



Report

on the verification of the book value of the assets of the hived-down banking business sector of Eurobank Ergasias S.A. as at 30.06.2019 and on the examination of the Draft Demerger Deed, in accordance with the provisions of Law 2515/1997 and Law 4601/2019.

31 July 2019

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To the Shareholders of

«Eurobank Ergasias S.A.»

Report

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I. Introductory notes

Based on the decision of the Board of Directors of Eurobank Ergasias SA (hereinafter referred to as "Bank" or "Demerged Entity"), dated 28.06.2019, we conducted procedures for the verification of the book value of the assets of the hived-down banking business sector of the Demerged Entity as at 30.06.2019 and the examination of the Draft Demerger Deed (hereinafter referred to as "DDD") in accordance with the provisions of Law 2515/1997 and Law 4601/2019. For the purpose of the hive-down of the banking business sector, the Bank prepared a Transformation Balance Sheet of the hived-down sector as at 30.06.2019.

Our engagement was performed in accordance with the International Standards on Related Services (ISRS) 4440 that apply to "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information". We should, however, note that this present work does not constitute an audit of financial information or a review of financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements, hence we do not express any additional assurance thereon. It should also be noted that this present work does not address the fulfillment of the conditions of the existing legislation on the identification of a business sector, part or division of an enterprise. The procedures were performed for the sole purpose of the verification of the book value of the assets of the banking business sector (Assets and Liabilities), as well as the examination of the DDD.

This report was prepared in accordance with the provisions of Article 16 of Law 2515/1997 and Articles 62, 74 and 140 of Law 4601/2019.

For the aforementioned hive-down, we were provided with a) the resolution of the meeting of the Board of Directors of the Demerged Entity dated 31.07.2019, b) the DDD, c) the Transformation Balance Sheet of the hived-down sector as at 30.06.2019 along with the corresponding records required for its preparation.

Agreed – Upon procedures

In order to verify the book value of the assets of the under hive-down banking business sector of the Demerged Entity as at 30.06.2019 and to examine the DDD, we performed the following procedures:

- We compared the book values of Transformation Balance Sheet of the hived-down banking business sector of the Demerged Entity as at 30.06.2019, with its respective accounting records (books);
- We performed an analysis of the values disclosed in the aforementioned Transformation Balance Sheet and provided comments;
- We examined the DDD, including the reference to the fair and reasonable share exchange ratio, based on the applicable legislation;
- We conducted interviews with the Bank's units, representatives and executives involved in compiling the Transformation Balance Sheet data;
- We discussed with representatives of the Bank's Management with regards to the results of our work, where required, and
- We prepared a Report on the verification of the book value of the assets and on the examination of the DDD, including a statement regarding the share exchange ratio.

Notes

1. The accounting principles based on which the Transformation Balance Sheet as at 30.06.2019 was prepared are disclosed in the Financial Statements of the Demerged Entity.
2. Within this present work did not examine and did not intend to examine the business rational of the hive-down of the banking business sector of the Demerged Entity.
3. Based on the Article 71 of Law 4601/2019, the Board of Directors of the Demerged Entity has the responsibility to prepare and implement the hive-down, as well as to prepare the Transformation Balance Sheet. It is our responsibility to perform the agreed – upon procedures and report to you our findings. The report on the verification of the book value of the assets was based on the accounting records, financial statements and information provided to us, the accuracy of which we had no responsibility to audit or review.
4. The legal and tax audit of the financial data is not part of this present work.

II. Eurobank Ergasias S.A.

A. Information about the company

The bank Eurobank Ergasias S.A. bears the General Commercial Registry (GEMI) number 000223001000. From the latest articles of association of the Bank, the following occur:

Name

The present articles of association shall govern the société anonyme under the corporate name "Eurobank Ergasias S.A." and the trade name "Eurobank Ergasias". In texts drawn up in the English language the name shall be "Eurobank Ergasias S.A." and the trade name shall be "Eurobank". In texts drawn up in other foreign languages the name shall be stated either by a faithful translation thereof or shall be transcribed in Latin characters.

Duration

The Bank's duration, which began on March 19th of the year one thousand nine hundred twenty four (1924), expires on December 31st of the year two thousand one hundred (2100).

Seat

The Bank has its registered office in the Municipality of Athens. By decision of the Board of Directors, branches or agencies or offices can be established anywhere in Greece and abroad.

Object

The object of the Bank is to perform any operation and activity that credit institutions are allowed to perform, according to the legislation each time in force. The object of the Bank is the widest possible, in the sense that the Bank's operations, projects, services and activities of every kind may include any business, project, service and activity in general, that, either traditionally, or in the context of technical, economic and social developments, is part of the activities, operations, services, projects that can be performed by a credit institution.

The following activities, indicatively, fall within the object of the Bank:

- a) Acceptance of money deposits or other repayable funds;
- b) Granting of loans or other credit, including factoring of business claims;
- c) Leasing;
- d) Money transmission services, including funds transfers;
- e) Issue and administration of means of payment (credit and debit cards, travellers' cheques and banker's drafts);
- f) Guarantees and commitments;

- g) Transactions in the name of the Bank or its customers regarding:
 - i) money market instruments (securities, deposit certificates etc);
 - ii) foreign exchange;
 - iii) financial futures and options;
 - iv) exchange and interest-rate instruments;
 - v) transferable securities;
- h) Participation in the issue of securities and provision of similar services, including specifically underwriting services;
- i) Advice to undertakings on capital structure, industrial strategy and related questions and advice as well as services relating to mergers and the purchase of undertakings;
- j) Intermediation in interbank markets;
- k) Portfolio Management on any kind of property belonging to customers or provision of advisory services regarding its management;
- l) Safekeeping and administration of transferable securities;
- m) Collection and processing of commercial information, including credit assessments of customers;
- n) Hiring of safe deposit boxes (vaults);
- o) Issue of electronic money;
- p) Provision of primary and ancillary investment services, such as those mentioned in article 4 of L. 3606/2007, as each time in force;
- q) Any other operation or activity related to the above, allowed by law.

In the framework of the above object, the Bank may establish businesses and companies of any form acquire participations of any kind in businesses and companies, which already exist, in cooperation with any third person, and generally take any action serving directly or indirectly its object.

Share capital

The share capital of the Bank amounts to eight hundred fifty three million one hundred seven thousand two hundred twenty five euros and ninety six cents (€ 853,107,225.96) divided into three billion seven hundred nine million one hundred and sixty one thousand eight hundred and fifty two (3,709,161,852) common voting shares of a nominal value of €0.23 each.

B. Procedures for the verification of the book value of the assets and liabilities of the hived-down banking business sector

In order to verify the book value of the assets and liabilities of the hived-down banking business sector, we performed the work included in the aforementioned agreed – upon procedures (see I. Introductory Notes).

C. Procedures for the examination of the Draft Demerger Deed

Our work was limited to the examination that the DDD was drawn up in accordance with the provisions of Articles 10, 59 and 74 of Law 4601/2019 and paragraph 5 of Article 16 of Law 2515/1997.

D. Presentation of the hived-down banking business sector of the Demerged Entity as at 30.06.2019 and analysis of the book values

The financial data of the Transformation Balance Sheet of the hived-down banking business sector based on data and information brought to our attention by the Bank are the following.

Assets

Cash and balances with central banks

The account balance "Cash and balances with central banks" includes cash in hand, unrestricted deposits with central banks, due from credit institutions and other short-term highly liquid investments with original maturities of three months or less.

The account's balance is the following:

**Balance 30.06.2019
(mln)**

Cash and balances with central banks	€	754
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Due from credit institutions

The account balance "Due from credit institutions" refers to pledged deposits, mainly cash collateral with regards to loans granted by subsidiaries in the banking sector, cash collateral related to credit risk mitigation contracts for derivative transactions, pledged deposits related to debt securitizations and cash collateral related to the sale of subsidiaries that were classified as held for sale.

The account's balance is the following:

**Balance 30.06.2019
(mln)**

Due from credit institutions	€	3.299
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Securities held for trading

The account balance "Securities held for trading" relates to investment securities in the State, Banks and Corporates.

The account's balance is the following:

**Balance 30.06.2019
(mln)**

Securities held for trading	€	32
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Derivative financial instruments

The account balance "Derivative financial instruments" includes financial instruments that the Bank enters into to reduce exposure to market risks, as well as for trading purposes. Other derivative financial instruments include currency put and call options, credit default swaps, interest rate futures and warrants.

The account's balance is the following:

**Balance 30.06.2019
(mln)**

Derivative financial instruments	€	2.359
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Loans and advances to customers

The account balance "Loans and advances to customers" refers to the book value and exposure to credit risk of loans and receivables from customers per business unit. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Bank upon initial recognition designates at fair value.

The account's balance is the following:

**Balance 30.06.2019
(mln)**

Loans and advances to customers	€	28.345
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Investment securities

The account balance "Investment securities" include investment securities at fair value through other comprehensive income, amortised cost or fair value through profit or loss.

The account's balance is the following:	Balance 30.06.2019 (mln)
Investment securities	€ 5.802

Shares in subsidiaries

The account balance "Shares in subsidiaries" contains all of the Bank's subsidiaries.

The account's balance is the following:	Balance 30.06.2019 (mln)
Shares in subsidiaries	€ 1.896

Property, plant and equipment and investment property

The book value of property, plant and equipment and investment property is presented below:

	Balance 30.06.2019 (mln)
Property, plant and equipment and investment property	€ 1.279

Intangible assets

The book value of intangible assets is presented below:

	Balance 30.06.2019 (mln)
Intangible assets	€ 359

Deferred tax asset

The account's balance is the following:	Balance 30.06.2019 (mln)
Deferred tax asset	€ 4.838

The account balance "Deferred tax assets" refers to the deferred income tax calculated on all temporary tax differences between the carrying amount and the tax value of the assets and liabilities.

Other assets

The account balance "Other assets" includes, among others, repossessed properties and relative prepayments, prepaid expenses and accrued income.

The account's balance is the following:	Balance 30.06.2019 (mln)
Other assets	€ 1.909

Assets classified as held for sale

The account's balance is the following:	Balance 30.06.2019 (mln)
Assets classified as held for sale	€ 8

Total Assets: €50.879

Liabilities

Due to central banks

The account balance "Due to central banks" includes liabilities to the European Central Bank and the Bank of Greece, which are secured either by Greek government bonds or by asset-backed securities.

The account's balance is the following:	Balance 30.06.2019
	(mln)
Due to central banks	€ 1.250

Due to credit institutions

The account balance "Due to credit institutions" includes liabilities to other foreign financial institutions that are either secured by Greek government bonds or by government bonds of other euro-area Member States or European Financial Stability Facility / European Stability Mechanism (EFSF / ESM) bonds or covered bonds. Borrowing from international financial institutions and similar institutions involves borrowing from the European Investment Bank and other similar institutions.

The account's balance is the following:	Balance 30.06.2019
	(mln)
Due to credit institutions	€ 8.764

Derivative financial instruments

The account balance "Derivative financial instruments" includes financial instruments that the Bank enters into to reduce exposure to market risks, as well as for trading purposes. Other derivative financial instruments include currency put and call options, credit default swaps, interest rate futures and warrants.

The account's balance is the following:	Balance 30.06.2019
	(mln)
Derivative financial instruments	€ 2.733

Due to customers

The account balance "Due to customers" includes both deposit and current accounts as well as time deposits and repurchase agreements.

The account's balance is the following:	Balance 30.06.2019
	(mln)
Due to customers	€ 29.998

Debt securities in issue

The account balance "Debt securities in issue" includes notes issued via the securitization of corporate, SME and consumer loans. It also includes obligations on preference shares and covered bonds.

The account's balance is the following:	Balance 30.06.2019
	(mln)
Debt securities in issue	€ 2.745

Other liabilities

The account "Other liabilities" mainly includes: (a) liabilities to suppliers and creditors, (b) contributions to insurance corporations, (c) liabilities from other taxes and fees, and (d) trading liabilities.

The account's balance is the following:	Balance 30.06.2019
	(mln)

Other liabilities	€	1.105
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Total Liabilities: € 46.594

As a summary (in millions):

Total assets	€	50.879
Total liabilities	€	46.594
Total equity	€	4.285
-Equity is analysed as follows:		
Share capital	€	4.052
Reserves	€	234
Equity attributable to the shareholders of the Bank	€	4.285
Total equity	€	4.285

Examination of Draft Demerger Deed

The Draft Demerger Deed was drawn up by the Bank's Board of Directors, signed on 31.07.2019 from its authorized members and will be submitted for final approval to the General Shareholders Meeting of the Bank. As explicitly mentioned in the DDD, the banking business sector will be hived-down from the Demerged Entity and will be transferred to a newly incorporated company.

Declaration on the Exchange of Shares

Since, as per par. 3 of Article 57 of L. 4601/2019, "*The demerger through hive-down with establishment of a new company or new companies is the act by which a company (demerged entity), without being dissolved, transfers to one or more companies that are simultaneously being incorporated (beneficiaries) the sector or sectors defined in the draft merger deed, with the acquisition by the [demerged entity] of the shares of the beneficiary...*" it is self-evident that there is no share exchange ratio and therefore there is no need to provide information on valuation methods for the determination of a proposed share exchange ratio. This demerger is fair and reasonable because the Demerged Entity will acquire all the Beneficiary's shares in exchange for the contributed assets and liabilities.

Conclusion

We conducted the agreed – upon work, which is described in the aforementioned Introductory Notes in order to determine: a) the book value of the assets of the hived-down banking business sector of the Demerged Entity based on the Transformation Balance Sheet as at 30.06.2019, prepared by the Bank's Management in accordance with the International Financial Reporting Standards (IFRS) and used for the purposes of the Transformation under consideration, in accordance with paragraph 5 of Article 16 of Law 2515/1997, as well as b) the application of the provisions of Article 62 of Law 4601/2019 and of paragraph 5 of Article 16 of Law 2515/1997 regarding the declaration that the DDD was examined and the opinion on whether the share exchange ratio is fair and reasonable, as part of the process of hive-down of the banking business sector of the Demerged Entity.

Based on our procedures performed, we note the following:

A)The book values of the assets of the hived-down banking business sector of the Demerged Entity are included in the accounting records of the latter. This process did not reveal any finding.

B)The examination of the DDD did not reveal any finding.

C)The share exchange ratio, as mentioned above, does not exist and therefore no finding thereon exists.

Given that the abovementioned procedures do not constitute an audit of financial information or a review of financial information conducted in accordance with the International Standards on Auditing or the International Standards on Review Engagements, we do not express any assurance thereon, beyond the aforementioned details and what is provided for the application of the provisions of Article 16 of Law 2515/1997 and Article 62 of Law 4601/2019.

Had we performed additional procedures or had we performed an audit or review in accordance with the International Standards on Auditing or the International Standards on Review Engagements other matters might have come to our attention that would have been reported to you.

Use of the Report

This Report was prepared further to a mandate from the Board of Directors of the Bank, based on the decision of the Bank's Board of Directors dated 28.06.2019 to start the hive-down process.

The Report was conducted by virtue of the provisions of Law 2515/1997 and Law 4601/2019 for the sole purpose of the hive-down of the banking business sector from the Demerged Entity and the transfer of the book value of its assets to the newly formed Beneficiary company and shall not be used for any other purposes.

31 July 2019

The Certified Public Accountant

Dimitrios Katsibokis

Reg. No. SOEL: 34671