

**REPORT OF THE BOARD OF DIRECTORS
OF EUROBANK ERGASIAS S.A. IN ACCORDANCE WITH ARTICLE 9 PAR. 1
OF L. 3016/2002, § 4.1.4.1.2 OF THE ATHENS EXCHANGE RULEBOOK AND
ARTICLE 13 PAR. 10 OF THE C.L. 2190/1920**

**TO THE ANNUAL SHAREHOLDERS' GENERAL MEETING,
DATED 27 JUNE 2013**

The Board of Directors of Eurobank Ergasias S.A. ("the Bank"), during its meeting held on 29/4/2013, resolved to propose to the General Meeting of the Bank's shareholders the increase of the Bank's share capital up to the sum of 580 million Euro by payment in cash and the issue via private placement of new common shares to the holders of five series of hybrid instruments (Lower Tier 1 – Series A, B, C, D and E) and one series of subordinated debt instruments (Lower Tier 2), with abolition of the pre-emptive rights in favour of existing common and preferred shareholders.

More specifically, the Board of Directors informs the Bank's shareholders on the following issues:

A. Report on the use of funds raised at the Bank's previous share capital increase.

The last share capital increase of the Bank by payment in cash took place following a relevant resolution of the 1st Repeat Extraordinary General Meeting of its shareholders, which was held on 2 August 2007. The total proceeds of raised funds amounted to the sum of € 1,228.9 million and pursuant to the Report on Distribution of Capital, as audited by a Chartered Accountant, they were distributed in the financial periods of 2007 and 2008, as follows:

1. € 100 million for a capital endowment to the Bank's branch in Poland,
2. € 50 million for a subordinated loan issued by the Bank's subsidiary Bancpost S.A.,
3. € 1,063 million for the strengthening of the Bank's capital adequacy,
4. € 15.9 million for issuing costs

As regards the last share capital increase of the Bank by way of contribution in kind, the following are mentioned:

1. Following a resolution of the Extraordinary General Meeting of the Bank's shareholders, held on 12 January 2009, an increase of its share capital for the sum of € 950,125,000 took place, through the issue of 345,500,000 preference shares with no voting rights, each of them having a nominal value of € 2.75 and an issuing price at par, which were taken up in total by the Greek State, which contributed "special" senior unsecured bonds of the Greek State of equal notional value to the Bank, in accordance with L. 3723/2008. The total proceeds of the raised funds were used for the strengthening of the Bank's capital adequacy.

2. An Extraordinary General Meeting of the Bank's shareholders has already been called for 30 April 2013 in order to resolve on the share capital increase of the Bank by way of issue of 3,789,317,358 new common shares, each of them having a nominal value of € 0.30 and an issuing price of € 1.54091078902977 for the raising of € 5,839 million in total, which shall be taken up by the Hellenic Financial Stability Fund ("HFSF") through its contribution to the

Bank of bonds owned by HFSF and issued by the European Financial Stability Fund. The sole purpose of such increase (which will have been completed prior to General Meeting resolving on the increase proposed today) is the strengthening of the Bank's capital adequacy.

B. Investment Plan

The exclusive purpose of the proposed increase is to enhance further the Bank's capital adequacy in accordance to the legislative framework in force. The increase is expected to have been completed within the month of June, subject to the timely issuance of the necessary approvals by the competent authorities, as required by law.

C. Reasons for the Abolition of the Pre-emptive Right in favour of the Bank's existing common and preference shares – Issuing price and justification thereof.

The Board of Directors proposes that such share capital increase be executed by way of private placement and that the pre-emptive rights of the Bank's existing shareholders be abolished. More specifically, reference is made to the common shares and the preference shares held by the Greek State, as the sole preferred shareholder of the Bank, pursuant to L. 3723/2008,] for the following reasons:

The Bank's primary goal since 2008, the year in which the international financial crisis began, has been the strengthening of its capital base. For this reason the Bank, shortly after the beginning of the crisis, took a number of strategic initiatives for its capital enhancement, such as the selling of its subsidiary banks in Poland and Turkey, the deleveraging of its loan portfolio and, in general, its risk-weighted assets, as well as other initiatives that generated total Core Tier I related capital amounting to €1.9 billion. Moreover, the recapitalization of the Bank, within the framework of the recapitalization program for the Greek banks (L. 3864), which is presently in progress, will be taken up by HFSF for € 5.8 billion; this amount reflects, in essence, the losses suffered by the Bank due to its participation at the PSI. In parallel, the Eurogroup, when deciding the recapitalization of the Greek banks at its meeting on 27 November 2012, also decided that liability management exercises ("LMEs") should be conducted in respect of the remaining subordinated debt holders for these same systemic banks, on a voluntary basis. Furthermore, in accordance with the second economic adjustment program for Greece (first edition-December 2012), the four systemic Greek banks (including the Bank) are expected to carry out liability management exercises on their hybrid capital instruments and their subordinated debt instruments, in order to reduce the required amounts during their recapitalization and reorganization.

On the basis of the above, the Board of Directors of the Bank decided that the most appropriate method to enhance further the Bank's capital base is to conduct the liability management exercise in two stages as follows:

- A. initially, through the redemption by the Bank of five series of hybrid capital instruments (Lower Tier 1 – Series A, B, C, D and E) and one series of subordinated debt instruments (Lower Tier 2), at their nominal value (without impairment), and;
- B. afterwards, through the participation of the holders of these instruments in the proposed share capital increase, in cash (with the proceeds of the above redemption), at an issue price same as the issue price of the common shares

that are assumed by HFSF, as a result of the Bank's share capital increase, within the framework of L. 3864/2010.

The participation of the holders of these instruments in the liability management exercise shall be conducted on a purely voluntary basis, and the total nominal amount of the instruments to be received by the Bank will not exceed the amount of € 580 million.

It is noted that:

- The holders of these instruments constitute a special base of investors, having already expressed their trust in the Bank by investing in the Bank's subordinated obligations and are expected to continue to participate, through the aforementioned conversion, in supporting the Bank and in further enhancing the Bank's capital base;
- The proposed liability management exercise will improve the Core Tier I ratio of the Bank and will not affect the total capital adequacy ratio (CAD ratio);
- A considerable financial advantage of the proposed liability management exercise is that, following its completion, the Bank will no longer have the burden of the coupon payments for the hybrid capital instruments and the subordinated debt instruments of the holders who participate in the proposed increase;
- The liability management exercise will expand and diversify the Bank's investor base.

Taking all the above into consideration, the Board of Directors expects that the liability management exercise will contribute to the enhancement of the Bank's capital adequacy on terms that are to the benefit of all the Bank's shareholders.

As a result of the above, the abolition of the pre-emptive rights constitutes the most appropriate, necessary and fair measure to achieve the aforementioned benefits for the Bank.

As mentioned above, the issue price for the common shares will be the same as that for the common shares issued in the preceding share capital increase, within the framework of L.3864/2010, to be taken up by HFSF in full and therefore considered fair. The issue price of the new common shares, to be decided by the General Meeting, may be higher than the market price of the Bank's common shares.

Athens, 29 April 2013
THE BOARD OF DIRECTORS