EUROBANK ERGASIAS S.A.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MARCH 2015

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Company Registration No: 000223001000

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Interim Balance Sheet

	Note	31 March 2015 € million	31 December 2014 € million
ASSETS			
Cash and balances with central banks		**915**	801
Due from credit institutions		**6,168**	5,892
Financial instruments at fair value through profit or loss		**65**	73
Derivative financial instruments		**2,215**	2,121
Loans and advances to customers	13	**35,493**	35,076
Investment securities	14	**14,986**	14,959
Shares in subsidiary undertakings	15	**2,582**	2,570
Property, plant and equipment		**278**	282
Investment property		**64**	64
Intangible assets		**60**	60
Deferred tax assets		**3,948**	3,871
Other assets		**1,700**	1,725
Total assets		**68,474**	67,494
LIABILITIES			
Due to central banks	17	**29,016**	12,610
Due to credit institutions	18	**2,817**	13,408
Derivative financial instruments		**3,159**	2,470
Due to customers	19	**26,748**	31,985
Debt issued and other borrowed funds	20	**1,265**	1,287
Other liabilities	21	**417**	477
Total liabilities		**63,422**	62,237
EQUITY			
Ordinary share capital	22	**4,412**	4,412
Share premium	22	**6,682**	6,682
Reserves and retained earnings		**(7,390)**	(7,185)
Preference shares	23	**950**	950
Total equity attributable to shareholders of the Bank		**4,654**	4,859
Hybrid capital	24	**398**	398
Total equity		**5,052**	5,257
Total equity and liabilities		**68,474**	67,494

Notes on pages 6 to 25 form an integral part of these condensed interim financial statements

Interim Income Statement

	Note	Three months ended 31 March 2015 € million	2014 € million
Net interest income		**247**	243
Net banking fee and commission income		**22**	15
Income from non banking services		**1**	2
Dividend income		**7**	0
Net trading income		**(27)**	8
Gains less losses from investment securities		**(6)**	7
Net other operating income		**8**	(1)
Operating income		**252**	274
Operating expenses	8	**(163)**	(178)
Profit from operations before impairments and non recurring income/(expenses)		**89**	96
Impairment losses on loans and advances	9	**(253)**	(420)
Other impairment losses	10	**(23)**	(10)
Restructuring costs and other non recurring income/(expenses)	10	**(2)**	51
Profit/(loss) before tax		**(189)**	(283)
Income tax	11	**51**	93
Non recurring tax adjustments	11	**-**	77
Net profit/(loss) from continuing operations		**(138)**	(113)
Net profit/(loss) from discontinued operations	12	**-**	(52)
Net profit/(loss) attributable to shareholders		**(138)**	(165)

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Interim Statement of Comprehensive Income

	Three months ended 31 March			
	2015		2014 Restated [1]	
	€ million		€ million	
Net profit/(loss)		**(138)**		(165)
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- net changes in fair value, net of tax	**0**		(3)	
- transfer to net profit, net of tax	**(1)**	**(1)**	5	2
Available for sale securities				
- net changes in fair value, net of tax[1]	**(64)**		17	
- transfer to net profit, net of tax	**(2)**	**(66)**	(4)	13
Other comprehensive income		**(67)**		15
Total comprehensive income attributable to shareholders:				
- from continuing operations	**(205)**		(98)	
- from discontinued operations	**-**	**(205)**	(52)	(150)

[1] *The Other comprehensive income for the period ended 31 March 2014 has been restated by € 2.8 million income (note 14).*

Notes on pages 6 to 25 form an integral part of these condensed interim financial statements

Interim Statement of Changes in Equity

	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Hybrid capital € million	Total € million
	Total equity attributable to shareholders of the Bank						
Balance at 1 January 2014	1,641	6,669	3,457	(9,113)	950	398	4,002
Net profit/(loss)	-	-	-	(165)	-	-	(165)
Other comprehensive income for the period (Restated, note 14)	-	-	15	-	-	-	15
Total comprehensive income for the three months ended 31 March 2014	-	-	15	(165)	-	-	(150)
Deferred tax on treasury shares' and preferred securities' transactions	-	-	-	11	-	-	11
Share-based payment:							
- Value of employee services	-	-	(1)	-	-	-	(1)
	-	-	(1)	11	-	-	10
Balance at 31 March 2014	1,641	6,669	3,471	(9,267)	950	398	3,862
Balance at 1 January 2015	**4,412**	**6,682**	**3,072**	**(10,257)**	**950**	**398**	**5,257**
Net profit/(loss)				(138)			**(138)**
Other comprehensive income	-	-	(67)	-	-	-	**(67)**
Total comprehensive income for the three months ended 31 March 2015	**-**	**-**	**(67)**	**(138)**	**-**	**-**	**(205)**
Balance at 31 March 2015	**4,412**	**6,682**	**3,005**	**(10,395)**	**950**	**398**	**5,052**
	Note 22	Note 22			Note 23	Note 24	

Notes on pages 6 to 25 form an integral part of these condensed interim financial statements

Interim Cash Flow Statement

	Note	Three months ended 31 March 2015 € million	2014 € million
Cash flows from operating activities			
Profit/(loss) before income tax		**(189)**	(283)
Adjustments for :			
Impairment losses on loans and advances		**253**	420
Other impairment losses and provisions		**25**	(91)
Depreciation and amortisation		**12**	14
Other (income)/losses on investment securities	26	**(35)**	(52)
(Income)/losses on debt issued		**0**	1
(Gain)/ loss on sale of subsidiary undertakings, associates and joint ventures		**(7)**	49
Dividends from subsidiaries, associates and joint ventures		**(6)**	-
Other adjustments		**1**	(0)
		54	58
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(90)**	142
Net (increase)/decrease in financial instruments at fair value through profit or loss		**7**	(2)
Net (increase)/decrease in due from credit institutions		**(466)**	1,427
Net (increase)/decrease in loans and advances to customers		**(671)**	216
Net (increase)/decrease in derivative financial instruments		**492**	31
Net (increase)/decrease in other assets		**19**	(0)
Net increase/(decrease) in due to credit institutions		**5,814**	(169)
Net increase/(decrease) in due to customers		**(5,236)**	(805)
Net increase/(decrease) in other liabilities		**(76)**	(72)
		(207)	768
Net cash from/(used in) operating activities		**(153)**	826
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		**(7)**	(2)
(Purchases)/sales and redemptions of investment securities		**15**	(1,079)
Acquisition of subsidiaries, associated undertakings, joint ventures and participations in capital increases		**(12)**	(0)
Disposal of holdings in subsidiaries , associated undertakings and joint ventures		**6**	20
Dividends from investment securities, subsidiaries, associated undertakings and joint ventures		**7**	0
Net cash from/(used in) investing activities		**9**	(1,061)
Cash flows from financing activities			
(Repayments)/proceeds from debt issued and other borrowed funds		**(22)**	(106)
Net cash from/(used in) financing activities		**(22)**	(106)
Net increase/(decrease) in cash and cash equivalents		**(166)**	(341)
Cash and cash equivalents at beginning of period	26	**912**	1,218
Cash and cash equivalents at end of period	26	**746**	877

Notes on pages 6 to 25 form an integral part of these condensed interim financial statements

1. General information

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

These condensed interim financial statements were approved by the Board of Directors on 26 May 2015.

2. Basis of preparation of condensed interim financial statements

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

Going concern considerations

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

Macroeconomic environment

- Since May 2010, Greece has undertaken significant structural reforms to restore competitiveness and promote economic growth through a programme agreed with the European Union (EU), the European Central Bank (ECB) and the International Monetary Fund (IMF) ('the Institutions'). This had led to primary fiscal surpluses in 2013 and 2014, but also to reform fatigue and social unrest. Following the parliamentary elections of 25 January, the new government negotiated a four-month extension of the Master Financial Assistance Facility Agreement (MFFA), the purpose of which is the successful completion of the review on the basis of the conditions in the current arrangement, making best use of the given flexibility which will be considered jointly with the Greek authorities and the Institutions. This extension would also serve to bridge the time for discussions on a possible follow-up arrangement between the Euro Group, the Institutions and Greece. On 23 February, the Greek government presented to the Institutions, a first list of reform measures. The negotiations for the agreement are ongoing and a deal is expected by early June 2015. Greece's access to the last instalment of the previous arrangement and/or to further Eurozone funding is conditional, inter alia, to the Institutions approving the conclusion of the review of the extended arrangement. Until such review is satisfactorily completed, any securities issued or guaranteed by the Hellenic Republic are deemed not eligible for ECB MRO (Main Refinancing Operations) funding. These conditions create material uncertainties on the Greek macroeconomic environment, with potentially significant adverse effects on the liquidity and solvency of the Greek banking sector.

Liquidity risk

- Liquidity, of the whole Greek banking sector, was negatively affected in the beginning of 2015 due to the combined effect of deposit withdrawals, reduction of wholesale secured funding and the decision of ECB to lift the waiver of minimum credit rating requirements for marketable instruments issued or guaranteed by Hellenic Republic (i.e. Greek government bonds and Pillar 2 & 3 of the Law 3723/2008). As a result Greek banks reverted to the fallback funding source, the Emergency Liquidity Assistance (ELA) mechanism to cover their short term liquidity needs. In this context, the Greek banking system and the Bank specifically, still maintain liquidity buffers to correspond to persevering adverse liquidity conditions and the Eurosystem has demonstrated its commitment to support Greek banks as long as Greece remains within the EU support program.
- The initial Agreement reached between Greece and its European partners at the Euro Group meeting held on 20 February 2015, as well as the letter of the Minister of Finance to the President of Euro Group, dated 23 February 2015, were positive steps for lifting uncertainties and was acting positively towards the improvement of the Greek banking sector liquidity. The rate of Group's deposit outflows in Greece has slowed down since then.
- Specifically for the banking sector, it is re-affirmed that HFSF buffer funds continue to be available for the duration of MFFA extension and can only be used for bank recapitalization needs. In addition, Greek authorities expressed their strong commitment to a deeper structural reform process, ensuring stability and resilience of the financial sector.

Solvency risk

- Despite the fact that the Greek economy showed early signs of recovery during 2014 for the first time since 2007, there are significant downside risks associated with political and fiscal gap funding uncertainties (as described earlier) and the low levels of investment and consumption levels, which may undermine in the short-term the pace of recovery. In addition, increased Greek sovereign risk may further impact the capital adequacy position of the Bank, which however currently stands strong considering:

  (a) The further recapitalization of the Group with the successful completion, in April 2014, of a Share Capital Increase amounting to € 2,864 million, which enhanced CET 1 ratio by 770 basis points.

  (b) The ECB Comprehensive Assessment results, as published in October 2014, which reaffirmed the solid capital position of the Group, stating the lack of any capital shortfall, in both the base and the adverse scenarios.

  (c) The CET 1 ratio of the Group which, as of 31 March 2015 stood at 14.2%, comfortably above the minimum required in the "Prudential Requirements for Eurobank Ergasias S.A.", as notified to the Bank in the form of draft decision of ECB on 18 December 2014.
- Notwithstanding the economic and fiscal uncertainties described above, the new Greek government has re-affirmed its devotion to the implementation of necessary structural reforms and on Fiscal Budgets' primary surpluses. As a result, despite the possible short-term deceleration in asset quality and funding cost improvements and in loan growth, the macro-economic recovery trajectory and the return to profitability in the medium term, still constitute the base scenario for the Greek economy and the Group respectively.

Going concern assessment

The Board of Directors, taking into consideration the above factors relating to the adequacy of its capital position and the anticipated continuation of the liquidity support that the Bank receives from the Eurosystem, and despite the material uncertainties relating to the successful completion of the ongoing discussions between the Greek government and the Institutions which are beyond the Bank's control, have been satisfied that the Bank has the ability to continue as a going concern into the foreseeable future.

3. Principal accounting policies

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

Amendments to standards and new interpretations adopted by the Bank

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

Annual Improvements to IFRSs 2011-2013 Cycle

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

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

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

IFRIC 21, Levies

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

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

4. Critical accounting estimates and judgments in applying accounting policies

In preparing these condensed interim financial statements, the significant judgments made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published annual financial statements for the year ended 31 December 2014, which are those regarded by Management as the most important in applying the Bank's accounting policies.

Further information about key assumptions and sources of estimation uncertainty are set out in the notes on the financial statements.

5. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008, as amended by Laws 3844/2010, 3845/2010, 3872/2010, 3965/2011, 4021/2011 and 4093/2012 and extended, regarding the second and third stream, until 30 June 2015 by a relevant Ministerial decision issued on 14 January 2015, as follows:

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

(b) Second stream - bonds guaranteed by the Hellenic Republic
As at 31 March 2015, the government guaranteed bonds, of face value of € 14,953 million, were retained by the Bank and its subsidiaries, with the exception of face value of € 50 million which were held by third parties. The Bank in January 2015 issued new government guaranteed bonds of face value of € 2,736 million. Furthermore, government guaranteed bonds of face value of € 1,500 million which matured in March 2015, were replaced by bonds of equivalent face value in April 2015 (note 20).

(c) Third stream - lending of Greek Government bonds
Liquidity obtained under this stream must be used to fund mortgages and loans to small and medium-size enterprises. As at 31 March 2015, the Bank had borrowed special Greek Government bonds of face value of € 1,918 million.

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

In addition, under Law 3756/2009, as amended by Law 3844/2010 and supplemented by Laws 3965/2011, 4063/2012, 4144/2013 and 4261/2014, any distribution of profits to ordinary shareholders of the banks participating in the first stream of the Greek Economy Liquidity Support Program for the financial years 2008 to 2013 could only take place in the form of ordinary shares, other than treasury shares. In addition, under Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

6. Credit exposure to Greek sovereign debt

As at 31 March 2015, the total carrying value of Greek sovereign major exposures amounted to € 5,340 million (31 December 2014: € 5,251 million). This includes a) Treasury Bills of € 2,162 million (31 December 2014: € 2,003 million), b) Greek Government Bonds (GGBs) of € 1,603 million (31 December 2014: € 1,518 million), c) derivatives with the Greek State of € 1,075 million (31 December 2014: € 1,102 million), d) exposure of € 206 million relating with a Greek Sovereign risk financial guarantee (31 December 2014: € 204 million), e) loans guaranteed by the Greek State of € 181 million (31 December 2014: € 198 million), f) loans to Greek local authorities and public organizations of € 94 million (31 December 2014: € 99 million) and g) other receivables of € 19 million (31

December 2014: € 20 million). Reverse repo agreements with public organizations matured in January 2015 (31 December 2014: € 107 million).

7. Capital management

Capital position

As at 31 March 2015, the Group's and Bank's Common Equity Tier I ratio stood at 14.2% and 13.7%, respectively.

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

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

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

Restructuring plan

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

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

Monitoring Trustee

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

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

8. Operating expenses

	31 March 2015 € million	31 March 2014 € million
Staff costs	**(91)**	(104)
Administrative expenses	**(49)**	(49)
Depreciation of property, plant and equipment	**(8)**	(10)
Amortisation of intangible assets	**(4)**	(4)
Operating lease rentals	**(11)**	(11)
Total	**(163)**	(178)

The average number of employees of the Bank during the period was 9,075 (31 March 2014: 8,987). As at 31 March 2015, the number of branches of the Bank amounted to 534.

9. Impairment allowance for loans and advances to customers

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

	31 March 2015				
	Wholesale € million	Mortgage € million	Consumer [(1)] € million	Small business € million	Total € million
Balance at 1 January	**3,374**	**1,381**	**2,143**	**1,540**	**8,438**
Impairment loss for the period	**66**	**60**	**63**	**64**	**253**
Recoveries of amounts previously written off	**0**	**-**	**1**	**-**	**1**
Amounts written off	**(15)**	**0**	**0**	**0**	**(15)**
NPV unwinding	**(21)**	**(17)**	**(2)**	**(21)**	**(61)**
Foreign exchange differences and other movements	**38**	**11**	**(9)**	**12**	**52**
Balance at 31 March	**3,442**	**1,435**	**2,196**	**1,595**	**8,668**

[(1)] *Credit cards balances are included.*

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

	31 March 2015 € million	31 March 2014 € million
Impairment and valuation losses on investment and repossessed properties	**(6)**	-
Impairment losses on bonds [(1)]	**(17)**	(10)
Other impairment losses	**(23)**	(10)
Reversal of provision for claims in dispute	**-**	103
Integration costs relating with the operational merger of NHPB and New Proton	**(0)**	(3)
Restructuring costs	**(2)**	-
Loss on deemed disposal of Grivalia Properties R.E.I.C	**-**	(49)
Restructuring costs and other non recurring income/(expenses)	**(2)**	51
Total	**(25)**	41

[(1)]*In the first quarter of 2014, an amount of € 5 million was included for corporate bonds held by a Group's subsidiary and guaranteed by the Bank.*

In the first quarter of 2015, the Bank recognised € 17 million impairment losses for the Ukrainian government bonds included in its held-to-maturity portfolio, due to the continuing uncertainty in the economic and political conditions in the country.

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

In addition, in the first quarter of 2014 Fairfax Financial Holding Limited (through its subsidiaries) acquired from the Bank its pre-emption rights in GRIVALIA PROPERTIES R.E.I.C share capital increase, of a deemed cost of €69 million, for a total consideration of € 20 million and thus a loss of €49 million was recognised in Bank's income statement.

11. Income tax and non recurring tax adjustments

	31 March 2015 € million	31 March 2014 € million
Current tax	**(1)**	(2)
Deferred tax	**52**	95
Income tax	**51**	93
Recognition of DTA following Circular 1143/15.05.2014	**-**	34
Reversal of provision of withholding tax claims	**-**	43
Tax (charge)/income from continuing operations	**51**	170

According to Law 4172/2013, the nominal Greek corporate tax rate is 26% for income generated in accounting years 2014 and onwards. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 10% withholding tax.

In May 2014, the Ministry of Finance with its Circular 1143/15.05.2014 provided clarifications for the application of tax Law 4172/2013. In particular, with the said Circular, it was clarified that the accumulated losses from shares and derivatives which had been recognised in accordance with the former tax Law 2238/1994 can be utilised for tax purposes (i.e. are added to carried forward tax losses). Hence, during the first quarter of 2014, the Bank recognised in income statement a one off tax income of € 34 million. In addition, as at 31 March 2014, following a favourable Supreme Court decision, the Bank recognised a non recurring tax income of € 43 million due to reversal of provisions in relation to withholding tax claims against the State.

For the year ended 31 December 2011 and onwards, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, are required to obtain an 'Annual Tax Certificate' provided for in article 82 of Law 2238/1994 (article 65a of Law 4174/2013 applies for the years commencing from 1 January 2014), which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. 18 months after the issuance of a tax unqualified certificate, provided that no tax issues have been identified from the tax authorities' potential re-audits, the tax audit is considered finalised. Further tax audits may be effected only in cases of tax offences that have been identified by the Ministry of Finance audits (i.e. breaches of the money laundering legislation, forged or fictitious invoices, transactions with non-existent companies or breaches of transfer pricing rules).

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

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

The movement on deferred income tax is as follows:

	31 March 2015 € million
Balance at 1 January	**3,871**
Income statement credit/(charge) from continued operations	**52**
Available for sale investment securities and cash flow hedges	**25**
Balance at 31 March	**3,948**

Deferred income tax assets are attributable to the following items:

	31 March 2015 € million
PSI+ tax related losses	**1,200**
Loan impairment	**2,038**
Unused tax losses	**270**
Valuations through the income statement	**254**
Costs directly attributable to equity transactions	**46**
Cash flow hedges	**36**
Valuations directly to available-for-sale revaluation reserve	**61**
Fixed assets	**(4)**
Defined benefit obligations	**9**
Other	**38**
Net deferred income tax	**3,948**

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

	31 March 2015 € million
Loan impairment	**45**
Unused tax losses	**12**
Tax deductible PSI+ losses	**(11)**
Change in fair value and other temporary differences	**6**
Deferred income tax (charge)/credit	**52**

As at 31 March 2015, the Bank recognised net deferred tax assets amounting to € 3.9 bn as follows:

(a) € 1,200 million refer to losses resulted from the Bank's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;

(b) € 2,038 million refer to temporary differences arising from loan impairment that can be utilized in future periods with no specified time limit and according to current tax legislation;

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

(d) € 46 million mainly refer to costs directly attributable to Bank's share capital increases, subject to 10 years' amortization for tax purposes starting from the year they have been incurred;

(e) € 394 million refer to other temporary differences the majority of which can be utilized in future periods with no specified time limit and according to current tax legislation.

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

According to article 5 of Law 4303/2014 (a new article 27A was incorporated in the L. 4172/2013), which is applicable to Greek financial institutions, including leasing and factoring companies, deferred tax assets that have been or will be recognised due to losses from the Private Sector Involvement ('PSI') and the Greek State Debt Buyback Program, accumulated provisions and other general losses due to credit risk in relation to existing receivables as of 31 December 2014 (excluding any receivables raised for Group companies or connected parties), will be converted into directly enforceable claims (tax credit) against the Greek State, provided that the after tax accounting result for the period, is a loss. As at 31 March 2015, deferred tax assets eligible for conversion to tax credits amounted to € 3,238 million.

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

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

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

12. Discontinued operations

Disposal of Polish operations

At 31 March 2014 the gain on the disposal of Polish operations was adjusted with € 70 million losses, before tax (€ 52 million losses, after tax), while the relating provision recognised in 2013 based on management's estimates of the final amount of the consideration to be received was released accordingly (note 10).

13. Loans and advances to customers

	31 March 2015 € million	31 December 2014 € million
Wholesale lending	**15,429**	15,235
Mortgage lending	**17,042**	16,620
Consumer lending (1)	**5,195**	5,269
Small business lending	**6,495**	6,390
	44,161	43,514
Less: Impairment allowance (note 9)	**(8,668)**	(8,438)
	35,493	35,076

(1) Credit cards balances are included.

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

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

As at 31 March 2015, the carrying amount of these loans is € 126 million which approximates their fair value and impairment losses of € 1 million were recognised in the income statement for the three months ended 31 March 2015. No amounts would have been recognised in the OCI had these financial assets not been reclassified.

As at 31 March 2015, the 90 days past due loans (gross) amounted to € 15,658 million.

14. Investment securities

	31 March 2015 € million	31 December 2014 € million
Available-for-sale investment securities	**3,032**	2,913
Debt securities lending portfolio	**11,714**	11,700
Held-to-maturity investment securities	**240**	346
	14,986	14,959

The investment securities per category are analysed as follows:

	31 March 2015			
	Available-for-sale securities € million	**Debt securities lending portfolio € million**	**Held-to-maturity securities € million**	**Total € million**
Debt securities				
- EFSF bonds	**-**	**10,073**	**-**	**10,073**
- Greek government bonds	**611**	**981**	**-**	**1,592**
- Greek government treasury bills	**2,157**	**-**	**-**	**2,157**
- Other government bonds	**123**	**286**	**56**	**465**
- Other issuers	**44**	**374**	**184**	**602**
	2,935	**11,714**	**240**	**14,889**
Equity securities	**97**	**-**	**-**	**97**
Total	**3,032**	**11,714**	**240**	**14,986**

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

In 2008 and 2010, in accordance with the amendments to IAS 39, the Bank reclassified eligible debt securities from the 'Available-for-sale' portfolio to 'Debt securities lending' portfolio carried at amortized cost. Interest on the reclassified securities continued to be recognised in interest income using the effective interest rate method. As at 31 March 2015, the carrying amount of the reclassified securities was € 970 million. If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 31 March 2015 would have resulted in € 422 million losses net of tax, which would have been recognised in the available-for-sale revaluation reserve.

Restatement of first quarter 2014 Greek Government treasury bills

As of 30 June 2014, the Bank proceeded with a restatement of certain Greek Government treasury bills, which were acquired in the first quarter 2014 and were presented within the debt securities lending portfolio as of 31 March 2014, so that they are appropriately classified and presented within the Available for sale portfolio in line with the Bank's designation. As a result, the interim financial information for the three month period ended 31 March 2014, is restated as follows: the carrying amount of the Available for sale portfolio as of 31 March 2014 increased by € 996 million with a respective decrease in the carrying amount of the Debt securities lending portfolio by € 992 million, an increase in the AFS reserve by € 2.8 million net of tax and a decrease in the net deferred tax asset by € 1 million. The above restatement had no impact on the annual financial statements of 2014 as a whole.

15. Shares in subsidiary undertakings

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

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

ERB Leasing E.A.D, Bulgaria

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

Post balance sheet event

In April 2015, the liquidation process of Global Fund Management S.A was completed.

16. Other assets

	31 March 2015 € million	31 December 2014 € million
Receivable from Deposit Guarantee and Investment Fund	**669**	668
Repossessed properties and relative prepayments	**341**	344
Pledged amount for a Greek sovereign risk financial guarantee	**258**	257
Income tax receivable	**219**	212
Prepaid expenses and accrued income	**14**	49
Investment in associated undertakings and joint ventures	**5**	5
Other assets	**194**	190
	1,700	1,725

As at 31 March 2015, other assets amounting to € 194 million mainly consist of receivables from (a) settlement balances with customers, (b) guarantees, (c) public entities and (d) fraudulent and legal cases, net of provisions.

17. Due to central banks

	31 March 2015 € million	31 December 2014 € million
Secured borrowing from ECB and BoG	**29,016**	12,610

As at 31 March 2015, the Bank has increased its dependency on Eurosystem financing facilities to € 29 bn (of which € 19.9 bn funding from ELA) as a result of deposit withdrawals and reduction of wholesale secured funding.

18. Due to credit institutions

	31 March 2015 € million	31 December 2014 € million
Secured borrowing from other banks	**2,115**	12,071
Secured borrowing from international financial institutions	**246**	254
Interbank takings	**311**	948
Current accounts and settlement balances with banks	**46**	135
Other borrowings	**99**	-
	2,817	13,408

As at 31 March 2015, other borrowings refer to funds received by the Bank from IFG Greek SME Finance S.A., in order to provide financing to Small & Medium-Sized Enterprises (SMEs). The funds originated from the German and Greek Public and are under the management of KFW (German government- owned development bank) and ETEAN S.A. (Hellenic fund for entrepreneurship and development) respectively.

19. Due to customers

	31 March 2015 € million	31 December 2014 € million
Term deposits	**15,949**	20,197
Savings and current accounts	**10,703**	11,235
Repurchase agreements	**96**	553
	26,748	31,985

20. Debt issued and other borrowed funds

	31 March 2015 € million	31 December 2014 € million
Securitised	**918**	938
Subordinated	**220**	218
Medium-term notes (EMTN)	**76**	78
Government guaranteed bonds	**51**	53
	1,265	1,287

Asset Backed Securities

In March 2015, the Bank proceeded with the redemption of residential mortgage backed securities of face value of € 26 million, € 10 million of which were held by third parties.

Government guaranteed and Covered bonds

As at 31 March 2015, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 5), as well as the covered bonds, of face value of € 14,953 million and € 3,150 million respectively, were retained by the Bank and its subsidiaries, with the exception of face value of € 50 million government guaranteed bonds which were held by third parties.

In January 2015, the Bank issued new government guaranteed bonds of face value of € 2,736 million. In addition, government guaranteed bonds of face value of € 1,500 million which matured in March 2015, were replaced by bonds of equivalent face value in April 2015.

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

21. Other liabilities

	31 March 2015 € million	31 December 2014 € million
Sovereign risk financial guarantee	**52**	52
Other provisions	**65**	73
Deferred income and accrued expenses	**59**	55
Standard legal staff retirement indemnity obligations	**33**	32
Other liabilities	**208**	265
	417	477

As at 31 March 2015, other liabilities amounting to € 208 million mainly consist of payables relating with (a) suppliers and creditors, (b) bank checks and remittances, (c) contributions to insurance organisations, (d) duties and other taxes and (e) credit card transactions under settlement.

As at 31 March 2015, other provisions amounting to € 65 million consist of amounts for (a) outstanding litigations and claims in dispute of € 53 million (note 27), (b) other provisions for operational risk events of € 10 million, and untaken vacation indemnity of € 2 million.

22. Ordinary share capital and share premium

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

	Ordinary share capital € million	Share premium € million	Number of issued ordinary shares
Balance at 31 March 2015	**4,412**	**6,682**	**14,707,876,542**

Treasury shares

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

23. Preference shares

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

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

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

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

24. Hybrid capital

The outstanding amount of hybrid capital issued by the Bank, in the form of preferred securities, through its Special Purpose Entity, ERB Hellas Funding Limited, as at 31 March 2015 is analysed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
Balance at 31 March 2015	72	151	154	21	398

The rate of preferred dividends for the Tier I Issue series A has been determined at 0.754% for the period 18 March 2015 to 17 March 2016.

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

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

25. Fair value of financial assets and liabilities

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

Financial instruments carried at fair value

Trading assets, derivatives and other transactions undertaken for trading purposes, as well as available-for-sale securities and assets and liabilities designated at fair-value-through-profit-or-loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, the fair values are estimated using valuation techniques. These financial instruments carried at fair value are categorised into the three levels of the fair value hierarchy as at 31 March 2015 based on whether the inputs to the fair values are observable or unobservable, as follows:

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

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

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

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

	31 March 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	€ million	**€ million**	**€ million**	**€ million**
Financial assets measured at fair value:				
Financial instruments held for trading	**15**	**49**	**1**	**65**
Derivative financial instruments	**0**	**2,191**	**24**	**2,215**
Available-for-sale investment securities	**2,986**	**1**	**45**	**3,032**
Total financial assets	**3,001**	**2,241**	**70**	**5,312**
Financial liabilities measured at fair value:				
Derivative financial instruments	**2**	**3,157**	**-**	**3,159**
Due to customers:				
- Structured deposits	**-**	**150**	**-**	**150**
Trading liabilities	**11**	**-**	**-**	**11**
Total financial liabilities	**13**	**3,307**	**-**	**3,320**

	31 December 2014			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Financial assets measured at fair value:				
Financial instruments held for trading	32	40	0	72
Derivative financial instruments	-	2,119	2	2,121
Available-for-sale investment securities	2,868	1	43	2,912
Total financial assets	2,900	2,160	45	5,105
Financial liabilities measured at fair value:				
Derivative financial instruments	1	2,469	-	2,470
Due to customers:				
- Structured deposits	-	149	-	149
Trading liabilities	9	-	-	9
Total financial liabilities	10	2,618	-	2,628

The Bank recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the period ended 31 March 2015.

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

Reconciliation of Level 3 fair value measurements

	31 March 2015 € million
Balance at 1 January 2015	**45**
Transfers into Level 3	**23**
Transfers out of Level 3	**(0)**
Total gain/(loss) for the period included in profit or loss	**0**
Total gain/(loss) for the period included in other comprehensive income	**1**
Other	**1**
Balance at 31 March 2015	**70**

Bank's valuation processes

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

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

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

Valuation techniques

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

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

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

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

Financial instruments not carried at fair value

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

	31 March 2015	
	Carrying amount € million	**Fair value € million**
Loans and advances to customers	**35,493**	**35,210**
Investment securities		
- Debt securities lending portfolio	**11,714**	**11,416**
- Held-to-maturity securities	**240**	**217**
Total financial assets	**47,447**	**46,843**
Debt issued and other borrowed funds held by third party investors	**380**	**265**
Total financial liablities	**380**	**265**

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

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

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

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

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

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

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

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

	31 March 2015 € million	31 December 2014 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**569**	545
Due from credit institutions	**176**	366
Financial instruments at fair value through profit or loss	**1**	1
	746	912

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

	31 March 2015 € million	31 March 2014 € million
Amortisation of premiums/discounts and accrued interest	**(40)**	(45)
(Gains)/losses from sale	**6**	(7)
Dividends	**(1)**	(0)
	(35)	(52)

27. Contingent liabilities and commitments

Credit related commitments are analysed as follows:

	31 March 2015 € million	31 December 2014 € million
Guarantees [(1)] and standby letters of credit	**1,327**	1,302
Guarantees to Bank's SPV's issuing EMTNs	**1,009**	1,062
Other guarantees (medium risk) and documentary credits	**426**	445
Commitments to extent credit	**106**	114
	2,868	2,923

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

Legal Proceedings

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

28. Board of Directors

The Board of Directors was elected by the Annual General Meeting held on 27 June 2013 for a three years term of office, expiring at the Annual General Meeting that will take place in 2016. Further to the changes already reported up to the publication of the Annual Financial Report for the year ended 31 December 2014, the below changes in the composition of the Board of Directors have taken place since then:

- On 28 April 2015, the Extraordinary General Meeting elected two new Board members, Mr. Stavros Ioannou and Mr. Theodoros Kalantonis.
- On 13 May 2015, following the resignation of Mr. Josh Seegopaul, the Board appointed Mr. Stephen L. Johnson as new Board member.

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

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

29. Post balance sheet events

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

Note 5-Greek Economy Liquidity Support program
Note 15-Shares in subsidiary undertakings
Note.20-Debt issued and other borrowed funds
Note 28-Board of Directors

30. Related parties

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

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

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

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

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

	31 March 2015				31 December 2014			
	Subsidiaries € million	Key management personnel (KMP)[1] € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million	Subsidiaries € million	Key management personnel (KMP)[1] € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million
Due from credit institutions	3,320	-	-	-	3,394	-	-	-
Financial Instruments at fair value through P&L	51	-	-	-	47	-	-	-
Derivative Financial instruments assets	11	-	-	-	15	-	-	-
Investment Securities	370	-	-	-	313	-	-	-
Loans & advances to customers, net of provision	1,568	8	4	0	1,590	6	4	0
Other assets[2]	30	-	-	3	29	-	-	3
Due to credit institutions	1,646	-	-	-	3,368	-	-	-
Derivative financial instruments liabilities	12	-	-	-	3	-	-	-
Due to customers	1,702	3	8	0	1,492	3	9	0
Debt issued and other borrowed funds	883	-	-	-	885	-	-	-
Other liabilities	20	-	-	-	18	-	-	9
Guarantees issued	1,686	-	-	-	1,785	-	-	-
Guarantees received	-	0	-	-	-	0	-	-

	Three months ended 31 March 2015				Three months ended 31 March 2014			
Net interest income	(5)	0	(0)	0	6	(0)	0	-
Net banking fee and commission income	4	-	-	-	2	-	-	-
Dividend income	6	-	-	-	-	-	-	-
Net trading income	(2)	-	-	-	(1)	-	-	-
Other operating income/(expense)	(4)	-	(0)	-	(5)	-	(0)	-
Impairment losses on loans and advances and collectors fees	(6)	-	-	-	(4)	-	-	-

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

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

As at 31 March 2015, the impairment allowance for loans and receivables with Bank's consolidated subsidiaries and joint ventures amounted to €88.4 million (31 December 2014: €88.5 m).

In relation to the Guarantees issued, the Bank has received cash collateral of € 472 million as at 31 March 2015 (31 December 2014: €523 million) which is included in Due to Customers.

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 1.45 million (31 March 2014: € 1.28 million) and long-term employee benefits of € 0.15 million (31 March 2014: € 0.14 million expense and € 0.13 million income relating with forfeited share options).

Athens, 26 May 2015

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BOARD OF DIRECTORS	OFFICER	(CHIEF FINANCIAL OFFICER)