
2012

**ANNUAL
REPORT**



Eurobank

CONTENTS

4

**— LETTER TO —
SHAREHOLDERS**

10

**FINANCIAL
REVIEW**

14

**DISTINCTIONS
FOR THE YEAR**

16

**— PILLARS —
OF ACTIVITY**

27

**INTERNATIONAL
PRESENCE**

34

**— CORPORATE —
RESPONSIBILITY**

45

**SELECTED FINANCIAL
DATA FOR THE YEAR**

LETTER TO SHAREHOLDERS

Increasing uncertainty in the Euro area, combined with the restrictive fiscal policies pursued by most developed countries, led to a slowdown of global economic growth in 2012. However, the ground-breaking initiatives taken by the European Central Bank with the aim of propping up sovereign debt markets, as well as the euro, in conjunction with the European politicians' decision to strengthen the institutional framework of the monetary union, contributed to the gradual improvement of the economic climate and the recovery of market confidence.

For Greece, the year 2012 was the fifth consecutive year of deep recession and harsh fiscal adjustment. The public finances were substantially improved and the current account deficit was reduced, albeit by paying a heavy economic and social price in terms of growth, living standards and employment. As a result, uncertainty in regard to Greece's euro membership intensified, culminating during the repetitive elections of May-June 2012. That said, the formation of a coalition government and the agreement reached with Greece's European partners and the International Monetary Fund on the Second Programme, helped smooth out expectations and enabled the gradual change of sentiment towards our country abroad. Our partners' decision to substantially reduce the debt burden, along with the improvement of liquidity conditions in the economy, thanks to the disbursement of large amounts for the financing of the budget and the recapitalization of Greek banks, helped increase certainty that Greece shall remain in the Euro area and shall gradually exit the crisis.

Although 2013 is predicted to be another year of recession for Greece, the Greek economy is starting to create the conditions for breaking out of the recession, while the resumption of positive growth rates after 2014 is now visible. In order for this to happen, the fiscal consolidation measures must necessarily be accompanied by structural reforms, as well as policies that will boost the growth prospects of the Greek economy. Priority should be given to restructuring the public administration, combating distortions in product and services markets, accelerating the privatization programme, establishing a more business-friendly environment and attracting direct private or foreign investment. All these are necessary conditions for creating a new sustainable growth model, based on exports and the enhancement of extrovert enterprises and investments. This is the only way to restart the engine of the real economy, which needs to get back to its previous growth rates, and also to fight unemployment, which has reached staggering proportions and is a time-bomb in the foundations of the Greek society.

THE BANKING SYSTEM

The banking sector will play a key role in the effort to reconstruct and rekindle the Greek economy. The fast completion of the recapitalization process, along with a more consistent implementation of the adjustment programme, establish a new, better, environment that allows for the gradual recovery of confidence and the strengthening of business activity, which will help boost the Greek economy. In 2012, when pressures on the Greek banking system culminated in terms of liquidity and capital adequacy, the Eurosystem provided the necessary liquidity, decisively contributing to the effort of restoring the system's confidence and stability.

Since the outset of the crisis, the banks have sustained serious cumulative losses owing to the Greek sovereign debt crisis, which led to successive downgrades of their ratings, on the heels of the downgrade of the country's credit rating. Moreover, Greek banks were effectively shut out of the markets and suffered extensive outflows of deposits, as well as large capital losses resulting from their participation in the PSI and bond repurchase plans. Apart from their key involvement in the PSI and repurchase plans –one of the conditions for the disbursement of the programme's loans– Greek banks took up in full all Greek Treasury bill issues –currently amounting to almost €15 billion– since there was no interest from other investors and the lack of liquidity would jeopardize the smooth operation of the public sector and of the economy as a whole.

The cumulative actual damage due to the PSI and bond repurchase plans stands at 75% of the original face value of the Greek government bonds that were included in the PSI. The losses incurred by the four systemic banks because of their involvement in the PSI and repurchase plans amount to € 26.4 billion. At the same time, the sum of these losses represents a gain for the government, resulting from the consequent equal reduction of the public debt, as well as the substantial reduction of future interest payments. Similarly, the total capital requirements of Greece's four systemic banks were estimated at € 27.5 billion. It should be noted that, without the effect of the PSI and bond repurchase plans, the recapitalization requirements of these banks would be substantially lower, despite the deep and persistent recession, thanks to the high provisions the banks had already built against bad loans. For Eurobank, these capital requirements stood at € 5.84 billion, an amount solely representing the losses recorded as a result of its involvement in the PSI and government bond repurchase plans, which amounted to € 6 billion.

That said, even under these circumstances, the banks showed great flexibility, taking initiatives to support their clients through restructuring programmes designed to contain the growth of bad loans, which escalated as a result of the economic recession.

A rather positive development has been the substantial inflow of deposits back to the system, which – following successive outflows of € 32 billion in 2010 and € 45 billion in 2011– began in June 2012 and reached € 11 billion by the end of 2012, reflecting the gradual restoration of confidence in the Greek banking system and the Greek economy as a whole, a trend that was sustained in the first quarter of 2013.

Furthermore, the year 2012 saw the launching of an unprecedented process to restructure and reform the Greek banking system, with the aim of enabling it overcome the problems that accumulated because of the debt crisis and the recession, and respond to the new requirements of restarting the Greek economy and putting it back in the path of growth. Major initiatives for strategically reorienting the system towards consolidation around the four systemic banks are already underway. This process will be completed as soon as the recapitalization has been successfully concluded. The objective of this complex and deep structural reform, which will be brought to completion in 2013, is to create financially robust and more efficient banks that will take advantage of major economies of scale, increased reliability and better access to international money and capital markets, to the benefit of their clients and, overall, of the Greek economy's growth.

On October 05, 2012, the National Bank of Greece (NBG) made a share swap offer to the shareholders of Eurobank at a ratio of 58 NBG shares for every 100 shares of Eurobank.

The voluntary tender offer made by NBG to the shareholders of Eurobank was completed on February 15, 2013. The offer was accepted by shareholders representing 84.35% of the share capital of Eurobank. On March 19, 2013, the boards of the two banks decided to initiate the legal merger, setting December 31st 2012 as the transformation date.

On April 07, 2013, the competent authorities decided that Eurobank and NBG should be separately recapitalized, in order to give priority to compliance with the deadline of April 30th regarding the completion of all necessary relevant legal actions. As a result, the merger was suspended, since the request made by both banks for an extension of the recapitalization deadline, which would lead to a single share capital increase by the acquirer, NBG, was not granted.

Consequently, during the fortnight that started on April 07, 2013 the Bank was mobilized, with the assistance of international advisors, in order to investigate the possibilities of attracting other private investors (excluding NBG), prepared to participate in its share capital increase. The task of covering the 10% of the share capital increase by private funds was deemed to be extremely complex and difficult and it was estimated that, especially in the case of Eurobank, it involved additional impediments and peculiarities that were not faced by the other systemic banks. More specifically:

1. The suspension of the merger process added tremendous ambiguity to the investment case. Prospective investors did not know whether Eurobank would remain an independent bank or when and under what conditions would it merge with another bank, and which could the share exchange ratio be in such an event.
2. Following the completion of the Voluntary Tender Offer by NBG, Eurobank had been deprived of its traditional shareholder base, which was now substituted (by almost 85% in value terms) by NBG's 85% stake in Eurobank. NBG, being itself in the process of a share capital increase, was unable to participate in Eurobank's, since its own capital increase covered only its own capital requirements and did not include any additional amount for participating in the share capital increase of Eurobank.
3. Since October 05, 2012, the date NBG submitted its Voluntary Tender Offer to the shareholders of Eurobank, the Bank could not undertake any strategic actions (acquisition of other banks or assets and liabilities), thus missing out on significant opportunities to improve its equity base and realize synergies that would render participation in the capital share increase more attractive to private investors.

The Board of Directors of the Bank, taking into account all the available data and the current situation, decided to propose to the General Meeting of April 30th, 2013 the full recapitalization of the Bank through a share capital increase of € 5.84 billion, which would be fully covered by the Hellenic Financial Stability Fund (HFSF) against contribution in kind in the form of European Financial Stability Facility bonds. The General Meeting approved this decision and the HFSF covered the share capital increase in its entirety, leading to the immediate and full recapitalization of the Bank.

This decision was a responsible choice, which shows respect towards investors, safeguards the Bank and secures our relationship of trust and value with our clients. It establishes Eurobank as a systemic banking pillar, enabling it to actively respond to the needs of the wider restructuring of Greece's banking system.

In addition, if the competent authorities finally decide not to conclude the merger, Eurobank will submit, as it should, a comprehensive business plan that will enable the Bank to rapidly attract quality capital, private, institutional and/or strategic, from Greece and abroad, as provided for by the current legal framework. This plan, adapted to the needs of, and the new conditions prevailing in, the Greek and international banking markets, will enable the further enhancement of Eurobank's capital base, allowing it to retain and increase its corporate value, its access to international markets and prompt return to organic profitability, and consolidating the Bank's ability to play a leading role in the national effort to exit the crisis and return to positive growth.

The people of Eurobank are playing a key role in all these efforts, since they have always been the most powerful supporter of its strategic initiatives. And today, the personnel of Eurobank, with their skills, dedication and forcefulness, will be our Bank's stronger asset in coping with those great challenges.

FINANCIAL RESULTS

The deep recession of the Greek economy and the adverse financial climate had a negative effect on the operating results of Eurobank for the year 2012. Nonetheless, we were very successful in a series of areas, such as:

Organic capital enhancement continued in 2012 through the more efficient management of assets and liabilities, the deleveraging of the balance sheet and the divestment of our subsidiary banks in Poland and Turkey. It is worth noting that, since the beginning of the crisis, we took organic measures for enhancing our Bank's capital base by € 1.9 billion, thus safeguarding our balance sheet. This effort is being sustained in 2013 through specific actions, such as the Liability Management Exercise, an obligation for all banks under the stability programme. At the end of 2012, the Core Tier I ratio, taking into account recapitalization through the HFSF, stood at 10.8%, while the total capital adequacy ratio stood at 11.6%.

The liquidity of the Group: Following a long period of outflows, customer deposits increased by € 2.7 billion during the second half of the year, and as a result total annual outflows were limited to almost € 800 million. This trend became manifest after the formation of the coalition government and the gradual restoration of confidence towards the country. In Greece, deposits increased by € 1.8 billion during the fourth quarter of 2012. Outside Greece, the effort to attract savings was successfully continued in 2012, as deposit balances increased by almost € 400 million year-on-year. Deposit inflows continued during the first quarter of 2013, as deposits in Greece grew by €1.5 bn. The gradual return of deposits and the successful effort to raise € 5.5 billion (through Repos) from the market were instrumental in helping the Bank reduce its dependence from the Eurosystem, a trend that continues till now. More specifically, funding from the Eurosystem fell from € 34 billion in the first half of 2012 to € 20.8 billion in mid-March 2013. It is worth noting that international operations are funded solely from local deposits, as the loans to deposits ratio stood at 93.3% at the end of 2012.

Further containment of costs: Once again, we were successful in our effort to further rationalize the Bank's operating costs. In 2012, we reduced our total expenses by 6.2% in Greece and by 6.5% abroad, as compared to 2011. The cumulative reduction of expenses during the last four-years (2008-2012) stands at 23%, a rather encouraging achievement, which demonstrates our ability to adapt our operating model to changing circumstances. Cost containment continued during the first quarter of 2013, reaching 9% year-on-year.

Risk management: At the same time, we continued to emphasize on pursuing a rather cautious credit risk prevention and management policy. In order to further reinforce our balance sheet and cover loans in arrears, we increased provisioning for bad debts by 25% (year-on-year) to €1,655 million. The effort to contain bad debts is bearing fruit and its results were manifest during the second half of 2012, when the growth of new loans past due was substantially reduced as compared to the first half of the year. The growth of bad debts and the consequent need to form the relevant provisions remained under control during the first quarter of 2013.

We remained focused on our commitment to support our customers, honouring the long-standing relationships of cooperation and trust that we have forged with them. In this context, in 2012 we continued to implement a comprehensive plan for supporting businesses and households through efficient debt restructuring deals, adjusted to the needs and peculiarities of each case. More than 110,000 such deals were offered to businesses, professionals and households.

However, the deep recession of the Greek economy, the high cost of deposits due to scarce liquidity, the equally high cost of raising liquidity through the Eurosystem, the reduction of bond income as a result of the PSI scheme, as well as the formation of increased provisions for bad debts had an adverse effect on our operating results, which stood at -€ 1.5 billion in 2012, of which almost € 600 million represented extraordinary non-recurring losses. It is estimated that the operating results for 2013 will be also negative, while recovery is expected after 2014, provided that the recession of the Greek economy will subside.

Corporate Responsibility: Despite the adverse environment and the extremely restrictive conditions under which the Greek banking system has been operating, Eurobank remained faithful to its pledges regarding its role and active involvement in the overall effort to exit the crisis. It extended and enriched its range of social responsibility initiatives, also stepping up its collaboration with the country's productive forces on specific programmes aimed at boosting exports and the economy's extroversion, fostering innovation and supporting young entrepreneurship.

More specifically, in order to enhance innovation and young entrepreneurship we developed the "Greece Innovates!" programme, in cooperation with the Hellenic Federation of Enterprises (SEV), and the egg - enter•grow•go programme, in cooperation with the Corallia unit of the "Athena" Research Centre. We promoted the tourist industry by developing a range of products and services for the sector's enterprises, in cooperation with the Association of Greek Tourism Enterprises (SETE). We enhanced Greece's export orientation, by creating, in cooperation with various agencies and chambers of commerce and industry, Go International, a business meetings programme aimed at interconnecting Greek exporters with potential importers from the wider region of Central and South-eastern Europe, and by launching Exportgate a ground-breaking export-promoting Internet portal. In the same context, focusing on the needs of the young generation, which has always been a priority of our corporate social responsibility initiatives, we should mention the "Great Moment for Education" programme of rewarding top-performing Greek high school graduates, the sponsorship of the e-nnovation competition for students, the scholarship programmes of Alba and the University of Piraeus, as well as Moneypedia, a portal designed to familiarize users with economics, in cooperation with the Athens University of Economics and Business.

The situation for both the Greek economy and the Greek banking system remains extremely crucial. That said, there have been a series of positive developments since early 2013, which certify that the huge effort made by Greece is bearing fruit, since the economy is stabilized and any possibilities of failure and the so-called "Grexit" are becoming more remote. The recognition of this outcome by Greece's partners, by international organizations and by credit rating agencies, contributes to the gradual change of sentiment towards the Greek economy and the restoration of confidence in its prospects, a necessary condition for recovery and the resumption of positive growth rates.

Under these circumstances, complacency is not only out of the question, but, on the contrary, Greece has to step up the effort of consistently pushing on with fiscal adjustment and completing the major structural reforms that will transform the economy, the functioning of the market, the public administration, the institutions, as well as education, thus laying the foundations for a new dynamic growth model, based on extroversion and private enterprise, which are both needed by the country and Greek society. The Greek banking system will play a decisive role in this process.

On the European level, certain changes are being set in motion, directly related to the framework that governs the operation of the financial system and its role in the Euro zone's effort to cope with still-existing threats to its stability.

In Greece, the sweeping changes that are already underway will enable the banking system to act as a pillar of stability and growth for the local economy. They will enable it to regain its credibility and access to the markets, and effectively respond to the new growth needs and priorities that will arise after the economy has been restarted. As a fully capitalized systemic bank, with renewed prospects and a strategy for the future, Eurobank will be instrumental to this effort. Throughout this tough crisis period, the Bank has demonstrated that, based on the creativity and professionalism of its personnel, it is capable of adapting its policy to current requirements, to the benefit of its customers.

Always committed to its customer-oriented approach, with choices and operations characterized by the same innovative and modern spirit, Eurobank will keep on helping its customers cope with the new challenges they are facing and will stand up to the responsibility that emanates from its systemic role and the strong social image it has built by "investing" in society's healthy and innovative forces. The success of this venture is ensured by the Bank's highly capable, experienced and reliable people, who will handle, with a sense of responsibility and commitment to the ambitious goals that are being set, the great growth challenge currently facing the Greek banking system and our country in general.

Athens, June 04, 2013



Efthimios N. Christodoulou
Chairman of the Board of Directors



Nicholas K. Nanopoulos
Chief Executive Officer

FINANCIAL REVIEW

The deep recession of the Greek economy and the adverse financial climate had a decisive impact on the operating results of Eurobank for the year 2012. The net result was a loss of € 1,453 million, emanating on one hand from reduced revenues and increased provisions for bad debts, and on the other hand from extraordinary non-recurring losses, totalling € 599 million.

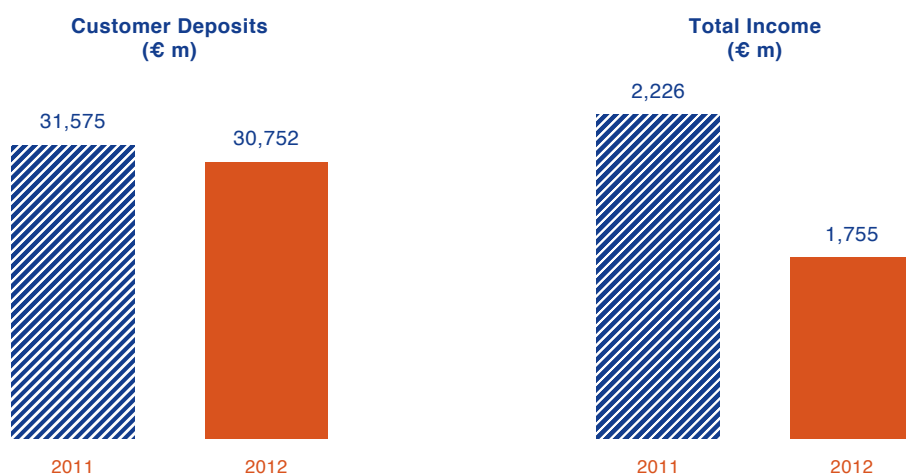
Following the formation of the coalition government and the gradual restoration of confidence towards the country during the second half of the year, the results of the Bank's effort to attract deposits were rather encouraging. More specifically, Eurobank customer deposits increased by € 2,739 million in the second half of the year, and as a result total outflows for the whole year were limited to just € 823 million. In Greece, deposits increased by € 1,804 million in the 4th quarter of 2012. Outside Greece, the effort to attract deposits successfully continued in 2012, as deposit balances rose by € 391 million year-on-year.

The primary goal of Eurobank since the outset of the crisis has been to enhance its capital base. To this end, major initiatives were taken during the past four years, such as the sale of treasury stock, the divestment of subsidiaries in Poland and Turkey, the more efficient management of assets and liabilities and the deleveraging of the balance sheet. These measures led to the cumulative strengthening of the Bank's capital base by € 1.9 billion. Taking into account the loss incurred as a result of the PSI scheme and the Bank's recapitalization by the Hellenic Financial Stability Fund, the pro-forma Core Tier I ratio stood at 10.8% at the end of 2012.

Net Interest Income fell by 25.7% year-on-year, to € 1,461 million, due to the high cost of funding through the Eurosystem, the widening of the euribor versus the ECB rate, lower bond income as a result of the PSI scheme, asset deleveraging and the increase of loans in arrears.

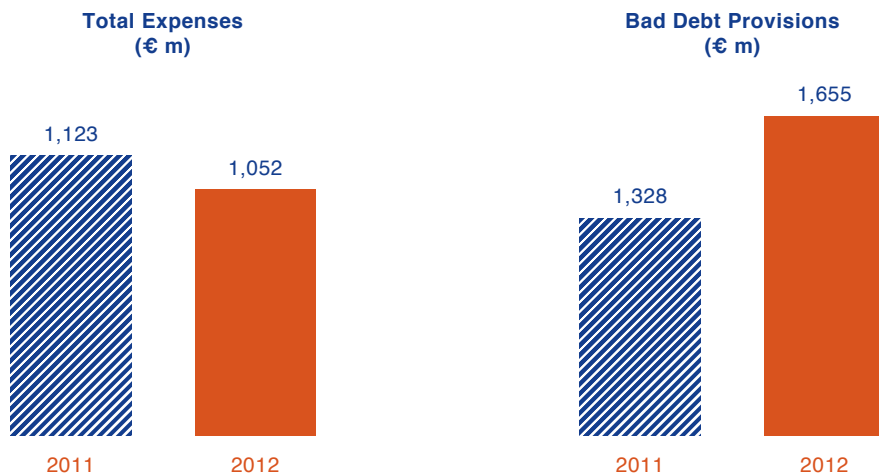
Total fees and commissions also registered a substantial 21.1% year-on-year decrease, falling to € 262 million, mainly as a result of the decline in network and capital market-related business fees.

Total Income fell by 21.2% in 2012, to €1,755 million, also due to the decrease in non-core income.



The efforts to contain operating expenses were once again successful. More specifically, expenses were reduced by 6.2% in Greece and by 6.5% abroad in 2012, with Total Costs for the Group reduced by 6.3% as compared to 2011 and by 23% as compared to 2008.

Provisions for Bad Debts increased by 25% year-on-year, to € 1,655 million, thus further fortifying the Bank's balance sheet. It is worth noting that the effort to contain bad debts is bearing fruit, as new loans past due were substantially lower in the last two quarters of 2012 as compared to the first two quarters of the same year.



Overall, loans past due over 90 days rose to 22.8% of the total loan book at the end of 2012, from 15.7% in 2011, while nonperforming loans stood at 18.3% of the loan book and were by 53.5% covered by provisions (excluding collaterals).

Results from International Operations were also adversely affected by the high cost of financing and the increase in provisions for bad loans, and stood at -€ 56 million in 2012. It should be noted that, as far as international operations are concerned, deposits exceed loans, with the corresponding ratio standing at 93.3% at the end of 2012.

EUROBANK - CONSOLIDATED FINANCIAL DATA

Balance Sheet	2012	2011	Δ%
Gross Loans	€ 47.8 bn	€ 50.0 bn	-4.3%
Customer Deposits	€ 30.8 bn	€ 31.6 bn	-2.6%
Total Assets	€ 67.7 bn	€ 76.8 bn	-11.9%

Profit & Loss Account	2012	2011	Δ%
Net Interest Income	€ 1,461 m	€ 1,965 m	-25.7%
Total Commission Income	€ 262 m	€ 332 m	-21.1%
Total Operating Income	€ 1,755 m	€ 2,226 m	-21.2%
Total Operating Expenses	€ 1,052 m	€ 1,123 m	-6.3%
Pre Provision Income	€ 703 m	€ 1,103 m	-36.3%
Provisions for Bad Debts	€ 1,655 m	€ 1,328 m	24.6%
Net Operating Income	-€ 767 m	-€ 84 m	
Net Profit after PSI & one-offs	-€ 1,453 m	-€ 5,508 m	

Financial Ratios	2012	2011
Net Interest Margin	2.05%	2.52%
Cost to Income	59.9%	47.7%
Non Performing Loans	18.3%	12.4%
NPLs Coverage Ratio	53.5%	54.4%
Provisions to average Loans	3.69%	2.75%
EBA Core Tier I	10.8%*	9.8%**

* Pro-forma for HFSF capital

** Excluding any PSI impact

Note: 2011 figures have been adjusted to reflect the sale of the Group's Turkish operations

Branch Network and Number of Employees	2012	2011
Branches and Points of Sale	1,037	1,105
Greece	421	444
International	616	661
Employees	17,427	18,120
Greece	9,037	9,251
International	8,390	8,869

DISTINCTIONS FOR THE YEAR

Banking

Product of the Year – Integrated Solutions for Small Businesses	Romania	Piata Financiara Magazine
"Credit Card Visa Champion" Award	Romania	Romania Visa Forum
Best Bank of Deposit Programs for Corporate Clients	Ukraine	The Banker Magazine
The Most Dynamic Bank of the Year	Ukraine	Investgazeta

Private Banking

Best Private Bank	Greece	World Finance Magazine
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Foreign Exchange

Best Foreign Exchange Bank	Greece	Global Finance Magazine
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Trade Finance

Best Trade Finance Bank	Greece	Global Finance Magazine
Special Award for Commitment in Supporting Romanian Export and Import Activity	Romania	"Top Bankers" Gala, by FinMedia Publishing Group
Best New Global Trade Finance Program Issuing Bank in Europe and Central Asia	Romania	IFC's 5 th Annual Meeting

Cash Management

Best Domestic Cash Manager	Greece	Euromoney Magazine
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Transactional Services

USD & EURO Straight - Through Processing Excellence Award	Greece	Deutsche Bank
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Securities Services

Best Sub-Custodian Bank	Greece	Global Finance Magazine
Top Rated Custodian for Leading Foreign and Domestic Institutional Clients	Greece	Global Custodian Magazine
Top Rated Custodian for Foreign and Domestic Institutional Clients	Romania & Bulgaria	
Top Rated Custodian for Foreign and Institutional Clients	Cyprus	

Equities Brokerage

Top Country Analyst	Greece	Thomson Reuters Extel Survey
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Mutual Funds

"Five Stars" to mutual funds Eurobank I (LF) Equity – Emerging Europe, Eurobank I (LF) Special Purpose – All Weather Plus, Eurobank I (LF) Special Purpose – Blue Chips Protect, Eurobank (LF) Cash Fund (EUR) and Eurobank Dollar Plus Money Market funds	Greece	Morningstar®
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e- Banking

Best Corporate / Institutional Internet Bank	Greece	Global Finance Magazine
Location Based Commerce Award for Epistrofi App	Greece	e-volution Awards
e-Banking Services Award		
Best Security Services Award		
Business Exchanges Award		
Security / Payments Award		
Mobile e-commerce Distinction		
Corporate e-business Services (b2b) Distinction		
IT Service Management Award	Greece	Business IT Excellence Awards by Netweek Magazine
Award for "The highest growth rate of Internet Banking customer portfolio"	Romania	"Online Banking Awards Gala 2012" by FinMedia Publishing Group

Social Responsibility

Oikopolis - Science Award for the Programme " WWF Eco2nomy"	Greece	ECOCITY (NGO)
HR Excellence Award	Greece	Hellenic Management Association (HMA)
PPC Environmental Award for Climate Protection & GHG Footprinting	Greece	Boussias Communications και Plant Management
PPC Environmental Award for Sustainable Procurement		
Special Recognition for the Bank's accountability policy concerning corporate social responsibility and sustainable development	Bulgaria	PR Prize 2012 Competition by the Bulgarian PR Society
The most green company of the Year	Bulgaria	B2B Magazine
Campaign of the Year: "The No Project"	Bulgaria	EVENTEX Awards
Best Innovation in Human Resources Management and development of the specialised software HeRMes	Bulgaria	TechnoLogica
Champion of Corporate Responsibility in Financial Sector	Serbia	National Alliance for Local Economic Development (NALED)

Corporate Communications

1 st PR Prize 2012 in the "Corporate PR Campaign" category for the project "20 years Postbank"	Bulgaria	PR Prize 2012 Competition by Bulgarian PR Society
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— PILLARS — OF ACTIVITY

RETAIL BANKING

Amidst an unstable political and economic environment in Greece, especially during the first half of the year, Eurobank remained firmly focused on safeguarding depositor assets and supporting its retail lending clients.

The overall growth of retail deposits held with the Eurobank group was rather satisfactory, despite the adverse conditions that prevailed in Greece during the first half of 2012. This was made possible by the innovative products and the high quality of services provided by the Branch Network in all the countries the Group is operating in. For example, in the second half of the year, the growth of Eurobank's deposits in Greece was double than that of the local banking sector, notwithstanding the fact that the offered interest rates were lower than those of competitors. Outside Greece, the effort to attract deposits was successfully continued throughout the entire year, leading to the steady growth of deposit balances.

At the same time, the Bank consistently supported Consumer and Mortgage Lending, as well as Small Business Banking clients, who remained under stress as a result of the adverse economic situation, by enriching the loan repayment programmes and restructuring a large number of loans, after carefully assessing each client's financial position. For example, the reduction of the monthly loan payments made by Small Businesses-clients by up to 50%, helped them remain afloat and continue their smooth cooperation with the Bank.

The growth of transactions carried out by, and the improvement of the services rendered to, the Bank's retail and professional customers through new transaction services, electronic service networks and the use of cards instead of cash, was also a key target for the year 2012. In order to further encourage customers use cards, Eurobank started to reward the use of debit cards instead of cash in everyday transactions, by offering cash refunds through the "Epistrofi" programme. Moreover, the Bank was first to introduce the contactless transactions technology in Greece, building this innovative e-payment method into the Eurobank credit and debit cards. This led to the improvement of the clients' everyday experience, since they are now able to perform their transactions in an easier, faster and totally secure manner.

Deposits - New products and promotion of Saving as an "attitude to life"

Recognizing the increasing strains imposed by the financial environment, especially on its salaried and pensioner clients, in 2012 Eurobank continued to offer specially designed insurance and savings plans, combined with privileges and reward programmes.

Tens of thousands of new retail customers trusted their savings with Eurobank in Greece, by opening "Megalo Tamieftirio" ("Big Savings") accounts, also opting for the speed and quality of the day-to-day banking services rendered through Eurobank's networks by transferring their pension and payroll accounts to the Bank. A large number of new customers were attracted by "Yper sas" ("For your Benefit"), a groundbreaking time deposit account that was introduced by the Bank in 2012. The account has a two-year term and offers penalty-free withdrawals every two months, while clients may make new deposits anytime they wish. Moreover, in 2012 Eurobank enriched its LiveBanking e-platform in Greece with the "LiveTime Deposit", which can be created in an easy, fast and totally secure manner through e-Banking, also enabling customers to obtain information about, and monitor, their accounts via the free-of-charge "e-Statement" service.

In order to demonstrate the value of saving as an “attitude to life”, Eurobank launched a wide-ranging awareness-raising campaign for children. Electronic interactive games were created for the purposes of the campaign, while a children’s book, titled “If Each Day”, was also published, in cooperation with distinguished authors.

Consumer Credit - Pioneers in rewarding clients

The introduction of the “Value & Risk Based Pricing” policy since 2011, which offers personalized pricing, corresponding to each client’s profile and attitude, led to steady Consumer Loan growth throughout 2012 and helped attract new clients, with sound credit profiles. At the end of the year, the consolidated consumer loan portfolio stood at € 6.4 billion.

In credit cards, a priority in Greece has been the expansion of partnerships, the most important being that between Eurobank and the Hellenic Telecommunications Organization (OTE) - COSMOTE Group. The use of the new OTE COSMOTE World MasterCard credit card enables its holders, who are also OTE and/or COSMOTE subscribers, to realize substantial savings on their fixed-mobile telephony Internet and TV bills.

The “Epistrofi” loyalty programme, which rewards the users of Eurobank credit cards, was enriched with two new specialized categories: “taste” and “hotels”. At the same time, the innovative “Epistrofi App” was developed for use in smart phones, providing users with a comprehensive tool for searching all information related to the programme, including its special offers. The “EpistrofiApp” won the first prize at the “e-volution Awards 2013”, in the “Location Based Commerce” category. All the above led to a spectacular increase in the recognisability and usage of the “Epistrofi” programme in 2012.

In the other countries where the Group has established a presence, the contraction of Consumer Credit during the past few years seemed to be reversed, with the emergence of the first signs of growth, especially in credit cards. The introduction of innovative reward programmes and the development of new products contributed to the growth of both the volume of transactions and the client base. Especially in Romania, Visa International presented Bancpost with an award for the issuance of new credit cards in the country.

Mortgage Lending – A leading position in Green Housing Loans

The impact of the persistent crisis in the real estate market affected Mortgage Lending operations in Greece for another year. However, Eurobank managed to be one of the leaders in terms of funds disbursed, in both the Mortgage Loan and Green Home Loan categories, taking into account the amounts of loans extended for the purchase and installation of household photovoltaic systems, as well as the amounts granted as part of the state-subsidized “Saving at Home” programme. The Bank’s overall Green Home Loan portfolio exceeded € 115 million at the end of 2012, while almost 7,000 clients, with very good credit profiles, had been granted such loans.

Harsh conditions also prevailed in the real estate markets of the other countries where the Group operates, with similar repercussions on International Mortgage Lending operations. That said, there were major signs of recovery during the final months of the year. Thus, the consolidated Mortgage Lending portfolio stood at € 14.2 billion at the end of the year, increased by € 180 million year-on-year.

Small Business Banking – Ensuring low-interest liquidity

Although the economic recession persisted for a fifth year, consolidated outstanding loans to Small Businesses and freelance professionals remained at € 7.5 billion in 2012. The sales volume of other banking products to SB clients also increased, while the quality of the Small Business Banking portfolio was better than the market average, as ascertained by the audit conducted by Black Rock Solutions.

One of the main priorities of the Bank for 2012 remained to secure low-interest liquidity for Small Businesses by participating in state and EU-funded programmes for the support of SMEs through the European Investment Bank (EIB) and the Hellenic Fund for Entrepreneurship and Development. At the same time, Eurobank signed an exclusive deal with the European Investment Fund (EIF) as part of the new JEREMIE programme, in order to extend € 58 million in new loans. The total liquidity made available to the Bank's clients in 2012 amounted to almost € 1 billion. In addition, certain innovative products offered by the Bank, such as Cash+, enabled the low-interest refinancing of businesses, covering at the same time certain exposures by means of strong collateral.

In the context of the Greek market's gradual restructuring towards more competitive activities, Eurobank focused on small exporters, offering a comprehensive package of products and services for the fast and secure processing of exports (such as "simple exports" "FX pool"), as well as for the financing of these businesses. Moreover, the Bank supported the promotion of small exporters in International Markets through the "Exportgate.gr" and "Go International" initiatives. It is worth noting that in 2012 the volume of exports handled by the Bank increased by 119% year-on-year, compared to a 3.8% increase in the total volume of exports by Greek businesses (excluding fuel and ships).

Eurobank also supported small Greek importers with its new "simple imports within the European Economic Area" product, which streamlined procedures for the payment of imports through simple e-Banking transfers, complying with all legal and tax requirements. The Bank also offered tailored packages of products and services to small Greek tourist enterprises, spearheaded by the POS, thus ensuring constant business growth, despite the decline in the market's performance. Finally, all Small Businesses-clients of the Bank benefited from the further upgrading of the features of the Eurobank Business Debit Card. This debit card became more widely acceptable as a Master Card, more secure (3D secure & chip), and also reciprocal, since it has been included in the Bank's "Epistrofi" programme.

The services offered to Small Businesses by Eurobank's Branch Network were further improved in 2012 through the online launching of the Value-Based Relationship application, in all branches. This is a sophisticated Customer Intelligence system, which evaluates the return per client, as well as clients' actual and potential value, enabling the targeted development and management of the client relationship. Moreover, the certification of all Branch Managers and Small Business Banking Advisors by the Hellenic Banking Institute was completed.

In the other countries where it has been doing business, the Group continued to finance sound Small Businesses by utilizing state and EU funds (International Finance Corporation IFC, APIA, Kogalniceanu). New industry-specific products and facilities were promoted, on the basis of local characteristics, while an overdraft facility was also offered, together with a debit card. It should be noted that in Romania, the new innovative transaction package offered by Bancpost won the "Product of the Year" award, as a comprehensive cash management service for Small Businesses.

CORPORATE BANKING

The Corporate Banking model of Eurobank reinforced the Bank's performance in this area amidst the adverse environment and the challenges posed by the crisis during 2012. This operating model, which was first introduced by Eurobank in the Greek banking market, includes the concept of the dedicated and specialized Relationship Manager, who operates through the Business Centres network with the aim of being close to clients, as well as the concept of the Value Based Management of clients. The Corporate Banking model is also implemented in other countries where the Group has been doing business, and, in particular, in Romania, Bulgaria, Serbia, Cyprus and Ukraine.

The financing of strategic industries, the provision of solutions in today's adverse economic circumstances and the preservation of the lending portfolio's quality, were Corporate Banking priorities during 2012, in all countries of the Group's operations. The consolidated Corporate Lending portfolio stood at € 19.7 billion at the end of the year.

Credit Support to Medium-sized & Large Enterprises, with portfolio quality assurance

The provision of credit support to Medium-sized and Large enterprises that operate in strategic industries was a top priority during the year. More specifically, in Greece the Bank succeeded in offering an EIB co-financed programme of almost €100 million, for extrovert and innovative investments that add value to the Greek economy. This achievement gave the go-ahead for a series of similar programmes funded by the EIB, ETEAN, JESSICA, the Entrepreneurship Fund and other agencies, by means of which Eurobank is expected to provide businesses with more than € 200 million by the end of 2013. As far as international operations are concerned, the Group was actively involved in the mobilization of support funds of € 700 million from the EIB, the European Bank for Reconstruction and Development (EBRD) and the IFC.

Moreover, the Bank announced a set of five initiatives for supporting the Greek economy:

- 1) Greek Exporter Support Initiative
 - 2) Financing of Raw Materials and Intermediate Goods
 - 3) Tourism Sector Support
 - 4) Reward Programme for Enterprises with no arrears and
 - 5) Support to Medium-sized (Viable) Enterprises.
- These initiatives do not only offer effective support to struggling small and medium-sized enterprises, but will also provide them with a major competitive advantage after the economic recession is over.

A primary objective for the year 2012 was to preserve portfolio quality, through continual client reassessments, while a programme for increasing collateral was successfully implemented, leading to the preservation of the collateral's face value despite the general fall in real estate prices and the impact of the PSI+ on Greek Government Bonds taken as collateral. In addition, the Bank successfully implemented a proactive loan restructuring programme, increasing the relevant balances to € 1.2 billion. Moreover, the Bank invested heavily in the training of Relationship Managers on issues related to problem loans and special cases, also forming provisions against future bad debts, with the aim of safeguarding and consolidating its Medium-sized and Large Enterprise portfolio. Special emphasis was also placed on relationship management on the basis of return on committed capital (EVA, RAROC).

Corporate Bonds / Syndicated Loans & Project Finance

In 2012, the Bank participated in the issuance of 14 corporate bonds/syndicated loans, of a total value of almost € 1.9 billion. In Greece, Eurobank –in its capacity as exclusive Co-ordinator and Facility Agent– secured the extension of a loan facility of € 500 million for the Hellenic Telecommunications Organization (OTE) SA until February 2014, with the participation of 8 domestic and international financial institutions.

Moreover, the Bank played a leading role in refinancing the existing debt of the Hellenic Petroleum Group through Syndicated Loans totalling € 830 million. Outside Greece, the Group participated in selective deals, such as the co-arrangement of a € 470 million syndicated loan for Telecom Serbia whose main purpose was the buyback of € 320 million worth of own shares, held by OTE.

Eurobank was also involved as an Arranger in a € 40 million loan agreement signed between Lamda Domi and a syndicate of banks with the purpose of financing the acquisition of the bare ownership on the Olympic Games' International Broadcast Centre (IBC) for a term of 90 years, from the Hellenic Republic Asset Development Fund (HRADF), for € 81 million.

In the field of Project Finance, operations focused on the provision of advice in regard to growth projects in the fields of energy infrastructure, as well as on privatizations. Moreover, emphasis was placed on the restructuring and refinancing of projects related to the operation and/or construction of key infrastructures in Greece, such as motorways.

Flexible Leasing Solutions

Under the current economic circumstances, and with the aim of providing effective support to Leasing clients, Eurobank Leasing designed and implemented sustainable lease restructuring arrangements, a prerequisite for reviving business activity. Ensuring portfolio quality remained one of the company's main strategies for 2012. Therefore, during the year the company completed the technical evaluation of all real properties, which account for the largest part of the portfolio, in compliance with recent legislation, while a special project team carried out the task of settling any and all pending zoning issues.

A major distinction for Eurobank Leasing in 2012 was its successful participation in the "Sustainable Finance" international contest, which was organized by the Financial Times and the IFC, where the company presented the financing of a project in the rising renewable energy sources industry.

A Leader in Factoring

In 2012, the Group retained its leading position in the Greek Factoring market. Its specialized subsidiary Eurobank Factors handled the largest volume of receivables than any other company of the sector in Greece, maintaining high profitability and containing, at the same time, potential risks at very low levels. As part of the Eurobank Group's initiatives for supporting extrovert enterprises, the company has been offering Greek exporters a specialized one stop shop, in cooperation with credit insurance agencies, the Export Credit Insurance Organization (OAEP) and Factors Chain International (F.C.I.).

The Group is also the leader of the Factoring market in Bulgaria, also being a successful player in the markets of Romania and Serbia. On the international level, the Eurobank Factors subsidiary remained among the most prominent members of the F.C.I for a fourth consecutive year. More specifically, Eurobank Factors was ranked third in the world in International Factoring (Import & Export) for the year 2012 and second in terms of 5-year consistency ranking, since it has already captured the first place twice and the second place once.

Transaction Banking - Increased market share, international distinction

Eurobank has succeeded in establishing itself as a trusted advisor that offers comprehensive coverage of the businesses' transactional needs. Despite the tough economic situation, Eurobank maintained the growth momentum regarding the use of electronic transactions and innovative services and managed both to further increase its share in Transaction Banking, and to increase the sight deposits held by corporate clients.

Offering high quality Transaction Banking services, on the basis of international best practice, Eurobank has forged relations of trust with its clients. This is illustrated by the fact that the Bank was named "Best Domestic Cash Manager 2012" in Greece for a second consecutive year by the internationally acclaimed Euromoney magazine, and "Best Trade Finance Bank for 2012", for a 7th consecutive year by the, also, internationally acclaimed Global Finance magazine. It is worth noting that Eurobank has been selected as the local cash management partner by a large number of international banks.

Strategic alliances for promoting the Extroversion of Greek businesses

In 2012, Eurobank continued working together with strategic partners in Greece, in order to implement extroversion-enhancing initiatives. In this context, the international networking and promotion of Greek exporters was further supported through the third business delegation that was organized as part of the "Go International" Business Meetings programme in Romania. Taking into account the previous delegations in Cyprus and Serbia, the programme has enabled Greek exporters to conduct a total of more than 4,000 meetings with 500 enterprises from 16 countries. The next delegation will take place in Russia, in May 2013. The "Go International" programme is presented on-line via the new Exportgate.gr portal, which gives Greek exporters the opportunity to promote themselves and to network with companies from all over the world. The Portal, which came on-line in November 2012, includes more than 500 Greek enterprises and over 30,000 international enterprises, which may be potential importers.

Moreover, the first stage of the second "Greece Innovates" Applied Research and Innovation Competition was completed in 2012. Leading research and academic institutions, individual researchers, as well as businesses submitted a total of more than 250 proposals, demonstrating the country's technological potential and the need to combine research with entrepreneurship. It is worth noting that out of the 21 teams whose proposals qualified for the final stage of the first Competition, 8 teams have already rolled out their products in the domestic and/or international market.

WEALTH MANAGEMENT

During such a crucial year for Greece's economy, the Group retained its leading position in Wealth Management for a fifth consecutive year. More specifically, the Eurobank Asset Management MFMC subsidiary, which is involved in the management of mutual funds and institutional portfolios, as well as in Fund Selection, managed to increase its funds under management, which exceeded € 2.8 billion as per 31/12/12. The company generated high returns in all mutual fund categories, while its managers received awards from Citywire Global, the international financial information and manager rating house.

Mutual Funds - Superior returns

Once again, the mutual funds (M/Fs) of Eurobank Asset Management M.F.M.C. proved that they were rightfully chosen by investors, since they offered positive returns and were ranked first in their respective categories. According to data from the Hellenic Fund and Asset Management Association for the period 01/01/12 – 31/12/12, the Eurobank (LF) Greek Government Bond Fund was ranked first among 283 M/Fs in the Greek market, with a return of +118.23%. Also, the Eurobank (LF) Equity - Turkish Equity was ranked first in the Emerging Market Equity M/F category with a return of +59.86%, while the Eurobank (LF) Cash Fund (EUR) was ranked first in the Money Market MF, with a return of +19.48%.

Furthermore, the Morningstar® international rating agency gave five star –the highest– ratings to the Eurobank I (LF) Equity - Emerging Europe, Eurobank I (LF) Special Purpose – All Weather Plus, Eurobank I (LF) Special Purpose – Blue Chips Protect, Eurobank (LF) Cash Fund (EUR) and Eurobank Dollar Plus Money Market funds.

The total net assets of mutual funds under management stood at € 1,778 million, while the number of clients exceeded 80,000. The mutual funds of Eurobank Asset Management M.F.M.C. are available in Greece, Bulgaria, Romania, Poland, Cyprus and Luxembourg.

Institutional Asset Management - Supreme performance

Eurobank Asset Management M.F.M.C. is specialized in the field of institutional asset management. It is responsible for the management of 15 institutional portfolios in Greece, Cyprus and Luxembourg, with total assets of € 515 million as per 31/12/12, delivering rather high returns, both in absolute and relative terms, on funds under management. In these countries, the company has also been offering Open Architecture (active selection of third-party mutual funds) services to private and institutional clients. These funds stood at € 560 million at the end of 2012. The company delivered rather high returns on assets under management, in both absolute and relative terms.

Insurance - High Capital Adequacy and Solvency

By conservatively managing its funds, Eurolife ERB Insurance remained a leader in the Greek insurance market in 2012, despite the adverse economic situation. Pursuing a consistent investment policy, the company generated a remarkable return of 5.54%. The company maintains high capital adequacy, also having fulfilled its statutory requirements regarding the technical reserves and the solvency margin.

Eurolife further consolidated its position in the market for Savings Plans. Operating through the Eurobank Branch Network, the company increased its coverage of the Bank's clients in Greece with more than 60,000 new bancassurance contracts, securing their pensions and property, and offering education savings plans for their children. Moreover, there was a substantial increase in the sales of Health and Car Insurance policies, where Eurolife offered high quality solutions, such as the "Safe Drive" car insurance policy, which can be easily and immediately issued at any Branch of the Bank.

As far as international operations are concerned, the Group's two subsidiaries in Romania, S.C. Eurolife ERB Asigurari de Viata S.A. and S.C. Eurolife ERB Asigurari Generale S.A., achieved further growth through the banking network of Bancpost. In 2012, there was a substantial increase in the total production of insurance premiums, mainly due to the sales of savings plans.

The Eurobank group continues, through its ERB Insurance Brokers subsidiary, to have a leading presence in the Greek insurance brokerage market, especially in the field of business insurance. In 2012, the company expanded its operations to specialized insurance products, which certify its expertise.

Personal Banking - A special service for special clients

Unwaveringly focused on the provision of high quality Personal Banking services, the 400 specialized executives of the Eurobank Branch Network stood responsibly by the side of this division's clients, offering timely and reliable updates on developments that occurred in the Greek and international financial environment. At more than 550,000 meetings with clients, they proposed solutions for the optimum management of the clients' savings and insurance policies, on the basis of their profiles and individual needs. The Bank also created the new "Ekkinisi" programme, which constitutes a comprehensive proposal for covering the clients' liquidity, income and growth needs, with preferential pricing and special servicing of their day-to-day transactions. In addition, the Bank launched the operation of special "priority tellers" in 20 branches.

Private Banking - Transparent operations in a high risk environment

The year 2012 may be considered to be the worst of the last five years, as far as Private Banking operations are concerned. It included all the risk features, theoretically possible, such as:

- intense and prolonged political uncertainty, as well as the possibility of a financial collapse and Grexit;
- high interest rates in the local market, in conjunction with zero interest rates in the corresponding international market for the euro;
- a persistent tendency towards dis-investment and capital flight among private clients; and
- a lack of liquidity, combined with a sharp increase in personal taxes/social security contributions.

Despite these conditions, the extensive use of the integrated infrastructure of Eurobank's Private Banking, whose main pillars were the Open Architecture platform and the Group's subsidiaries in Cyprus and Luxembourg, led to a slight increase in revenues. Performance in terms of Regulatory Compliance and Business Risks was excellent, while there was an increase in client satisfaction rates.

Aiming at the provision of even higher quality services, the Bank initiated the procedure for certifying its Greek operations in accordance with the ISO9001 Standard, breaking new ground in the domestic Private Banking market. Moreover, the new Asset Management platform, an emblematic infrastructure project, came on-stream. The new platform enables clients to obtain fuller and clearer information about their investments, also helping Private Banking executives collect more immediate, and better, information about their clients' portfolios.

TREASURY

Once again, Eurobank pursued a multi-faceted cash management policy, securing regular liquidity levels throughout 2012. Following the gradual restoration of confidence towards the country, Eurobank showed positive deposit flows, both in Greece and abroad, which reached a total of € 2.7 billion in the second half of the year. The gradual return of deposits and the successful effort to raise € 5.5 billion (through Repos) from the market were instrumental in helping the Bank reduce its dependence from the Eurosystem. More specifically, funding from the Eurosystem fell from € 34 billion in the first half of 2012 to € 20.8 billion by mid-March 2013. The Bank maintains sufficient liquidity buffers, as it has eligible collateral for Eurosystem liquidity of € 6 billion, in addition to € 2.5 billion available abroad.

The Bank is also distinguished for the Foreign Exchange Services it offers in Greece, as testified by three consecutive annual awards conferred by the Global Finance magazine, while the corresponding services rendered by its international subsidiaries are also of top quality. The infrastructure and procedures it has developed, as well as the expertise of its personnel, enable the Bank to remain competitive in the face of the problems caused by the fiscal crisis.

In order to ensure that it is fully hedged, the Group has centralized its financial risk management. In addition, Eurobank maintains a Regional Corporate Client Risk Management Centre for the centralized management of all financial risks that may be faced by its clients, such as the management of interest and currency risks, commodity risks, etc.

INVESTMENT BANKING

The Group's investment banking and trading operations are carried out by a specialized subsidiary, Eurobank Equities. In 2012, Eurobank Equities concluded major deals, also acting, together with Credit Suisse, as the Financial Advisor to the HRADF, in preparing the privatization of the State Lottery. Eurobank Equities is also an advisor to the HRADF as part of the ongoing privatizations of the Athens Water Supply and Sewerage Company (EYDAP), the Thessaloniki Water Supply and Sewerage Company (EYATH) and the regional airports. Moreover, the company has been chosen by major private sector corporations to undertake many restructuring projects, whose completion is expected in 2013. These include the divestment of the Agricultural Bank's ownership in the Hellenic Sugar Industry, which was repeated in 2012.

In 2012, Eurobank Equities completed 11 years of leadership in the Greek capital market, capturing the first place among Greek securities firms that operate in the Athens Stock Exchange, with a market share of 16.1%. Eurobank Equities is the number one choice of the largest foreign investment houses and a main choice of Greek institutional clients for trading in the Greek stock market. It is also worth noting that the company's Analysis Department was distinguished once again, by capturing the second place among the analysis departments that cover the Greek market, at the annual Extel survey, which is carried out by Thomson Reuters.

OTHER ACTIVITIES

Securities Services

The Group's long-standing experience and know-how in the provision of securities services, in conjunction with the flexibility and innovation required in such an adverse financial environment helped the Bank attain major distinctions in this field of activity, for another year. In Greece, and for the umpteenth time, the Bank was named "Top Custodian" of the year by the Global Finance magazine and "Top Rated Custodian for Domestic, Foreign and Leading Institutional Investors" by the Global Custodian magazine. In Romania and Bulgaria, the Group's subsidiary banks Bancpost and Postbank were named "Top Rated Custodian for Foreign and Domestic Institutional Investors", while Eurobank Cyprus was named "Top Rated Custodian for Foreign Institutional Investors", also by the Global Custodian magazine.

Payroll Services

In 2012, the Group substantially increased its Payroll Services client base in Greece, also improving client satisfaction rates. The Bank conducted meetings all over the country, with the aim of providing Payroll Service clients with information about the management of their income and the options available for settling their debts. Moreover, it organized meetings in 7 major cities, addressing client-company executives, with the aim of updating them on the legislative changes of the past two years that affect payroll calculations and, in general, labour relations.

Real Estate

In 2012, the deep economic recession affected, once again, all business activities in Greece and Southeastern Europe. Although the Group's specialized subsidiary, Eurobank Properties R.E.I.C. had been closely monitoring market developments throughout the year, it decided not to make any new investments because of the economic situation. Nonetheless, the company's portfolio proved resilient to the economic conditions prevailing in 2012 and, as a result, the company managed to sustain its high operating profits and remain at the top of its sector. In August 2012, Fairfax Financial Holdings Limited acquired 14.78% of the company's stock, sold by Lamda Development SA, thus raising its stake to 19.1%. Fairfax Financial Holdings Limited is headquartered in Toronto, Canada, and is a financial services holding company with funds under management of more than \$ 25 billion, whose objective is to generate high returns on its investments.

Eurobank has also captured a significant share in the real estate services market, through Eurobank Property Services, which is operating in Greece, Romania, Bulgaria, Serbia and Ukraine. The company provides specialized advisory services in all stages of real property usage and development, in regard to either individual properties or extensive real estate portfolios. The services are offered to individuals and companies, as well as to public and private sector organizations, and are designed to explore the investment potential of, and maximize the returns from, existing properties.

e-Services

The year 2012 was another year of major growth for the Group's e-Services. The introduction of new innovative services, such as the m-Banking applications for tablets and the capacity to scan bar codes for the easier payment of bills, led to a rapid increase in the use of Eurobank's e-Services.

In Greece, m-Banking users almost doubled, to more than 43,000, while more than 220,000 users used e-Banking to perform 9.2 million cash transactions. There was also a significant increase in the usage of the e-Statements service, as 62,000 customers have selected to receive information only by electronic means, discontinuing the receipt of more than 200,000 physical statements over the conventional mail, with significant cost-reduction gains for the Bank.

Moreover, the Group has been, rather successfully, using the social media for promotional activities, mainly aimed at communicating its social responsibility initiatives. The Bank received many important awards for its electronic services during the year, both by local ("e-volution awards") and by international organizations ("Global Finance – Best Corporate Internet Bank").

As far as the Group's subsidiaries in New Europe are concerned, registered users increased by 20% on average. In Bulgaria, the e-Postbank service was upgraded in terms of design, and is now running in a renewed, modern and more secure environment, thanks to new features, such as the use of one-time text message passwords and recognized digital signatures. In Ukraine, the Group offered new, business-specific services that had never before been introduced in the country, such as transactions in foreign currency both locally and internationally.

In 2012, more than 450 e-auctions were conducted over the Business Exchanges platform (e-Auctions, e-Procurement), leading to substantial price decreases. The Health Procurement Committee (EPY) used the platform to conduct 65 e-auctions for the purchase of pharmaceuticals, generating a total gain of € 68 million, or 55% of the budget. Moreover, the e-procurement system was launched in hospitals on a pilot basis. The orders are electronically transmitted by the hospitals to the suppliers, enabling the EPY to monitor the delivery of goods, whose procurement has been originally negotiated by the Committee on behalf of the hospitals.



INTERNATIONAL PRESENCE

The economic situation in the European Union, with major economies facing stagnation or even recession, also affected, to a great extent economic activity in central and eastern Europe. The economies of most of the countries where the Eurobank Group has established a presence showed weak growth rates, as a result of the pressure on their exports to the European Union, while domestic demand remained feeble due to the rise of inflation, which imposed a further burden on the households' purchasing power.

Overall, weak growth during the second half of 2012 affected the growth rate for the entire year, proving the market's initial growth estimates for 2012 to be over-optimistic, both in regard to domestic demand and exports. Conditions in the labour market remained tough, as the feeble recovery was not translated into a drop in unemployment. Public investment, the most important source of investment, underperformed as a result of the low absorption of EU funds and the restraints imposed on government budgets.

The lacklustre growth performance of South-eastern Europe countries, combined with the high cost of financing and the increase of provisions for bad debts, had a detrimental effect on Results from International Operations, which stood at -€ 56 million in 2012, despite the further containment of operating expenses, which were reduced by 6.5% year-on-year.

That said, the effort to attract savings was successfully continued in 2012, as deposit balances rose by € 391 million year-on-year. It should be noted that, as far as international operations are concerned, deposits exceed loans, with the corresponding ratio standing at 93.3% at the end of 2012.

In the last four years, Eurobank took major initiatives for organically enhancing its capital base and liquidity, which, overall, improved the Group's Core Tier I capital ratio by an amount equivalent to € 1.9 billion. In this context, in 2012 Eurobank completed the sale of its stake in its Turkish subsidiary Eurobank Tekfen to Burgan Bank. The deal, which was concluded on April 09, 2012, provided for the sale of 99.3% of Eurobank Tekfen by Eurobank and the Tekfen Group to Burgan, at 1 times its book value, i.e. almost TL 700 million.

In 2007, Eurobank had acquired 70% of Eurobank Tekfen from the Tekfen Group, with the option of buying a further 29.3% at a later date. Since 2007, Eurobank Tekfen has managed to quintuple its loan book to € 1.5 billion, double the size of its Network and increase its profits.

At the time of its sale, Eurobank Tekfen provided services to more than 90,000 customers through 60 branches and was one of Turkey's Top-20 banks in terms of loan balances.

BULGARIA

In Bulgaria, real GDP growth plunged to 0.5% in 2012 from 1.7% in 2011, albeit remained positive throughout the entire year. Moreover, substantial progress was made in achieving the fiscal targets set in regard to both the deficit and the debt.

Despite the tough economic environment, in the final quarter of 2012 Postbank saw an improvement in both its position and share in the local market, as well as in its liquidity, mainly as a result of an increase in the deposits held by individuals and businesses.

In 2012, Postbank's capital adequacy remained rather high, at 17.1%, substantially higher than the 12% minimum set by the Bulgarian National Bank, the country's central bank.

Deposit growth led to the reduction of the bank's dependence on capital markets, while the loan-to-deposits ratio increased by 18 percentage points.

Credit risk management was also effective, especially in retail banking, and as a result provisions for loans in arrears fell below the pre-crisis levels of the year 2008.

In retail banking, the bank maintained its leading position, while retail deposits increased during the final quarter of 2013, indicating even more strongly that a reversal in the economic situation may be underway. In mortgage lending, the main lending rate was reduced, while in credit cards, a sector in which the bank holds a leading position, emphasis was placed on loyalty programmes and the introduction of new co-branded, in partnership with major companies and retail chains of the country. Postbank's excellent reputation as one of the most technologically advanced banks grew further in 2012 through the upgrading of its e-Banking services, making it a pioneer in this field, which is rapidly growing in Bulgaria.

For a third consecutive year the bank was recognized as "Top Rated Custodian for Foreign and Domestic Institutional Investors", while the organization also managed to rapidly expand its Factoring operations, further consolidating Postbank's position in corporate banking.

Performance remained equally good in regard to operating expense containment, across all categories of costs. Moreover, the relocation of Postbank's Headquarters in Sofia produced economies of scale and confirmed the effectiveness of the organization's strategy.

Since it first started operating in the Bulgarian market, Postbank has been distinguished, not only for its economic performance, but also for its contribution to society, through a comprehensive Corporate Responsibility programme, which has become exemplary for companies and organizations in Bulgaria.

In 2012, it realized another groundbreaking initiative, which led to the establishment of the "No Project", an international initiative against human trafficking. By organizing lectures, seminars and exhibitions all over the country, the bank has been diffusing knowledge and experience regarding this grave social problem. This initiative won the EVENTEX "Best Campaign" and "People's Choice Campaign" awards, which were presented at a special ceremony in Sofia. Furthermore, in 2012 Postbank won three more awards for its work and initiatives; more specifically, it received the prestigious PR Prize 2012 in the "Corporate Communication & Public Relations" category for the project "20 years of Postbank", was granted a Special Distinction for its Corporate Responsibility and sustainable growth, and was also named "Most eco-friendly company of the year" in Bulgaria.

ROMANIA

During a challenging year for the Romanian economy, with GDP growth falling to 0.2% in 2012, from 2.2% in 2011, Bancpost remained one of the country's top banks, managed to increase its share in deposits, substantially improved its position in Small Business banking and further promoted its image in the field of Corporate Banking.

Bancpost is one of the six largest banks in Romania's rather competitive market, where the world's top banking organizations are also operating.

In 2012, Bancpost's share in deposits rose to 5%, while the bank is one of the most important financial institutions in the field of Small Business banking, following the successful launching of the "Business Workshop", a new product that became very popular.

In corporate banking, the business delegation of "Go international", a joint initiative of Eurobank and three Greek export associations, the Pan-Hellenic Exporters' Association, the Greek International Business Association and the Exporters' Association of Crete, was held in Bucharest with the participation of hundreds of businesses from Greece, Romania and the countries of the wider region. Thanks to this event, which was unprecedented for Romanian standards, Bancpost solidified its ties with the country's business community, and was granted the "Special Award for Commitment in Supporting Romanian Export and Import Activity in Romania" for 2012.

Moreover, the bank established an Agricultural Entrepreneurship bureau, designed to promote credit products and solutions to the Romanian farming sector, and deployed "Fast Trade", an FX trading platform for businesses, which distinguishes Bancpost from its competitors.

The Eurolife ERB insurance company saw its revenues rise by 26% in 2012, introduced four new products to the market and increased its share in life insurance by two percentage points; in Factoring, the organization enriched its product offer, thus expanding its share in this segment.

Last year the Bank won many awards, which reflect the growth of its operations and the high quality of its work. More specifically, Bancpost was honoured with the "Special Award for Commitment in Supporting Romanian Trade" by the Bancheri de Top organization, and was granted the "Product of the Year" award for its new innovative Small Business transaction service, by the Piata Financiara financial publication.

The International Finance Corporation acknowledged the bank's effort to support trading activity in new markets and named Bancpost "Best New Global Trade Finance Program Issuing Bank in Europe and Central Asia" at its 5th Annual Bank Partners Meeting that was held in Dubai.

The Global Custodian magazine named Postbank "Top Rated Custodian for Foreign and Domestic Institutional Investors". In addition, the Romania Visa Forum presented Postbank with the "Credit Card Visa Champion Award" for the strongest net increase of Visa credit cards portfolio within the Romanian banking market in 2012.

SERBIA

The Serbian economy contracted by 2% in 2012, mainly affected by the drop in agricultural output, while stagnation and hardship were the main features of regional trade, as a result of the economic crisis that has been plaguing the largest part of the European Union. However, Eurobank retained the significant market share it has been commanding, also showing profits during the past few years.

It is telling that the capital adequacy ratio of the bank stood at a rather high 22.7% at the end of 2012, against a 16.5% average for the banking sector of Serbia.

The Bank maintains ample liquidity and saw an increase in retail deposits, despite the negative publicity given to Greece's economy and banks.

Lending operations focused on low credit risk sectors, 38,000 new credit cards were issued (the best performance since 2008), the retail lending portfolio is of excellent quality, and Corporate lending increased by € 22 million in 2012.

Moreover, in 2012 Eurobank further expanded its close ties with international financial organizations, such as the IFC, the EBRD and the EIB, in order to support lending to domestic business and corporations, and also initiated the procedure for the first currency swap (EUR/CHF) with the EBRD in the region.

In 2012, the effort to contain operating expenses was rather successful for a fourth consecutive year. More specifically, expenses were reduced by 9.1% year-on-year, with the total cost for Eurobank in Serbia reduced by 30% as compared to 2008. A series of initiatives that facilitated the automation of procedures and the creation of more efficient departments within the bank, led to a 6% decrease in provisions as compared to 2011.

Corporate Responsibility has been a fixed priority since the very first day Eurobank Serbia was established, and the bank's contribution to the Serbian society has been recognized by the country's leadership. In the past few years, the Bank has contributed € 3.7 million to programmes aimed at supporting Education, the Environment, Culture, as well as the local communities. It has conferred awards to more than 1,000 university graduates, offering them a great help in their effort to continue pursuing their studies into more specialized fields of knowledge. It has also been offering scholarships to top-performing high school graduates in Serbia. As far as the Environment is concerned, Eurobank has renovated 10 urban parks in Belgrade and other big cities. In the field of arts, the bank has been supporting the "Atelje 212" theatrical company, whose exemplary performances in Belgrade have become a point of reference.

In 2012, the contribution of Eurobank to society led to its distinction as a "Champion of Corporate Social Responsibility in the Financial Sector" by Serbia's National Alliance for Local economic Development (NALED) in cooperation with the Balkan Community Initiative Fund (BCIF) and the Institute for Sustainable Communities (ISC).

UKRAINE

In the Ukrainian market, Eurobank's local subsidiary, Universal Bank, managed to overcome the challenges emanating from the overall economic climate in the local market, widened its customer base and increased its lending and deposit portfolios.

Moreover, the bank took the strategic decision of increasing the provisions regarding its loan book, thus increasing the potential of profitability when market conditions are ripe.

The bank, which is considered to be one of the most technologically advanced and sophisticated in the local market, has 55 branches, positioned at key locations all over Ukraine, and offers a multitude of innovative products and solutions to individuals and businesses.

Special emphasis has been placed on further enhancing the share of Universal Bank in corporate banking, a field with significant prospects of growth and profitability. To this end, in 2012 the bank opened its 8th Business Centre, this time in the city of Dnepropetrovsk, offering composite products and highly specialized solutions to businesses.

In addition, Universal Bank made its re-entry in Consumer Credit, one of the most profitable fields of Retail Banking, where competition is rather intense, managing to widen its customer base and to boost its retail deposit portfolio.

Its work, as well as the high quality of its services, were recognized in 2012, as Universal Bank was named “Best Bank of deposit programmes for corporate clients”, at the 4th Ukrainian 2012 Bank of Year Contest, organized by The Banker magazine. The Forbes magazine ranked Universal Bank on the 18th place in its list of the twenty most efficient banks in Ukraine, out of a total of 180 banks operating in this country.

CYPRUS

In 2012, Eurobank Cyprus celebrated five years of successful operation in Cyprus. Continuing to pursue a strategy that emphasizes on Corporate Banking, Eurobank is steadily improving its position and is now considered to be one of the country’s key players in the fields of Corporate Banking, International Business Banking, Private Banking, Wealth Management, as well as Treasury products and services.

The bank has expanded its presence in international markets, opening a bureau in Kiev, Ukraine, while it has continually been upgrading the services offered by its branch network in Cyprus.

In the few years it has been doing business in the country, Eurobank Cyprus has shown spectacularly fast growth rates, since it has become one of the key banks of the domestic market, maintaining high liquidity and achieving sound profit growth.

It is telling that in the five-years it has been operating in the country, Eurobank Cyprus has been three-times named “Best Private Bank” in the Cypriot market by the Euromoney magazine.

WESTERN EUROPE

The Group has established a major presence in wealth management in Luxembourg, through its subsidiary bank Eurobank Private Bank Luxembourg S.A. The bank offers Private Banking and Wealth Management advice to businesses and private clients, and securities services to institutional clients. Eurobank Private Bank Luxembourg is distinguished for the specialized services it is offering in the fields of Financial Engineering, Estate planning, Fiduciary agreements and Discretionary Asset Management.

In the United Kingdom, Eurobank opened a new branch in Mayfair, in the heart of London, in March 2012. The new branch, in close collaboration with the Group’s subsidiaries in Luxembourg and Cyprus, offers integrated and complete international banking services to the Group’s corporate and private banking clients, in Greece and abroad.

— CORPORATE — RESPONSIBILITY

In one of the toughest years for the Greek economy, but above all for the Greek society, the concept of corporate responsibility continued to be an indispensable feature of the Eurobank group. By means of its initiatives, the organization continued to provide effective support to its stakeholders, which include its Employees, its Customers, its Suppliers, the Society at large.

This year the Group focused, once again, on the effort to boost entrepreneurship, always firm in its conviction that innovation and business extroversion are key factors for exiting the crisis. It also continued its long-standing effort of developing relations with acclaimed agencies and organizations, in order to realize initiatives in the critical fields of Education, the Society, Culture and Environmental Protection.

In 2012, the Eurobank group placed great emphasis on programmes and actions directed to young people, demonstrating the importance of knowledge and learning, and introducing the concept of entrepreneurship to Greece's younger generations.

SOCIAL PRODUCT

Group's Contribution on Social Product for 2012	€ m
Turnover	4,532
Interest Expense and Commission Expense	-2,579
VAT on Company's added value	14
Loans Bad Debt Provisions	-1,655
Impairment losses on Greek sovereign exposure	2,081
Impairment losses on goodwill asset & Other non recurring valuation losses	-373
Profit / (loss) from discontinued operations	-100
Social Product	1,919
The Social Product and its Distribution	€ m
I. Employees	
Gross Salaries	430
Employer Contributions on Social Security Organizations	91
Medical, Pension and Other Benefits	25
Employer and Employees Contribution on Social Security Organizations	-158
Gross salaries Employees Tax Contribution	-79
	310
II. Suppliers of goods & other services	463
III. Donations / Sponsorships	7
IV. Greek Government and Public Institutions	
Voluntary Exchange of Greek Government Bonds	2,444
Income Tax, Other Taxes and Other Contributions	-144
Value Added Tax	14
Deposits & Investment Guarantee Fund	28
Employer and Employees Contribution on Social Security Organizations	158
Gross Salaries Employees Tax Contribution	79
	2,579
V. Bank	
Impairment losses on Greek sovereign exposure	-290
Impairment losses on goodwill asset & Other non recurring valuation losses	-309
Profit / (loss) from discontinued operations	-86
Other	-754
Non Distributable Profits (Losses) / Reserves	-1,440
Social Product	1,919

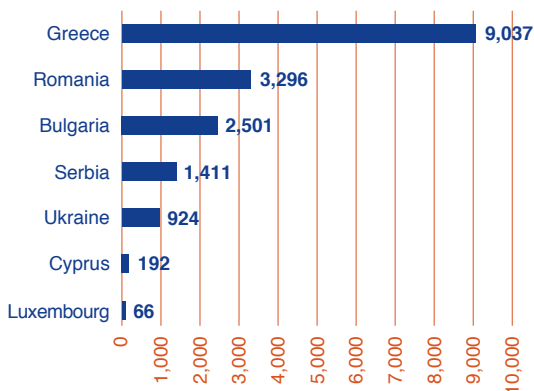
HUMAN RESOURCES

Eurobank's people, thanks to their continuous effort, knowledge, supreme skills, efficiency, professionalism and, at the same time, their ability to adapt to, and manage change, are a key factor, which enables the Group to deal efficiently with the challenges and the new conditions that arise in a changing external environment.

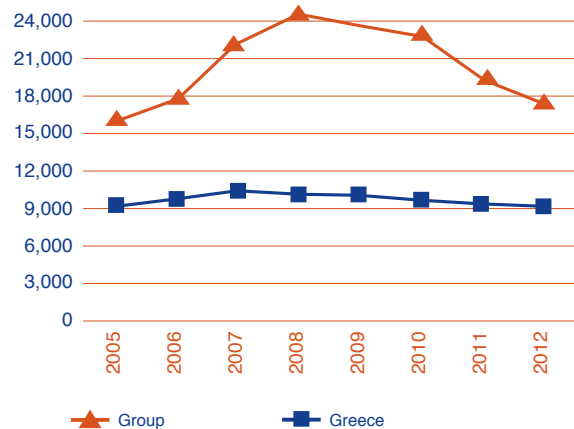
Employment

By the end of 2012, the Group employed a total of 17,427 people, of which 48% abroad and 52% in Greece. 77% of the employees are less than 45 years old, against an average age of 39 years. Bearing tangible proof of the equal opportunities policy implemented by the Group, women working with the Group account for 62% of the workforce, as compared to 38% for men; in Greece, women account for 54% of the total.

Employees per country



Evolution of Employment



Recruitment

Recruitment, either of external or internal candidates, is characterized by objectivity, transparency and fairness. It is based on predetermined criteria, fully aligned with the values and vision of Eurobank, which are applied through modern selection methods, such as written assessments, structured interviews, psychometric methods and Assessment Centres. The internal utilization of human resources continued in 2012. 57% of job vacancies (as compared to 55% in 2011) created within the Group were covered through transfers among various Bank units and Group subsidiaries. In Greece, this percentage stood at 90% on the Bank level. On the Group level, new hirings for 2012 concerned executives with superior academic qualifications (87% holders of graduate and/or postgraduate university degrees) and working experience (47% with more than 5 years of experience). Moreover, in 2012 great emphasis was once again placed on internship programmes (700 students).

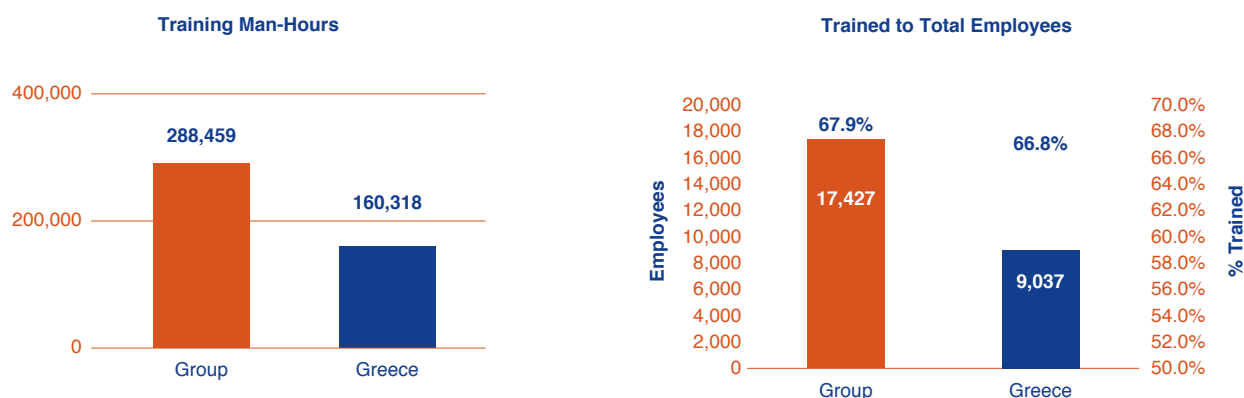
Employee Development & Training

Aiming at the enhancement of its personnel's skills and qualities, Eurobank has designed, and is implementing, an official and integrated Training and Professional Development Framework, which in 2012 won one of the HR Excellence Awards granted by the Hellenic Institute of Human Resources Management (EIMAD) of the Hellenic Management Association.

Professional development programmes include:

- Management Team and Employee Development programmes, which aim at enhancing leadership efficiency.
- Professional Development Applications, designed to improve the professional qualities and efficiency of employees, as part of existing and/or new roles.
- Mentoring Programmes, which aim at enhancing skills and encouraging cooperation among units.

The above programmes have been designed and are being implemented on the basis of state-of-the-art and pioneering methodologies and development tools, such as 360° Feedback, coaching, Personal Development Plans and Assessment Centres. Overall, more than 700 employees had participated in the programmes by the end of 2012. In addition, the Group's employees are offered significant advancement opportunities, such as job enrichment, participation in projects, coaching, as well as transfers to other roles, duties and/or business units.



Mainly seeking to provide targeted training, supported by the implementation of job position-specific Training Plans, the Bank places emphasis on programmes for the:

- Development of the executives' leadership and managerial skills, which comprise one of the Group's strategic priorities and are offered in cooperation with established educational organizations (ALBA, Harvard Business Publishing, International Hellenic University etc.)
- Acquisition of knowledge, job-related skills and practical banking experience on all levels, as well as certification (Bank of Greece certifications, internal certifications etc.)

Employees participate in programmes aimed at enhancing positivity and collaboration, thus increasing the teams' capability of effectively dealing with the crisis and its consequences. Moreover, in 2012 the Group completed the implementation of an Anti-fraud training programme. All available Training and Development tools and programmes are presented at the corresponding intranet sites.

The evaluation of our people's contribution, as well as their reward and further development, are also supported by the Performance Appraisal System, which is based on transparency, promotes objectivity and fosters continual professional advancement.

Remuneration and Benefits Policy

The remuneration and benefits policy, as well as the corresponding systems, have been developed with the aim of attracting, hiring and retaining talent, always adhering to the principles of market competitiveness, internal balance, meritocracy, “performance-based reward” and the provision of further assistance to both employees and their families. The Remuneration Policy, which is an integral part of corporate governance and is in line with the Group’s overall operating policy and business strategy, has been introduced and is being implemented in accordance with Bank of Greece Governor’s Act (BoGGA) 2650/19.1.2012. All the above, along with other information about the Group and its human resources programmes/policies, are included in the “Navigator”, a new e-guide that has been posted on the Bank’s Intranet Site.

Internal Communication

Internal communication is a strategic priority, since it is the means for keeping employees informed about the strategy, initiatives, services and products of the Group, reinforcing, at the same time, the bond of both the employees and their families with the Organization. The Internal Communication programme is based on three pillars:

- Business Communication, which aims at providing employees with timely and reliable information about the strategy, the financial results and other important business issues
- Recognitions and awards to both the employees and their children (10-year Awards and Top-performing Student Awards)
- Social events for the employees and their families (Christmas theatrical plays, summer programmes for children, etc.)

Health & Safety

As part of its social and preventive health policies, the Group has been realizing a series of actions (operation of medical centers, check ups, a special insurance plan for employees with disabilities, Blood Bank etc.).

HR4U Help Desk

The Human Resources General Division is providing a complete help desk service, called HR4U.

CUSTOMERS

In 2012, Eurobank’s relationship with its customers mainly focused on protecting them from the continually changing conditions in the international financial environment.

Provision of solutions

In Greece, the Bank attached great importance to the servicing of loans by clients who face difficulties with repayments, offering them solutions tailored to their financial means. It also gave many households the opportunity to improve the energy efficiency of their homes, securing substantial energy savings, as well as gains for the family budget, through the “Saving at Home” programme. Furthermore, the “Epistrofi” programme enabled households to realize tangible financial gains by making their daily purchases (e.g. food, fuel) with the use of credit or debit cards, offering them value-for-money deals and adding businesses that sell staples to the programme’s strategic partners.

Emphasis on Information and Research

More than 1,300 Private Banking clients had the opportunity to get updated on crucial economic developments, through 26 events held all over Greece. The satisfaction surveys that followed each event corroborated the positive response of the participants (92%) and their intention to participate again in similar events (94%). Surveys regarding Eurobank's financial studies and analyses were also conducted, verifying their high quality as satisfaction rates among readers stood at 80%.

Moreover, in order to support Greek entrepreneurship and Greek businesses, and boost investment and exports, the Bank conducted a survey among Corporate Banking clients, in order to identify the potential drivers of Greece's exit from the crisis. It was verified that Eurobank's extroversion initiatives, such as the "Go International" and "Exportgate.gr", are in line with the needs of a large fraction of the Bank's clients, as they, too, agree that extroversion is the only way forward.

Client Relations Management

Eurobank constantly seeks to develop and preserve a climate of mutual trust with its clients, individuals and businesses. In this vein, the resolution of any disputes is carried out with respect, understanding, transparency and fairness. The formation of the Group Client Relations Office in January 2002 was a pioneering move for Greece's banking sector.

Each case is examined with genuine interest and attention by the Office's experienced executives, who keep open lines of communication with clients, in order to find mutually satisfactory solutions. Thanks to the independence it enjoys by directly reporting to the Bank's Management, the Office, which is implementing best international practices, is able to take corrective actions throughout the entire Organization, in order to remedy any weaknesses it may identify while managing client relations.

The Office acts as the second step in the process of amicably resolving client issues, in order to avoid any recourse of the latter to State Agencies, Authorities or Consumer Associations. This way the Bank safeguards its image, collaborates with Regulators and Consumer Associations and participates in the Consumer Group of the Hellenic Federation of Enterprises, always with the aim of satisfying clients, enhancing their trust and preserving their excellent relations with it.

For its ability to compete with the best, for continually re-evaluating its work and for maintaining Excellence standards, the Group Client Relations Office has been twice granted the "EFQM Recognized for Excellence" distinction, also having been certified in accordance with the ISO9001 standard.

Recognition

All the aforementioned actions contributed to the further deepening of the Bank's relationship with its clients during 2012. This fact was reflected on the annual satisfaction survey that was conducted among Retail Banking clients, which showed that Eurobank is the best performing bank in the field of customer services, especially those rendered by its branch network. The clients gave high ratings to the service they are given by the Bank's employees and to the relationship they have built with the branch they are working with. According to the clients, Eurobank's superiority is due to the fact that its officers are able to find solutions to the clients' problems, provide them with constructive proposals for investing their money more productively, are highly knowledgeable, and provide timely information and fast service.

SUPPLIERS

In 2012, the centralized management of procurements, for both the Bank and all its subsidiaries in all the countries it is doing business, was a key factor for achieving major economies of scale and reducing operating costs. The procedure for selecting and evaluating suppliers is governed by full transparency at all stages, as well as by objective criteria, such as value-for-money and consistency. The Group's procurement process has been certified in accordance with the ISO9001, ISO14001 and ISO27001 standards. It is worth noting that Eurobank won the National EMAS 2009 Award in the "Supply Chain, including Green Procurement" category, while in December 2012 it won the "Sustainable Procurement" award, in the context of the PPC Environmental Awards.

SOCIETY

Education

In 2012, the Eurobank group continued its long-standing contribution in the field of Education.

The "**Great Moment for Education**" programme is one of the most important sponsorships of the Eurobank group and in 2012 it celebrated 10 years of successful contribution to the Greek society. Up to this day, the programme has granted awards to more than 11,800 top performing pupils from almost 1,700 high schools all over the country. Each award is accompanied by a € 1,000 prize to each pupil.

Moneypedia.gr - The Group, in cooperation with the Athens University of Economics and Business (AUEB), continued to offer its pioneering financial literacy programme for young people aged 18-25. The www.moneypedia.gr website is daily updated with posts of interest to young people, while the programme also maintains its own facebook page.

In **Serbia**, Eurobank, in cooperation with the Prince Aleksandar Karadjordjevic Foundation, has been offering **scholarships** to the top-500 graduates of the country's high schools.

"**High Start with Postbank**" - In Bulgaria, the "High Start with Postbank" programme continues since 2005, in cooperation with the Ministry for Education, Youth and Science, to grant awards to pupils from the country's foreign language High Schools.

Culture

Athens Concert Hall - The Eurobank group sponsored the Sunday Morning Events of the Athens Concert Hall, during the 2012-2013 season. This is one of the Hall's most successful programmes, and is organized for a 17th consecutive year with the aim of introducing children and youths to the magical world of music, in an interactive and pleasant manner. Eurobank provided schools from the Greek periphery with free tickets to all performances. This season's programmes were attended by more than 20,000 children and parents.

Cultural programmes of the Foundation of the Hellenic World - The Eurobank group supported the work and programs of the Foundation of the Hellenic World (FHW) for a 13th year. The Foundation's Sunday educational programmes, the Ancient Greek Mathematics exhibition, as well as the presentation of the "Darwin: the mystery of life" virtual reality film, were the programmes of the FHW that had a great appeal to the public.

Atelje 212 - In Serbia, Eurobank continued to support “Atelje 212”, one of the country’s most important theatrical organizations.

Sports

Hellenic Basketball Federation - For more than 10 years Eurobank has been the exclusive sponsor of all Greek National Basketball Teams, which are among the great powers of this sport, on both the European, and global, levels. Up to now, this has been the longest running sponsorship deal in Greek sports.

Charities

“Back to School” - The Eurobank group, and SKAI TV, organized a social solidarity initiative, titled “Back to School”, which involved the collection of school supplies for children of poor families from the region of Attica. The initiative led to the collection of 1,000 boxes of school supplies, which were distributed to more than 6,000 children. Actively supporting this initiative, Eurobank contributed a quantity of school supplies equal to that collected by the public.

Support to public benefit organizations - In 2012, the Eurobank group focused its support on a large number of organizations and non-profit institutions that are mainly active outside of Athens, supporting children and vulnerable social groups. Some examples are the sponsorship of the Syros Home for Children and the “Ilihtida” (Sunbeam) organization in Mytilene.

In **Serbia**, Eurobank and the “Ana and Vlade Divac” Foundation continued to work together for a third year, raising funds through the Mastercard “Big Heart” credit card for the restoration of day care centres and children’s recreation areas. Up to date, 13 sites have been completed in corresponding cities around the country.

In 2012, Postbank realized another groundbreaking initiative in **Bulgaria**, which led to the establishment of the **“No Project”**, an international initiative against human trafficking. This initiative won the EVENTEX “Best Campaign” and the “People’s Choice Campaign” awards.

In **Ukraine**, Universal Bank offered material support to orphans in the towns of Zhytomyr and Boyarka, on the occasion of the celebrations for Christmas and the New Year.

Supporting Young Entrepreneurship

In 2012, Eurobank responded to the call of young people and, in cooperation with the Corallia unit of the Research Centre “Athena”, designed and is implementing a pioneering comprehensive programme, aimed at creating an environment that is fostering young entrepreneurship. egg – enter•grow•go is a complete range of business incubation, acceleration and co-working infrastructures and services. For one year, which is the duration of each cycle of the Programme, the participating teams will be hosted in a fully-equipped building, enjoying support services, effective business training and access to a network of distinguished mentors, in order to accelerate their business growth. The first cycle of the egg programme began in May 2013 and comprises 21 entrepreneurial teams from a wide range of industries. The selected teams qualified on the basis of an evaluation process.

CARE FOR THE ENVIRONMENT



Environmental protection is a duty for the Eurobank Group. In this vein, it has adopted a specific Environmental Policy, whose implementation is based on an ISO 14001 compliant Environmental Management System. Moreover, always committed to performance, transparency and reliability, the Bank has aligned its methods with the EMAS Regulation, through its official listing in the European Commission's Register. Eurobank is a member of the United Nations Environment Programme Finance Initiative (UNEP-FI), holding senior administrative positions in the Global Steering Committee and the Banking Committee, as well as the chair of the European Task Force.

Eurobank's environmental protection and sustainable growth initiatives are coordinated by its Group Environment & Quality Division, which ensures the implementation of its environmental and quality policies, and the achievement of the relevant targets.

The Environmental Policy is implemented by all the Group's subsidiaries in Greece and abroad. The policy's implementation is carried out by Environment Offices established in the Group's subsidiary companies in Serbia, Bulgaria and Romania, while the Group is in the process of certifying its subsidiaries in Greece in accordance with the ISO14001 Standard. More specifically, in 2012 the BE-Business Exchanges subsidiary was certified in accordance with the ISO14001:2004 standard for the "Provision of Intercompany Trading Services".

As a result of the thorough and systematic efforts made by Eurobank in regard to environmental responsibility issues, the Group was distinguished in environmental management at the EMAS Awards 2011, while in 2012 Eurobank won the "Climate Protection-GHG Footprinting" and "Sustainable Procurement" awards as part of the Environmental Awards 2013 contest.

Environmental Performance and Programmes

Eurobank seeks to continually improve its "ecological footprint", as part of a detailed mechanism for analyzing the flows of materials within the Organization, which includes the procurement of materials and energy, the use of materials and energy and the management of waste and emissions. Performance is monitored on the basis of specialized indicators, in order to make sure that deviations from individual targets are dealt with and that the relevant corrective and preventive measures are taken, thus ensuring the continuous improvement of the environmental management system. Detailed information about the programmes, the performance and the relevant targets set by Eurobank is presented in the Environmental Report, which is verified by an independent accredited Verifier and is available at www.eurobank.gr, and more specifically, under the section Eurobank - Corporate Responsibility - Care for the Environment.

Green Procurement Policy

The Group's Procurement Policy includes special environmental regulations that promote sound environmental conduct among suppliers, and ensure, whenever possible, the selection of environment-friendly products and environmentally responsible suppliers.

Environmental Risk

Given the increasing weight attached to environmental issues by societies, legislators and international agencies, as well as the implementation of the “polluter pays” principle on the European level, the competent departments of the Group have worked together with the Group Environment & Quality Division, to develop procedures for the identification, assessment and management of environmental risks, in order to deal with such risks in a timely fashion, always in cooperation with clients.

Green Products

The Bank has developed “green” banking products, which have a positive impact on the Environment. Products such as the WWF Eurobank Visa and the “Green” Home Loans for the installation of household photovoltaic systems and the improvement of the Greek homes’ energy efficiency are supported by specialized financing programs. Moreover, Eurobank Equity Partners, the Group’s subsidiary, has developed and has been promoting a major investment product which, among others, supports dynamic companies of the Green Growth sector.

Environmental Training

The Bank has been implementing an innovative environmental e-learning programme, while the Bank’s intranet includes a special site on environmental issues.

Environmental Actions

WWF Hellas - Eurobank supported, since early 2011, the Eco2nomy campaign of WWF Hellas, which was completed in 2012 and aimed at suggesting simple everyday solutions for reducing energy consumption to every family, with great benefits for both the environment and the household’s budget.

The spearhead of this campaign was the European Energy Saving Award (EESA), whose National Sponsor was the Eurobank group. Greece came on top of the final rankings, becoming the energy-saving Champion, among 11 European countries.

The Eurobank Group received one of the Ecopolis 2012 Environmental Sensitivity Awards for supporting the WWF Eco2nomy programme.

Scouts of Greece - The Eurobank Group and the Scouts of Greece, organized cleanup initiatives in four Greek islands, for a third consecutive year. More specifically, a total of 80,000 square metres of green areas were cleaned, and 90 bags of waste were collected in the islands of Chios, Syros and Cephalonia. In Lesbos, 10 tons of waste were collected, while playground equipment, benches and tables were repaired and maintained.

In **Serbia**, Eurobank renovated 10 urban parks in Belgrade and other big cities, creating infrastructures designed to cover the entertainment needs of all ages.

“Crystal Purity of Pancharevo Lake” - In Bulgaria, Postbank has been implementing the programme for the preservation of Lake Pancharevo, in the outskirts of Sofia, since 2008.

CORPORATE GOVERNANCE

Board of Directors & Committees Appointed by the Board

Board of Directors	Audit Committee	Risk Committee	Remuneration Committee	Supervisory Remuneration Committee	Nomination Committee
Chairman Non Executive	Efthymios N. Christodoulou	●	●	●	Chairman
Vice Chairman and Honorary Chairman Non Executive	George C. Gondicas		●		
Chief Executive Officer	Nicholas C. Nanopoulos	●			
Deputy Chief Executive Officer	Byron N. Ballis	●			
Deputy Chief Executive Officer	Michael H. Colakides		Chairman		
Deputy Chief Executive Officer	Nikolaos V. Karamouzis	●			
Management Consultant	Nicholas K. Pavlidis				
Non-Executive Directors	George A. David ⁽¹⁾			Chairman	
	Dimitrios G. Dimopoulos				
	Angeliki N. Frangou ⁽¹⁾		●		
	Paul K. Mylonas				
	Nicholas M. Stassinopoulos				
Non-Executive Independent Directors	Spyros L. Lorentziadis	Chairman	●		
	Athanasios J. Martinos				●
	Dimitri T. Papalexopoulos			Chairman	
	Dr. Panayiotis V. Tridimas	●		●	●
Non-Executive Director ⁽²⁾	Dimitrios A. Georgoutsos				
Non-Executive Director ⁽³⁾	Christos M. Glavanis ⁽⁴⁾	●	●	●	●
Secretary	Paula N. Hadjisotiriou				

⁽¹⁾ The Board of Directors of the Bank at its meeting of October 31, 2012, assessed that Mrs. A. Frangou and Mr. G. David meet the independence criteria set by the L.3016/2002 and "Eurobank's Corporate Governance Code and Practices" for their designation as Non-Executive Independent Directors. The next General Meeting of the shareholders of the Bank will be called to ratify their designation accordingly.

⁽²⁾ Representative of the Greek State under Law 3723/2008.

⁽³⁾ Representative of the Hellenic Financial Stability Fund under Law 3864/2010.

⁽⁴⁾ Participation in the committees, under the provisions of the presubscription agreement signed on May 28, 2012, between the Bank, the Hellenic and the European Financial Stability Fund, for the capital increase of the Bank, as amended and codified on December 21, 2012 and April 30, 2013.

Each of the above committees' Terms of Reference is approved by the Board and forms part of the Bank's detailed Internal Control Manual.

SELECTED FINANCIAL DATA FOR THE YEAR

EUROBANK ERGASIAS SA

FINANCIAL INFORMATION

**FOR THE YEAR ENDED ON
DECEMBER 31, 2012**

**The complete Annual Financial Report for the year 2012 is available
on the Group's official website www.eurobank.gr**

**8 Othonos Str., Athens 105 57, Greece
Tel.: (+30) 210 333 7000
www.eurobank.gr
Number General Commercial Registry No 000223001000**

EUROBANK ERGASIAS S.A.
Consolidated Income Statement

	Year ended 31 December	
	2012 € million	2011 € million
Interest income	4,075	5,063
Interest expense	(2,614)	(3,098)
Net interest income	<u>1,461</u>	<u>1,965</u>
Banking fee and commission income	363	426
Banking fee and commission expense	(163)	(152)
Net banking fee and commission income	<u>200</u>	<u>274</u>
Net insurance income	30	30
Income from non banking services	32	28
Dividend income	4	6
Net trading income	51	(56)
Gains less losses from investment securities	(22)	(20)
Other operating income	(1)	(1)
Operating income	<u>1,755</u>	<u>2,226</u>
Operating expenses	(1,052)	(1,123)
Profit from operations before impairment on loans and advances and non recurring valuation losses	<u>703</u>	<u>1,103</u>
Impairment losses on loans and advances	(1,655)	(1,328)
Impairment and valuation losses on Greek sovereign exposure	(363)	(6,012)
Other non recurring valuation losses	(331)	(501)
Impairment losses on goodwill asset	(42)	(236)
Share of results of joint ventures	(0)	(1)
Profit/(loss) before tax	<u>(1,688)</u>	<u>(6,975)</u>
Income tax	334	1,319
Profit/(loss) for the year from continuing operations	<u>(1,354)</u>	<u>(5,656)</u>
Profit/(loss) for the year from discontinued operations	(86)	160
Net profit/(loss) for the year	<u>(1,440)</u>	<u>(5,496)</u>
Net profit for the year attributable to non controlling interest	13	12
Net profit/(loss) for the year attributable to shareholders	<u>(1,453)</u>	<u>(5,508)</u>
	€	€
Earnings/(losses) per share		
-Basic and diluted earnings/(losses) per share	<u>(2.30)</u>	<u>(10.13)</u>
Earnings/(losses) per share from continuing operations		
-Basic and diluted earnings/(losses) per share	<u>(2.14)</u>	<u>(10.42)</u>

The complete Annual Financial Report for the year 2012 is available on the Group's official website www.eurobank.gr

EUROBANK ERGASIAS S.A.
Consolidated Balance Sheet

	At 31 December	
	2012 € million	2011 € million
ASSETS		
Cash and balances with central banks	2,065	3,286
Loans and advances to banks	4,693	6,988
Financial instruments at fair value through profit or loss	710	503
Derivative financial instruments	1,888	1,818
Loans and advances to customers	43,171	48,094
Investment securities	9,469	11,383
Property, plant and equipment	1,306	1,304
Intangible assets	406	465
Deferred tax asset	2,106	1,726
Other assets	1,839	1,255
Total assets	67,653	76,822
LIABILITIES		
Due to central banks	29,047	32,525
Due to other banks	2,772	3,406
Derivative financial instruments	2,677	3,013
Due to customers	30,752	32,459
Debt issued and other borrowed funds	1,365	2,671
Other liabilities	1,695	1,873
Total liabilities	68,308	75,947
EQUITY		
Ordinary share capital	1,222	1,226
Share premium	1,451	1,439
Other reserves	(4,922)	(3,763)
Preference shares	950	950
Preferred securities	367	745
Non controlling interest	277	278
Total	(655)	875
Total equity and liabilities	67,653	76,822



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