ERB NEW EUROPE FUNDING II B.V.

Amsterdam, The Netherlands

ANNUAL REPORT 2011

ERB NEW EUROPE FUNDING II B.V.

Contents

ERB NEW EUROPE FUNDING II B.V.

Amsterdam

Directors' Report

In accordance with the Articles of Association of ERB New Europe Funding II B.V., the management herewith submits the Annual Report of ERB New Europe Funding II B.V. (the Company) for the year ended 31 December 2011.

Key Activities

ERB New Europe Funding II B.V.(the Company) was incorporated on April 24, 2008 and has its registered address at Naritaweg 165, Amsterdam, The Netherlands. The Company is incorporated in The Netherlands and is wholly owned by ERB New Europe Holding B.V., a wholly owned subsidiary of Eurobank Ergasias S.A. in Greece. On November 15, 2012 the Company changed its name to ERB New Europe Funding II B.V. (former name: EFG New Europe Funding II B.V.).

The key activities of the Company are to invest in loans granted to Romanian and Bulgarian customers (originated by the Eurobank Ergasias S.A. in Romania and Bulgaria). All loans and advances to customers are existing loans to Romanian and Bulgarian customers acquired from the group companies Bancpost S.A. and Eurobank Bulgaria A.D. The Company itself is funded directly by Eurobank Cyprus Ltd. in Cyprus and Eurobank Private Bank Luxembourg S.A.

Impact of the economic crisis in Greece

Greece entered into a new funding and restructuring programme with the European Commission, the ECB and the eurozone member-states as agreed in the Eurogroup meeting of February 21st 2012. The programme aimed at bringing the country's public debt-to-GDP ratio below 120% by 2020.

The new funding and reform programme improved the country's financial position and outlook, via the reduction of public debt and its servicing costs from 2012 onwards.

On the back of these developments, and after the implementation/legislation of a long list of structural reforms and fiscal austerity measures for 2013-16 by the Greek Government, the Eurogroup reached on November 26th, 2012 an agreement on a set of new measures for the reduction of Greek public debt to 124.0% of GDP by 2020 and 110.0% of GDP in 2022. This debt path is consistent with the debt sustainability required by the IMF.

Position of the Group

Greek sovereign debt exchange programme

On 21 February 2012 the Euro-area finance ministers agreed on a bail out programme for Greece, including financial assistance from the Official Sector and a voluntary debt exchange agreed with the Private Sector forgiving 53.5% of the face value of Greek debt. All exchanged bonds were derecognized and the new Greek government bonds (nGGBs) recognized at fair value, based on market quotes at the date of recognition.

Following the Eurogroup's decisions on 27 November 2012 and as part of debt reduction measures, the Greek State announced on 3 December 2012 an invitation to eligible holders of nGGBs to submit offers to exchange such securities for six months zero coupon notes to be issued by the European Financial Stability Fund (EFSF). Under its participation to the Greek state's debt buyback program, the Eurobank Ergasias Group submitted for exchange the 100% of its nGGBs portfolio of total face value € 2.3 bn.

ERB NEW EUROPE FUNDING II B.V.

Amsterdam

Directors' Report

Recapitalization Framework and Process

Given the severity of the impact of the Greek Government Bond exchange program (PSI+), on 21 February 2012 the Euro Area finance ministers allocated a total of € 50 bn of the second support program for Greece specifically for the recapitalisation of the Greek banking system. These funds are directed to the Hellenic Financial Stability Fund (HFSF) whose mandate has been extended and enhanced accordingly. € 23 bn of these funds were remitted to Greece in the second quarter of 2012, € 16 bn in December 2012 while the final € 11 bn are expected within next months.

The Bank of Greece, after assessing the business plan and the capital needs of Eurobank has concluded on 19 April 2012 that Eurobank is a viable bank and, on 8 November 2012, notified the Bank that its Tier I capital should increase by € 5,839 million. The Bank, the HFSF and the European Financial Stability Facility ("EFSF") signed on 28 May 2012 and on 21 December 2012 a trilateral presubscription agreement (PSA) for the advance to the Bank of EFSF notes of face value of € 3,970 million and € 1,341 million (total € 5,311 million) as advance payment of its participation in the future share capital increase of the Bank. In addition, HFSF provided to the Bank a commitment letter for additional capital support of € 528 million up to the total level of recapitalisation needs of € 5,839 million. Proforma with the full recapitalisation amount of € 5,839 million, on 31 December 2012 the Group's regulatory capital stands at € 4.4 bn, the Core Tier I capital at € 4.1 bn, its Capital Adequacy ratio at 11.6% and the Core Tier I ratio at 10.8%. The above ratios will be negatively affected as of 31 March 2013 following recent changes in the Greek regulatory framework with respect to capital adequacy requirements.

Result

In the current financial year the Company recorded a profit of EUR 3,036,381 which is set out in detail in the attached Income Statement.

Risk Management

The Managing Board utilizes a risk management policy and receives regular reports to enable prompt identification of financial risk so that appropiate actions may be taken. The company employs written policy and procedures that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these. For further analysis we refer to note 5 of the financial statements in which the different risks identified for the company have been further addressed.

Outlook

There were no changes in the nature of the activities of the Company in 2012 and no changes are expected in 2013.

Post balance sheet events

On 22 May 2012, the Second Repeat Extraordinary Shareholders' Meeting of Alpha Bank aborted the merger procedure with Eurobank and recalled Alpha Bank's General Meeting decisions on 15 November 2011.

Until 23 July 2012, Eurobank Ergasias S.A. was a member of the EFG Group, which held 44.70% of the Bank's ordinary shares and voting rights, through wholly owned subsidiaries of the ultimate parent company.

ERB NEW EUROPE FUNDING II B.V.

Amsterdam

Directors' Report

Post balance sheet events (continued)

On 23 July 2012, 43.55% of the ordinary shares and voting rights held by EFG Group were transferred to ten legal entities, each of which acquired approximately 4.4%, while the EFG Group retained the remaining 1.15%. These entities have formally stated they are independent from each other. As a result, from 23 July 2012, onwards, Eurobank ceased to be under EFG Group's control and will no longer be consolidated in the financial statements of the EFG Group. In addition, the Bank's corporate and trade name have already been amended in order to no longer include the "EFG" suffix.

National Bank of Greece S.A. Voluntary Tender Offer (VTO):

On 5 October 2012, the National Bank of Greece (NBG) announced its intention to launch a voluntary exchange offer to acquire all Eurobank's shares offering 58 new shares of NBG for every 100 shares of Eurobank tendered. NBG also stated that, Eurobank shareholders holding 43.6% of Eurobank's ordinary share capital have committed to tender their shares in the tender offer.

On 11 January 2013, the Board of Directors of Eurobank Ergasias S.A., having considered the content of the VTO information memorandum and the reports provided by the Bank's financial advisors, concluded in summary that the Offer Consideration satisfies the requirements of the Law and is fair from a financial point of view.

On 15 February 2013, NBG announced that all necessary regulatory approvals have been obtained.

On 18 February 2013, NBG announced that during the offering's acceptance period for Eurobank's shareholders, 84,35% of Eurobank's shareholders have accepted legally the VTO; thus NBG holds 84,38% of Eurobank's paid in Share Capital.

As stated in the VTO documentation, the VTO will be followed by the merger of the two banks. In line with this, on 19 March 2013, the boards of Eurobank and NBG resolved to initiate the merger process, with NBG absorbing Eurobank, and set 31 December 2012 as the merger reference date.

On 8 April 2013, Eurobank announced that the relevant regulatory authorities, with the consent of the management of both banks, have decided that NBG and Eurobank will be independently recapitalized in full. As a consequence, the merger process of the two Banks is being suspended.

As per the announcement of the Bank of Greece, the recapitalization process for the four systemic banks will be completed before the end of April 2013. The final decisions regarding the merger process will be taken by their future common shareholder, the HFSF.

On 10 April 2013, Eurobank's Board of Directors decided to convene a General Shareholders'Meeting on 30 April 2013 in order to discuss the Bank's €5.8 bn recapitalization.

Within the current legal framework, a part of the recapitalization may be executed through the issuance of CoCos thus reducing the amount of the total Common Shares rights issue by an equal amount. Existing shareholders as well as other private investors will have the right to participate in the rights issue, while the recapitalization amount has already been guaranteed by the Hellenic Financial Stability Fund and €5.3 bn out of €5.8 bn has already been paid in advance to the Bank.

ERB NEW EUROPE FUNDING II B.V.

Amsterdam

Directors' Report

Post balance sheet events (continued)

On November 15, 2012 the Company changed its name to ERB New Europe Funding II B.V.

As of December 31, 2012 the company transferred all risks and rewards related to the portfolio sub participated by Eurobank Bulgaria AD on November 21, 2011 to another Group entity (Bulgarian Retail Services AD), claiming at the same time the losses from Eurobank Bulgaria AD under the Letter of Guarantee dated November 21, 2011. The transactions were settled on March 29, 2013. On April 3, 2013, the company repaid the loan of EURO 36,400,000 to Eurobank Private Bank Luxembourgh SA.

No other major post balance sheet events affecting the financial statements have occurred to date.

Future Developments

Eurobank Ergasias S.A. is the sole shareholder of ERB New Europe Holding B.V. (the immediate parent and controlling entity of the Company). The Company has no exposure to Greek sovereign risk. Further and on the basis of the analysis of the Company's profitability, capitalization and funding structure, the Directors are satisfied that the company has adequate resources to continue in business for the foreseeable future.

Composition of the board

The size and composition of the Board of Managing Directors and the combined experience and expertise should reflect the best fit for profile and strategy of the Company. Currently all four members of the Board are male. The Company is aware that the gender diversity is below the goals as set out in article 2:276 section 2 of the Dutch Civil Code and the Company will pay close attention to gender diversity in the process of recruiting and appointing new Managing Directors.

Amsterdam, April 12, 2013.

Managing Directors,

T. Karakasis

C. Kokologiannis

S. van der Meer

G. Meijssen

ERB NEW EUROPE FUNDING II B.V.

Balance Sheet as at December 31, 2011
(amounts in EUR, after appropriation of results)

ASSETS

	Notes	31/12/2011	31/12/2010
Non Current Assets			
Loans & advances to customers	7	603,532,318	694,929,158
Current Assets			
Loans & advances to customers	7	67,673,088	72,958,298
Other receivables	8	13,163,628	103,176
Cash and cash equivalents	9	29,420,249	14,168,318
TOTAL ASSETS		713,789,283	782,158,950

EQUITY AND LIABILITIES

	Notes	31/12/2011	31/12/2010
Capital and reserves attributable to equity holders of the company			
Issued and paid-up capital	10	20,000	20,000
Share premium	10	11,980,000	1,980,000
Accumulated profits/(losses)	10	4,801,252	1,764,871
		16,801,252	3,764,871
Current Liabilities			
Borrowings from group company	11	693,951,660	775,860,112
Interest payable to group company	12	2,208,093	1,761,436
Other payables	13	332,942	595,187
Income tax payable	17	495,336	177,344
		696,988,031	778,394,079
TOTAL EQUITY AND LIABILITIES		713,789,283	782,158,950

The notes to the accounts on pages 10 to 26 form an integral part of these financial statements

ERB NEW EUROPE FUNDING II B.V.

Income Statement
for the financial period ended December 31, 2011
(amounts in EUR)

	Notes	01/01-31/12/2011	01/01-31/12/2010
Financial income and expenses			
Interest income	14	60,773,653	77,966,905
Interest expense	15	(56,930,723)	(76,426,269)
		3,842,930	1,540,636
Provision charge for impairment of loans	7	(4,487)	(21)
Net impairment of financial assets	16	(415,900)	-
Other operating income		836,815	1,312,339
Operating income		4,259,358	2,852,953
Foreign exchange (Loss)/Gain		(229,687)	(601,379)
Operating costs	17	(190,436)	(156,197)
PROFIT / (LOSS) BEFORE TAXATION		3,839,235	2,095,377
Corporate income tax	18	(802,854)	(342,903)
PROFIT / (LOSS) AFTER TAXATION		3,036,381	1,752,474

The notes to the accounts on pages 10 to 26 form an integral part of these financial statements

ERB NEW EUROPE FUNDING II B.V.

Statement of comprehensive income
for the financial period ended December 31, 2010
(in EUR)

	Notes	1/1 - 31/12/2011	1/1 - 31/12/2010
Net result after taxation		3,036,381	1,752,474
Other comprehensive income:			
		--	--
Other comprehensive income for the period, net of tax		--	--
Total comprehensive income for the period		3,036,381	1,752,474

The notes to the accounts on pages 10 to 26 form an integral part of these financial statements

ERB NEW EUROPE FUNDING II B.V.

Cash Flow Statement
for the financial period ended December 31, 2011
(amounts in EUR)

	Notes	EUR 1/1/2011-31/12/2011	EUR 1/1/2010-31/12/2010
Cash flow from operating activities:			
Profit/(Loss) before taxation		3,839,235	2,095,377
Cash generated from operations		3,839,235	2,095,377
Net (increase) in loans & advances	7	(68,197,140)	(56,580,811)
Repayments of investments in loans and advances		104,704,753	35,237,049
Interest received		60,174,439	82,017,851
Net (increase) in other receivables		(13,060,452)	8,111
Net (increase) in interest payable to group company		56,813,360	76,426,270
Interest (paid)		(56,366,705)	(76,805,498)
Net increase in other payables		(262,243)	(1,595,700)
Net (increase) in income taxes payable		208,638	44,553
Income taxes paid		(693,500)	(422,259)
Net Cash flow used in operating activities		87,160,384	60,424,944
Cash flows from financing activities:			
Proceeds from issue of capital	10	10,000,000	-
Increase in borrowings from group company	11	164,169,122	117,308,564
Repayment of borrowings from group company	12	(246,077,576)	(177,703,483)
Net cash from financing activities		(71,908,454)	(60,394,919)
(Decrease) / Increase in cash and cash equivalents		15,251,931	30,025
Cash and cash equivalents at the beginning of the year	9	14,168,318	14,138,294
Cash and cash equivalents at the end of the year	**9**	**29,420,249**	**14,168,318**

The notes to the accounts on pages 10 to 26 form an integral part of these financial statements

ERB NEW EUROPE FUNDING II B.V.

Statement of changes in equity
for the financial period ended December 31, 2011
(amounts in EUR)

EQUITY

The Company's authorised share capital amounts to EUR 90,000 and consists of 90,000 ordinary shares with a nominal value of EUR 1 each. As at December 31, 2011, 20,000 shares were issued and fully paid-up.

On December 23, 2011, the Equity of the Company was increased by 10,000,000 EUR by a contribution to the Company's share premium.

The movements in EUR in the year under review can be summarised as follows:

	Issued and paid-up capital	Share premium	Accumulated profits/(losses)	Total
Balance as at January 1, 2010	**20,000**	**1,980,000**	**12,398**	**2,012,398**
Profit (Loss) for the period	-	-	1,752,474	1,752,474
Balance as at December 31, 2010	**20,000**	**1,980,000**	**1,764,872**	**3,764,871**
Balance as at January 1, 2011	20,000	1,980,000	1,764,872	3,764,871
Additions		10,000,000		10,000,000
Loss (Profit) for the period			3,036,381	3,036,381
Balance as at December 31, 2011	**20,000**	**11,980,000**	**4,801,253**	**16,801,252**

ERB New Europe Funding II B.V. is fully controlled and owned by ERB New Europe Holding B.V., a wholly owned subsidiary of Eurobank Ergasias S.A., a bank incorporated in Greece and listed on the Athens Stock Exchange.

The notes to the accounts on pages 10 to 26 form an integral part of these financial statements

ERB NEW EUROPE FUNDING II B.V.

Notes to the Financial Statements as at December 31, 2011

(amounts in EUR)

1 GENERAL

ERB New Europe Funding II B.V. (the Company) was incorporated on April 24, 2008 and has its registered address at Naritaweg 165, Amsterdam, The Netherlands The Company is incorporated in The Netherlands and is wholly owned by ERB New Europe Holding B.V., a wholly owned subsidiary of Eurobank Ergasias S.A. in Greece. On November 15, 2012 the Company changed its name to ERB New Europe Funding II B.V. (former name: EFG New Europe Funding II B.V.).

The key activities of the Company are to invest in granted loans to Romanian and Bulgarian customers (originated by the Eurobank Ergasias Group in Romania and Bulgaria). All loans and advances to customers are acquired from existing loans to Romanian and Bulgarian customers from the group company Bancpost S.A. and Eurobank Bulgaria A.D. The Company itself is funded directly by Eurobank Cyprus Ltd. in Cyprus and Eurobank Private Bank Luxembourg S.A. in Luxembourg.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of preparation

The Company prepares its financial statements in accordance with the International Financial Reporting Standards issued by the IASB, as adopted by the European Union and in particular with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements. The policies set out below have been consistently applied to the years 2010 and 2011. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

a) Amended and new standards and interpretations effective after 1 January 2011

The amended and new standards and interpretations effective from 1 January 2011 are listed below:

- IAS 24 (Amendment) 'Related Party Disclosures'
- IAS 32 (Amendment) 'Classification of Rights Issues'
- IFRIC 14, Amendment 'Prepayments of a Minimum Funding Requirement'
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to various Standards that form part of IASB's 2010 Annual Improvement Project

The above stated amendments and revisions did not have a materially significant impact on the Company's financial statements.

b) Standards and Interpretations issued but not yet effective

The following standards and interpretations, that were issued but not yet effective for accounting periods beginning on 1 January 2011, have not been early adopted:

IAS 1 (Amendment) 'Presentation of Items of Other Comprehensive Income' (effective 1 January 2013, not yet endorsed by EU)
IAS 12 (Amendment) 'Deferred tax: Recovery of Underlying Assets' (effective 1 January 2012, not yet endorsed by EU)
IAS 19 (Amendment) 'Employee Benefits' (effective 1 January 2013, not yet endorsed by EU)
IAS 27 (Amendment) 'Separate Financial Statements' (effective 1 January 2013, not yet endorsed by EU)
IAS 28 (Amendment) 'Investments in Associates and Joint Ventures' (effective 1 January 2013, not yet endorsed by EU)
IAS 32 (Amendment) 'Offsetting Financial Assets and Financial Liabilities' (effective 1 January 2014, not yet endorsed by EU)
IFRS 7 (Amendment) 'Disclosures, Offsetting Financial Assets and Financial Liabilities' (effective 1 January 2013, not yet endorsed by EU)
IFRS 7 (Amendment) 'Disclosures, Transfers of Financial Assets' (effective 1 January 2012)
IFRS 9 'Financial Instruments' (effective 1 January 2015, not yet endorsed by EU)
IFRS 9 and IFRS 7 (Amendment) 'Mandatory Effective Date and Transition Disclosures' (effective 1 January 2015, not yet endorsed by EU)
IFRS 10 'Consolidated Financial Statements' (effective 1 January 2013, not yet endorsed by EU)
IFRS 11 'Joint Arrangements' (effective 1 January 2013, not yet endorsed by EU)
IFRS 12 'Disclosure of Interests in Other Entities' (effective 1 January 2013, not yet endorsed by EU)
IFRS 13 'Fair Value Measurement' (effective 1 January 2013, not yet endorsed by EU)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 9 is part of IASB's project to replace IAS 39 Financial Instruments which has not been finalized yet and as a result, it is not practicable to quantify its impact. The application of the other above mentioned standards and interpretations is not expected to have a material impact on the Company's financial statements in the period of the initial application.

The application of the above mentioned standards and interpretations is not expected to have a material impact on the Company's financial statements in the period of the initial application, although disclosures may be more extensive.

Going concern
The accompanying financial statements have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows.

The Company recorded financing only from related parties, therefore, its going concern depends of the future continuation of these relations.

Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Euro, which is the Company's functional and presentation currency.

Foreign currency
Transactions in foreign currencies are translated into Euro at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities stated in foreign currencies at the balance sheet date are translated into Euro at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in the Income Statement.

Non-monetary assets and liabilities in foreign currencies, which are stated at historical cost, are translated into Euro at the foreign exchange rate prevailing at the date of the transaction, in the Balance Sheet. Any resulting movement is also recognised in the Income Statement.

Income tax
Income tax on the profit or loss for the year comrpises current tax. Current tax is the expected tax payable based on the taxable profit for the year, using tax rates enacted or substantially prevailing at the balance sheet date. Taxable profit may differ from profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Financial instruments
Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the investment.
As at December 31, 2011, the Company did not conclude any derivative contracts.

Loans and receivables
These represent Loans and Advances to customers, and are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate provisions for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired.

The nominal or cost value of the other receivables, which are not traded in active markets or for which no valuation techniques can be applied is assumed to appropriate their fair value.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share capital

Share capital is equal to the nominal value of shares, respectively with to the value of capital contribution, of premium and incorporated reserves or other operations which lead to its modification. Subscribed and paid-in capital is recorded based on the articles of incorporation and on the supporting documents regarding capital paid-in.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment

If there is objective evidence that an impairment loss on loans and receivables, carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset will be reduced either directly or through use of an allowance account. Any such loss would be recognised in the Income Statement.

Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest method. Applying the effective interest method, the entity amortises any fees, transaction cost and other premiums or discounts included in the calculation of the effective interest rate over the expected life of the underlying liability. Any such amortisation would be recognised in the Income Statement.

Other payables

The nominal or cost value of the other payables, which are not traded in active markets or for which no valuation techniques can be applied is assumed to appropriate their fair value.

3 CASH FLOW STATEMENT

The Cash Flow statement has been prepared in accordance with the indirect method.

4 PRINCIPLES OF DETERMINATION OF RESULT

(a) General

Result is determined as the difference between income generated by loans and the costs and other charges for the year. Income from transactions is recognized in the year in which it is realized.

(b) Interest income and expenses

Interest income and interest expense are recognised in the Income Statement for all interest bearing financial instruments.

For all interest bearing financial instruments, interest income or interest expense is recognised using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability (on an amortised cost basis). The calculation includes all contractual terms of the financial instrument (for example, prepayment options) but not future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees and Commissions are generally recognised on an accrual basis when the service has been provided.

(c) Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognized in the Profit&Loss Account in the period that they arise. Exchange rate differences on non-current and non-liabilities loans are recognized in the Profit&Loss Account in the period they arise.

(d) Taxation

Domestic corporate income tax is determined by applying dutch fiscal practice rules and taking into account allowable deductions, charges and exemptions.

5 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of risks. Exposure to credit, interest rate, currency and liquidity risk arises in the normal course of the Company's business. The Company's overall risk management policy focus on the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The management considers there is no significant concentration of the following risks at the balance sheet date.

The procedures for assessing the risk are also shown below:

5.1. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loans and advances to customers.

The Company's portfolio is reviewed on a regulary basis for impairment provisions.
There is a limited recourse through the Overdraft Multicurrency Agreement between the Company (Borrower) and Eurobank Cyprus Ltd. (Lender), which states that the aggregate loss accrued by the Company (Borrower) in relation to its creditors defaulting under corresponding loans will not exceed the lower of Euro 2,000,000 or, 1% (one percent) of the outstanding amounts of corresponding loans, calculated before tax and over the total term of the agreement.

Also, the Company has a 10% first loss guarantee for creditors defaulting payments under portfolios acquired through November 2011 and December 2011 from Bancpost S.A. with a gross value of EUR 37,583,213 as at December 31, 2011 and Eurobank Bulgaria A.D. with a gross value of EUR 43,671,790 as at December 31, 2011. Based on these agreements, the receivable loan value is secured in the amount of 10% of the loan by a guarantee from Romanian or Bulgarian entities.

Impairment and provisioning policy

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

a) significant financial difficulty of the issuer or obligor;

b) a breach of contract, such as a default or delinquency in interest or principal payments;

c) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;

d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

e) the disappearance of an active market for that financial asset because of financial difficulties; or

f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group.

which an impairment loss has been recognized. For individually assessed accounts, loans are treated as impaired as soon as there is objective evidence that an impairment loss has been incurred.

Depending on the credit rating and existing collateral, the company determines whether a loan loss provision is required.

Credit monitoring

The Company is aware of the state of the borrower's business and any change in its creditworthiness at all times, as regular evaluation of financial statements and of the borrower's business operations are performed.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Loans and advances

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.
Impairment provisions are provided where there is objective evidence that the Company will not be able to collect all amounts due.
Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Company's portfolio, could result in evidence that is different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and capital repayment obligations.
Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees. The split of portfolio of the Company by industry is detailed in below.

The Company has no geographical exposure to a markets other than Romania and Bulgaria.

Cash and cash equivalents

There are no restrictions on the availability of cash and cash equivalents. These are readily available.

Collateral

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:
- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable.

Longer-term finance and lending to corporate entities are generally secured; mortgage loans are also secured, while consumer loans to individuals are generally unsecured. In addition, in order to minimise the credit loss the Company will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

5.1.1. *Maximum exposure to credit risk before collateral held or other credit enhancements:*

	31/12/11
Loans & advances to customers -principal outstanding*	653,928,562
Interest receivable	22,883,488
Other receivables related to loans-monthly administration fees	2,630,222
Less: allowance for impairment	(8,236,866)
Net Loans and advances to customers	**671,205,406**
Other receivables (Note 8)	13,163,628
Cash with banks	29,420,249
Total	**713,789,283**

(*) Loans and advances to customers are after any write downs performed due to limited recourse against borrowings, which for 2011 is 36,689,627 EUR and for 2010 is 25,827,271 EUR.

	31/12/10
Loans & advances to customers -principal outstanding	748,800,557
Interest receivable	18,800,934
Other receivables ralated to loans-monthly administration fees	2,285,966
Less: allowance for impairment	(2,000,000)
Net Loans and advances to customers	**767,887,456**
Other receivables (Note 8)	103,176
Cash with banks	14,168,318
Total	**782,158,950**

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Included in the gross loans and advances are:
Past due more than 90 days - EUR 206,768,449 (2010: EUR 123,117,259)
Of which non-performing loans - EUR 174,334,789 (2010: EUR 110,485,830)

5.1.2. *Loans and advances*

As at December 31, 2011 and 2010, loans and advances are summarised as follows:

	31/12/11	31/12/10
Neither past due nor impaired	360,719,088	551,718,269
Past due but not impaired	108,095,443	89,086,111
Impaired- individually assessed	146,593,055	94,392,941
Impaired -collectively assessed	64,034,685	34,690,135
Gross Loans and advances to Customers	**679,442,272**	**769,887,456**
Less: Allowance for impairment	(8,236,866)	(2,000,000)
Net Loans and advances to customers	**671,205,406**	**767,887,456**

(*) Loans and advances to customers are after any write downs performed due to limited recourse against borrowings, which for 2011 is 36,689,627 EUR and for 2010 is 25,827,271 EUR.

In Romanian portfolio, the wholesale and small business loans as at December 31, 2011 are covered by collaterals at 118% and 124% respectively (2010: 143% and 158% respectively). Consumer loans are not collateralised. Mortgage loans are collateralised at 155% (2010: 182%). In Bulgarian portfolio, the wholesale loans as at December 31, 2011 are covered by collaterals at 57.18%.

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired at 31 December 2011 and 2010 was assessed by reference to the entity's own standard grading system. The following information is based on that system:

	2011	2010
Acceptable- low risk	359,055,857	551,661,995
Watch list	1,663,231	56,274
Total	**360,719,088**	**551,718,269**

(b) Loans and advances past due, but not impaired

	Consumer	Mortgage	Small business	Wholesale	2011
Past due up to 29 days	36,303,112	36,088,025	2,030,320	902,458	75,323,915
Past due 30 - 89 days	9,462,966	13,038,714	2,757,265	26,827	25,285,772
Past due 90 - 180 days	-	5,642,505	-	1,843,251	7,485,756
Total	**45,766,078**	**54,769,244**	**4,787,585**	**2,772,536**	**108,095,443**
Fair value of collateral	-	**53,558,392**	**4,328,060**	**1,478,225**	**59,364,677**

	Consumer	Mortgage	Small business	Wholesale	2010
Past due up to 29 days	39,864,150	18,044,298	2,548,622	777,447	61,234,517
Past due 30 - 89 days	13,260,633	7,116,815	2,432,526	-	22,809,973
Past due 90 - 180 days	-	2,484,501	-	2,557,120	5,041,621
Total	**53,124,783**	**27,645,614**	**4,981,148**	**3,334,567**	**89,086,111**
Fair value of collateral	-	**27,128,206**	**4,529,935**	**4,512,424**	**36,170,565**

ERB NEW EUROPE FUNDING II B.V.

5 **FINANCIAL RISK MANAGEMENT (CONTINUED)**

(c) *Impaired loans and advances*

(c 1) *Impaired loans and advances collectively assessed*

For collectively assessed accounts, loans are treated as impaired based on historical loss data for groups of loans with similar characteristics. The collectively assessed loans and advances to customers before taking into consideration the cash flows from collateral held is presented below:

2011	Consumer	Mortgage	Small Business	Total
Collectively assessed loans	20,034,131	28,503,581	15,496,973	64,034,685
Fair value of collateral	-	24,397,870	-	24,397,870

2010	Consumer	Mortgage	Total
Collectively assessed loans	26,204,586	8,485,549	34,690,135
Fair value of collateral	-	7,626,688	7,626,688

(c 2) *Impaired loans and advances individually assessed*

For individually assessed accounts, loans are treated as impaired as soon as there is objective evidence that an impairment loss has been incurred. The criteria used by the Company to determine that there is objective evidence of impairment include:

- known cash flow difficulties experienced by the borrower;
- overdue contractual payments of either principal or interest;
- breach of loan covenants or conditions;
- the probability that the borrower will enter bankruptcy or other financial reorganisation;
- a downgrading in credit rating by an external credit rating agency.

The individually assessed loans and advances to customers before taking into consideration the cash flows from collateral held is presented below. The breakdown of the gross amount of individually assessed loans and advances by classes is:

2011	Small business	Wholesale	Total
Individually assessed loans	29,161,824	117,431,232	146,593,056
Fair value of collateral	39,307,355	110,139,939	149,447,294

2010	Small business	Wholesale	Total
Individually assessed loans	42,857,009	51,535,932	94,392,941
Fair value of collateral	37,020,920	59,384,584	96,405,504

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.2. *Loans and advances*

(d) *Repossesed collaterals*

During 2009, the Company has repossesed collaterals amounting to EUR 104 thousand through his agent assigned for the administration of these loans, Bancpost S.A. These collaterals are recorded in the agent's books until the Company instructs otherwise. Until such time, the Company recognized a receivable from its agent (at the auction value of the collateral), in correspondence with a reduction of the loan receivable.

During 2010 and 2011 there were no repossessed collateral.

(e) *Non-performing loans*

Non-performing loans are defined as the loans delinquent for a given period determined in accordance with the Company's policy. Mortgages are considered as nonperforming when they are delinquent for more than 180 days and consumer loans for more than 90 days. Loans to corporate entities are considered as non-performing when they are transferred to non accrual status which occurs when the loans are delinquent for more than 180 days or earlier in the case of a material credit event.

	31/12/11	31/12/2010
Wholesale lending	86,457,531	41,361,511
Mortgage lending	26,634,893	6,562,512
Consumer lending	20,056,413	26,977,096
Small business lending	41,185,952	35,584,711
Total	**174,334,789**	**110,485,830**

<u>*Concentration of credit risk exposure*</u>

Geographical Sector

The following table breaks down the Company's main credit exposure at their gross carrying amounts, as categorized by the geographical sectors of our counterparties:

	Romania	Bulgaria	2011
Loans and advances to customers:			
Consumer	217,832,315	-	217,832,315
Mortgage	257,169,735	-	257,169,735
Small businesses	71,091,316	-	71,091,316
Wholesale	89,677,116	43,671,789	133,348,905
Cash and cash equivalents	22,076,310	7,343,938	29,420,248
Other Assets	10,376,977	2,786,651	13,163,628
Total	**668,223,769**	**53,802,378**	**722,026,147**

	Romania	Bulgaria	2010
Loans and advances to customers:			
Consumer	289,734,101	-	289,734,101
Mortgage	346,920,644	-	346,920,644
Small businesses	77,409,607	-	77,409,607
Wholesale	55,823,105	-	55,823,105
Cash and cash equivalents	14,168,317	-	14,168,317
Other Assets	103,176	-	103,176
Total	**784,158,950**	-	**784,158,950**

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Industry sector

The following table breaks down the Company's main credit exposure at their gross carrying amounts, as categorized by the industry sectors of our counterparties:

	Commerce and services	Private individuals	Manufacturing	Construction	Other industries	2011
Loans and advances to customers:						
Consumer	-	217,832,315	-	-	-	217,832,315
Mortgage	-	257,169,735	-	-	-	257,169,735
Small businesses	46,429,569	-	11,459,907	10,774,988	2,426,852	71,091,316
Wholesale	58,680,701	-	25,447,114	40,516,947	8,704,143	133,348,905
Cash and cash equivalents	29,420,248	-	-	-	-	29,420,248
Other Assets	13,163,628	-	-	-	-	13,163,628
Total	**147,694,146**	**475,002,050**	**36,907,021**	**51,291,935**	**11,130,995**	**722,026,147**

	Commerce and services	Private individuals	Manufacturing	Construction	Other industries	2010
Loans and advances to customers:						
Consumer	-	289,734,101	-	-	-	289,734,101
Mortgage	-	346,920,644	-	-	-	346,920,644
Small businesses	57,191,487	-	10,675,937	7,070,216	2,471,967	77,409,607
Wholesale	24,033,284	-	19,848,451	8,793,871	3,147,499	55,823,105
Cash and cash equivalents	14,168,317					14,168,317
Other Assets	103,176					103,176
Total	**95,496,264**	**636,654,745**	**30,524,388**	**15,864,087**	**5,619,466**	**784,158,950**

5.2 Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a inancial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific movements and changes in the level of volatility of market rates of prices such as interest rates, foreign exchange rates and equity prices.

5.2.1. *Interest rate risk*

The risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loan assets and loan liabilities are undertaken back to back on terms that both relate to the same variable Euribor or Libor rate. The risk is fully compensated by this balance and hence there is no sensitivity risk to a change in interest rate.

5.2.2. *Sensitivity analysis*

The sensitivity of the Income Statement is the effect of the assumed changes in foreign exchanges rates on the net income for one year.

Sensitivity analysis used for monitoring market risk do not represent worst case scenario. The effect on the income statement as a result of parallel shift in yield curve is nil.

An analysis of the Company's sensitivity to an increase or decrease in FX rates (assuming constant balance sheet position) is as follows:

Sensitivity of Income Statement

	31/12/11	31/12/10
Foreign exchange	gain/(loss)	gain/(loss)
10% depreciation of functional currency (EUR) over foreign currencies	(1,069,027)	(1,242,016)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3. Liquidity risk

The table below presents the cash flow payable by the Company under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are contractual undiscounted cash flows.

Contractual undiscounted cash flows

	31/12/11	31/12/10
Upto 1 month:		
Borrowings from group companies	651,954,063	775,860,112
Interest payable to group companies	5,870,129	5,423,287
Other payables	332,944	595,187
	658,157,136	781,878,586
1-3 month:		
Borrowings from group companies	11,329,459	--
Interest payable to group companies	312,609	--
	11,642,068	--
3-12 month:		
Borrowings from group companies	30,668,138	--
Interest payable to group companies	377,378	--
	31,045,516	--
Total:		
Borrowings from group companies	693,951,660	775,860,112
Interest payable to group companies	6,560,116	5,423,287
Other payables	332,944	595,187
	700,844,720	781,878,586

5.4. Fair values of financial assets and liabilities

The fair values of the financial assets and liabilities approximate their carrying amounts. As a result the management of the company considers the fair value of the loans and advances to customers as not materially different from the book value shown on the balance sheet.

5.5. Capital management

The Company's main objectives when managing capital, is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company is not required to comply with any capital requirements set by the regulators.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Apart from the historical experience the Company considered also the effect of the current financial industry conditions in evaluating these estimates and judgements.

Impairment losses on loans and advances

The Company reviews its loan portfolios to assess impairment at least on a half yearly basis. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

ERB NEW EUROPE FUNDING II B.V.

Notes to the Financial Statements as at December 31, 2011
(amounts in EUR)

7 LOANS & ADVANCES TO CUSTOMERS

	31/12/11	31/12/10
Consumer loans*	217,832,315	289,734,101
Mortgage loans*	257,169,735	346,920,644
Small Bussiness Borrowings/ Corporate loans*	204,440,222	133,232,712
Total loans to clients - gross*	679,442,272	769,887,456
Less: allowance for impairment (own risk)	(8,236,866)	(2,000,000)
	671,205,406	767,887,456

(*) Loans and advances to customers are after any write downs performed due to limited recourse against borrowings, which for 2011 is EUR 36,689,627 and for 2010 is EUR 25,827,271. This write down is counterbalanced by the write down of financing borrowings from Group company for the same amount (refer to note 11).

Movement in write downs limited recourse:	
Opening balance as at January 1, 2011	25,827,271
Write downs performed during 2011	36,689,627
Closing balance as at December 31, 2011	62,516,898

Current Assets:	31/12/11	31/12/10
Loan repayments due:		
Upto 1 month	5,628,634	6,071,108
1-3 months	12,739,579	12,091,316
4-12 months	49,304,875	54,795,875
	67,673,088	72,958,298
Non Current Assets:		
1-5 years	271,270,885	304,814,078
Over 5 years	332,261,433	390,115,080
	603,532,318	694,929,158

Loans bear interest at 1 month or 3 month Euribor/Libor plus a spread and according to the Master Receivables Sale and Purchase Agreements.

An Overdraft Multicurrency agreement dated July 11, 2008 between the Company (Borrower) and Eurobank Cyprus Ltd. (Lender) was concluded.

There is a limited recourse through the Overdraft Multicurrency Agreement which states that the aggregate loss accrued by the Company (Borrower) in relation to its creditors defaulting under corresponding loans will not exceed the lower of Euro 2,000,000 or, 1% (one percent) of the outstanding amounts of corresponding loans, calculated before tax and over the total term of the agreement.

In period May - July 2011 the Company has concluded several agreements with Bancpost S.A. (a subsidiary of Eurobank Ergasias S.A.) and Eurobank Private Bank Luxembourg S.A. by which substantially all the risks and rewards associated with the related portfolio of loans granted to borrowers were transferred from the Bankpost to the Company.

In November and December 2011 the Company has concluded several funded participation agreements concerning distressed assets, one with Bancpost S.A. and one Eurobank Bulgaria A.D. Through these agreements, the Company has a first loss guarantee on the amount of up to 10% of the initial settlement amount by Romanian or Bulgarian entities. Bancpost S.A and Eurobank Bulgaria A.D. continue to act as an administrators of these loans.

Also, during 2011, the Company has concluded with Bancpost S.A. (2) two Receivable Sale Agreements (August 2011, December 2011) for a total amount of EUR 79,2 millions.

ERB NEW EUROPE FUNDING II B.V.

Notes to the Financial Statements as at December 31, 2011
(amounts in EUR)

7 LOANS & ADVANCES TO CUSTOMERS (CONTINUED)

Movements in provisions in 2011 and 2010 for impairment of loans and interest receivable are:

Type of loan:	Consumer loans	Mortgage loans	Small business loans	Corporate loans	Total
Opening balance as at January 1, 2011	1,791,813	118,447	89,739	-	2,000,000
Provision Charge for the period *(including collection fees)*	(182,852)	290,376	123,323	6,010,506	6,241,353
Amounts written-down	-	-	-	-	-
Other movements	-	-	-	(4,487)	(4,487)
Closing balance as at December 31, 2011	1,608,961	408,823	213,062	6,006,019	8,236,866

Type of loan:	Consumer loans	Mortgage loans	Small business loans	Corporate loans	Total
Opening balance as at January 1, 2010	1,893,726	31,415	74,837	-	1,999,978
Provision Charge for the period	(101,913)	87,032	14,902	-	21
Amounts written-down					
Closing balance as at December 31, 2010	1,791,813	118,447	89,739	-	2,000,000

8 OTHER RECEIVABLES

Description	31/12/11	31/12/10
Receivable from repossessed collaterals	102,233	103,065
Other receivables	99,177	111
Receivable from Eurobank Cyprus Ltd.	6,725,352	-
Receivable from Bulgarian entities	2,706,834	-
Receivable from Romanian entities	3,530,032	-
	13,163,628	103,176

9 CASH AND CASH EQUIVALENTS

Description	31/12/11	31/12/10
Due from banks/current accounts	27,353,073	12,121,371
Due from banks/deposits placed with banks	2,067,176	2,046,947
	29,420,249	14,168,318

There are no restrictions on the availability of cash and cash equivalents. These are readily available.

10 EQUITY

The Company's authorised share capital amounts to EUR 90,000 and consists of 90,000 ordinary shares with a nominal value of EUR 1 each. As at December 31, 2011, 20,000 shares were issued and fully paid-up. On December 23, 2011, the Equity of the Company was increased by 10,000,000 EUR by a contribution to the Company's share premium. The movements in the Equity we refer to the Statement of Equity on page 8 of this report.

ERB New Europe Funding II B.V. is fully controlled and owned by ERB New Europe Holding B.V., a wholly owned subsidiary of Eurobank Ergasias S.A., a bank incorporated in Greece and listed on the Athens Stock Exchange.

11 BORROWINGS FROM GROUP COMPANY

	31/12/11	31/12/10
Financing borrowings from Eurobank Cyprus Ltd.	644,991,666	801,687,383
Financing borrowings from Eurobank Private Bank Luxembourg S.A.	85,649,621	-
Write-downs due to limited recourse against loans and advances to customers	(36,689,627)	(25,827,271)
	693,951,660	775,860,112

An Over Multicurrency Agreement dated July 11, 2008 between the Company (Borrower) and Eurobank Cyprus Ltd. (Lender) was concluded. The attribution of impairment on loans & advances to borrowers relates to the impairments that management have estimated on the loan portfolio. Under the Over Multicurrency Agreement the credit risk of the portfolio exceeding EUR 2,000,000 is born by Eurobank Cyprus Ltd., therefore this amount has been adjusted on the financing borrowing.

On November 21, 2011, the Company concluded a Facility agreement with Eurobank Private Bank Luxembourg S.A., for a maximum borrowing amount of EURO 200,000,000 which are fully secured by virtue of the First Demand Letter of Guarantee, in which Eurobank Ergasias S.A. undertakes to repay the borrowings from Eurobank Private Bank Luxembourg S.A. in case of default by the Company after being called to repay.

According to the Over Multicurrency agreement the borrowings are repriced and renewed on a monthly basis. Borrowings bear interest at 1 month or 3 month Euribor/Libor plus a spread and according to the Multicurrency Agreement.

Based on Facility Agreement, borrowings bear interest at Euribor/Libor plus a spread for certain interest periods of up to six months until they are repriced.

The borrowings are matched with the loans and advances to customers (note 7).

12 INTEREST PAYABLE TO GROUP COMPANY

	31/12/11	31/12/10
Eurobank Cyprus Ltd., Cyprus.	2,080,610	1,761,436
Eurobank Private Bank Luxembourg S.A.	127,483	-
	2,208,093	1,761,436

Repayments are due within 1 month.

13 OTHER PAYABLES

	31/12/11	31/12/10
Payables to Bancpost SA	178,126	577,303
Payables to Eurobank Bulgaria A.D.	38,912	--
Payables to Eurolife ERB Asigurari de Viata S.A.	--	6,783
Payables to Eurolife ERB Asigurari Generale S.A.	--	2,771
Payables to sundry lawyers	6,547	5,815
Other payables	109,357	2,515
	332,942	595,187

14 INTEREST INCOME

	1/1/11-31/12/11	1/1/10-31/12/10
Interest income on loans and advances	52,636,018	66,333,396
Interest related income	11,996,113	16,235,984
Interest related fees	(3,858,478)	(4,602,475)
	60,773,653	77,966,905

ERB NEW EUROPE FUNDING II B.V.

Notes to the Financial Statements as at December 31, 2011
(amounts in EUR)

15 INTEREST EXPENSE ON BORROWINGS

	1/1/11-31/12/11	1/1/10-31/12/10
Interest expense borrowings from group company	56,374,927	76,042,074
Bank interest expenses	555,796	384,195
	56,930,723	76,426,269

16 NET IMPAIRMENT FROM FINANCIAL ASSETS

	1/1/11-31/12/11	1/1/10-31/12/10
Consumer lending	353,709	--
Mortgage lending	25,610	--
Small business lending	36,581	--
	415,900	--

17 OPERATING COSTS

	1/1/11-31/12/11	1/1/10-31/12/10
Management, domiciliary and accounting fees	75,000	75,000
Occasional consultancy fees	32,797	39,879
Non-deductible VAT	45,192	21,593
Other	37,447	19,725
	190,436	156,197

18 TAXATION

As at December 31, 2011, this item can be detailed as follows:

	31/12/11	31/12/10
Result before taxation	3,839,235	2,095,377
Less: Foreign exchange loss	229,687	601,379
Less: non- provision charge for impairment of loans	4,407	--
Less: non- taxable operating income	(821,914)	(1,308,900)
Deduction loss carried forward	--	--
Taxable (loss)/profit	3,251,415	1,387,856
Corporate income tax expense for the period	802,854	342,903
Deferred tax on losses for the period (at 20% tax rate)	--	--
Effective corporate income tax rate	*24.69%*	*24.71%*

The movements in the taxation are as follows:

	31/12/11
Opening balance	(177,344)
Estimate tax charge for the year	(802,854)
Payments made	693,500
Amounts refunded by the Tax Authorities	(208,638)
Interest expense related to CIT	--
Closing balance	(495,336)

The nominal Corporate income tax in the Netherlands is 20% for the first EUR 200,000 and the remaining taxable result 25%.

ERB NEW EUROPE FUNDING II B.V.

19 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions.

The Company's immediate parent and controlling entity is ERB New Europe Holding B.V.,a wholly owned subsidiary of Eurobank Ergasias S.A. (the Bank) which is listed in the Athens Stock Exchange. The Bank is a member of the worldwide EFG Group, which consists of credit institutions, financial services and financial holding companies. The operating parent company of the EFG Group is European Financial Group EFG (Luxembourg) S.A., whilst its ultimate parent company is Private Financial Holdings Limited (PFH), which is owned and controlled indirectly by members of the Latsis family.
As at 31 December 2011, the EFG Group held 44.7% of the ordinary shares and voting rights of the Bank through wholly owned subsidiaries of the ultimate parent company, the remaining ordinary shares and voting rights being held by institutional and retail investors, none of which, to the knowledge of the Bank, holds 5% or more.

Events after the balance sheet date

Eurobank Ergasias S.A. shareholding structure

Until 23 July 2012, Eurobank Ergasias S.A. was a member of the EFG Group, which held 44.70% of the Bank's ordinary shares and voting rights, through wholly owned subsidiaries of the ultimate parent company.

On 23 July 2012, 43.55% of the ordinary shares and voting rights held by EFG Group were transferred to ten legal entities, each of which acquired approximately 4.4%, while the EFG Group retained the remaining 1.15%. These entities have formally stated they are independent from each other. As a result, from 23 July 2012, onwards, Eurobank ceased to be under EFG Group's control and will no longer be consolidated in the financial statements of the EFG Group. In addition, the Bank's corporate and trade name have already been amended in order to no longer include the "EFG" suffix.

The related parties considered for reporting purposes comprise of Bancpost S.A., Eurolife ERB Asigurari Generale S.A., Eurolife ERB Asigurari de Viata S.A., Eurobank Bulgaria A.D., Eurobank Private Bank Luxembourg S.A. and Eurobank Cyprus Ltd. which are entities controlled by Eurobank Ergasias S.A.
The related party transactions the Company is involved in refer to the Balance Sheet and Income Statement. A number of transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions, and acquisition of other services. The volumes of related party transactions, outstanding balances at the year end, and relating expense and income for the year are as follows:

The related party transactions that refer to the Income Statement can be specified as follows:

	31/12/11	31/12/10
Interest expense borrowings	(56,930,723)	(76,426,270)
Bank fees	(10,198)	(7,471)
Expenses relating to interest income on loans & advances	(3,858,478)	(4,602,475)
Interest income	30,882	11,083
	(60,768,518)	(81,025,132)

The related party transactions that refer to the Balance Sheet can be specified as follows:

	31/12/11	31/12/10
Current accounts with banks	27,353,072	12,077,034
Term deposits with other banks	2,067,176	2,046,947
Loans & advances to customers (prepaid origination fees)	2,935,412	5,799,645
Other receivables	13,163,517	103,065
Term loans from banks	(696,159,755)	(777,621,548)
Other payables	(224,960)	(587,057)
	(650,865,536)	(758,181,915)

ERB NEW EUROPE FUNDING II B.V.

Notes to the Financial Statements as at December 31, 2011
(amounts in EUR)

20 COMMITMENTS AND CONTINGENCIES

No off balance sheet contractual commitments or obligations, affecting the financial statements, have occurred to date.

21 NUMBER OF EMPLOYEES AND EMPLOYEES COSTS

In the current financial period the Company did not have any employees. Hence, it did not pay any wages and related social security.

22 DIRECTORS

During the current and the previous financial year the Company had four Managing Directors, who received no remuneration during the current financial period. The Company has no Supervisory Directors.

As per January 31, 2012 Mr. S. Boermans resigned as Managing Director B of the Company and Mr. G.N. Meijssen was appointed instead effective January 31, 2012.

As per May 25, 2012, Sjors van der Meer has been appointed as Managing Director B of the Company replacing Isidro Helder, who has resigned as per mentioned date.

As per May 25, 2012, Charalampos Kokologiannis has been appointed as Managing Director A of the Company replacing Piergiorgio Pradelli, who has resigned as per mentioned date.

As per November 30, 2012 Mrs. E.A. Giannopoulou resigned as Managing Director A of the Company and Mr. D. Tsikopoulos was appointed instead effective November 30, 2012.

As per February 1, 2013, Theodoros Karakasis has been appointed as Managing Director A of the Company replacing Mr. D. Tsikopoulos, who has resigned as per mentioned date.

The Board of Managing Directors,

T. Karakasis

C. Kokologiannis

S. van der Meer

G. Meijssen

Amsterdam, April 12, 2013

EFG NEW EUROPE FUNDING II B.V.

Other information

Other reserve

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been cleared, the other reserves are at the disposal of the shareholder in accordance with Article 22 of the Company's Articles of Association.

Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholders' equity exceeds the amount of the issued capital and the legal reserves.

Appropriation of result

The Board of Managing Directors proposes to add the net profit for the year to the accumulated profits. This proposed allocation of

result has been incorporated in the financial statements, and is subject to the approval of the General Meeting of Shareholders.

Any decision to distribute profits, requires the approval of the Board of Directors. Such approval can only be refused, if the Board of Directors knows or can be reasonably expected to know that the company will no longer be in a position to meet its financial obligations after such distribution.

Post balance sheet events

On 22 May 2012, the Second Repeat Extraordinary Shareholders' Meeting of Alpha Bank aborted the merger procedure with Eurobank and recalled Alpha Bank's General Meeting decisions on 15 November 2011.

Until 23 July 2012, Eurobank Ergasias S.A. was a member of the EFG Group, which held 44.70% of the Bank's ordinary shares and voting rights, through wholly owned subsidiaries of the ultimate parent company.

On 23 July 2012, 43.55% of the ordinary shares and voting rights held by EFG Group were transferred to ten legal entities, each of which acquired approximately 4.4%, while the EFG Group retained the remaining 1.15%. These entities have formally stated they are independent from each other. As a result, from 23 July 2012, onwards, Eurobank ceased to be under EFG Group's control and will no longer be consolidated in the financial statements of the EFG Group. In addition, the Bank's corporate and trade name have already been amended in order to no longer include the "EFG" suffix.

National Bank of Greece S.A. Voluntary Tender Offer (VTO):

On 5 October 2012, the National Bank of Greece (NBG) announced its intention to launch a voluntary exchange offer to acquire all Eurobank's shares offering 58 new shares of NBG for every 100 shares of Eurobank tendered. NBG also stated that, Eurobank shareholders holding 43.6% of Eurobank's ordinary share capital have committed to tender their shares in the tender offer.

On 11 January 2013, the Board of Directors of Eurobank Ergasias S.A., having considered the content of the VTO information memorandum and the reports provided by the Bank's financial advisors, concluded in summary that the Offer Consideration satisfies the requirements of the Law and is fair from a financial point of view

On 15 February 2013, NBG announced that all necessary regulatory approvals have been obtained.

On 18 February 2013, NBG announced that during the offering's acceptance period for Eurobank's shareholders, 84,35% of Eurobank's shareholders have accepted legally the VTO; thus NBG holds 84,38% of Eurobank's paid in Share Capital.

As stated in the VTO documentation, the VTO will be followed by the merger of the two banks. In line with this, on 19 March 2013, the boards of Eurobank and NBG resolved to initiate the merger process, with NBG absorbing Eurobank, and set 31 December 2012 as the merger reference date.

EFG NEW EUROPE FUNDING II B.V.

Other information

Post balance sheet events

On 8 April 2013, Eurobank announced that the relevant regulatory authorities, with the consent of the management of both banks, have decided that NBG and Eurobank will be independently recapitalized in full. As a consequence, the merger process of the two Banks is being suspended.

As per the announcement of the Bank of Greece, the recapitalization process for the four systemic banks will be completed before the end of April 2013. The final decisions regarding the merger process will be taken by their future common shareholder, the HFSF.

On 10 April 2013, Eurobank's Board of Directors decided to convene a General Shareholders'Meeting on 30 April 2013 in order to discuss the Bank's €5.8 bn recapitalization.

Within the current legal framework, a part of the recapitalization may be executed through the issuance of CoCos thus reducing the amount of the total Common Shares rights issue by an equal amount. Existing shareholders as well as other private investors will have the right to participate in the rights issue, while the recapitalization amount has already been guaranteed by the Hellenic Financial Stability Fund and €5.3 bn out of €5.8 bn has already been paid in advance to the Bank.

On November 15, 2012 the Company changed its name to ERB New Europe Funding II B.V.

As of December 31, 2012 the company transferred all risks and rewards related to the portfolio sub participated by Eurobank Bulgaria AD on November 21, 2011 to another Group entity (Bulgarian Retail Services AD), claiming at the same time the losses from Eurobank Bulgaria AD under the Letter of Guarantee dated November 21, 2011. The transactions were settled on March 29, 2013. On April 3, 2013, the company repaid the loan of EURO 36,400,000 to Eurobank Private Bank Luxembourgh SA.

No other major post balance sheet events affecting the financial statements have occurred to date.

Auditors report

Reference is made to the auditors' report hereinafter.

pwc

Independent auditor's report

To: the General Meeting of Shareholders of ERB New Europe Funding II B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 as set out on pages 5 to 25 of ERB New Europe Funding II B.V., Amsterdam, which comprise the balance sheet as at 31 December 2011, the profit and loss account, the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Director's responsibility

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of ERB New Europe Funding II B.V. as at 31 December 2011, and of its result and its cash flows for the year then

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 12 April 2013
PricewaterhouseCoopers Accountants N.V.

V.S. van der Reijden RA