating income/(expenses)	(4)	0	-	(0)
Impairment losses on loans and advances to customers (collector fees)	(6)	-	-	-

19. Related party transactions (continued)

	31 December 2011			
	Subsidiaries	EFG Group	Key management personnel	Other
	€ million	€ million	€ million	€ million
Loans and advances to banks	17,629	0	-	-
Financial instruments at fair value through profit or loss	95	0	-	-
Derivative financial instruments assets	196	-	-	1
Investment securities	389	82	-	7
Loans and advances to customers	2,044	-	15	107
Other assets	17	-	-	-
Due to banks	2,976	54	-	-
Derivative financial instruments liabilities	74	-	-	-
Due to customers	5,992	1	31	96
Debt issued and other borrowed funds	3,977	-	-	-
Other liabilities	27	-	-	-
Guarantees issued	7,960	271	0	5
Guarantees received	-	271	0	9
	three months ended 31 March 2011			
Net interest income	(4)	0	(0)	0
Net banking fee and commission income	25	(0)	-	-
Net trading income (see below)	(26)	-	-	-
Other operating income/(expense)	(5)	1	-	(0)
Impairment losses on loans and advances to customers (collector fees)	(6)	-	-	-

Note: Trading gains/losses from derivatives with subsidiaries are offset by corresponding gains/losses from derivatives with third parties.

Key management compensation (including directors)

Key management personnel includes directors and key management personnel of the Bank and its parent, and their close family members.

No provisions have been recognised in respect of loans given to related parties.

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 1.6 million (31 March 2011: € 1.6 million), and long-term employee benefits of € 0.3 million out of which € 0.2 million are share-based payments (31 March 2011: € 0.4 million and € 0.3 million respectively).

20. Dividends

Final dividends are not accounted for until they have been ratified by the Annual General Meeting.

Under Law 3756/2009, as amended by Law 3844/2010 and supplemented by Laws 3965/2011 and 4063/2012, banks participating in the Greek Economy Liquidity Support Program are not allowed to declare a cash dividend to their ordinary shareholders for 2008 to date. Based on the 2011 results, the Directors will not recommend to the Shareholders Annual General Meeting the distribution of a dividend to either ordinary or preference shareholders.

Athens, 31 May 2012

Efthymios N. Christodoulou	**Nicholas C. Nanopoulos**	**Paula N. Hadjisotiriou**	**Harris V. Kokologiannis**
I.D. No AB - 049358	I.D. No AE - 586794	I.D. No AK - 221300	I.D. No AK - 021124
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	HEAD OF GROUP FINANCE & CONTROL