

# ANNUAL REPORT 2013

**Eurobank**



2013



Eurobank



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# FINANCIAL HIGHLIGHTS

ΑΠΟΛΟΓΙΣΜΟΣ 2012

ΕΤΗΣΙΟΣ ΑΠΟΛΟΓΙΣΜΟΣ 2011

REPORT 2010

ΕΤΗΣΙΟΣ ΑΠΟΛΟΓΙΣΜΟΣ

Λογισμ. 2008

ANNUAL REI

INTEGRATE SOCIAL RESPONSIB

AL REPORT 2006

ΕΠΙΧΕΙΡΗΣΙΑΚΗ ΕΥΘΥΝΗ ΚΑΙ ΑΕΙΦΟΡΙΑ 2006

Report 2002

<b>MAIN FINANCIAL FIGURES</b>	<b>2013</b>	<b>2012</b>
Net Interest Income	€ 1,294 m	€ 1,461 m
Net Fee & Commission Income	€ 273 m	€ 262 m
Total Operating Income	€ 1,587 m	€ 1,755 m
Total Operating Expenses	€ 1,071 m	€ 1,052 m
Pre-Provision Income	€ 516 m	€ 703 m
Credit Loss Provisions	€ 1,920 m	€ 1,655 m
Net Income before one-off charges	(€ 1,049 m)	(€ 767 m)
Net Result after one-off charges	(€ 1,154 m)	(€ 1,453 m)

<b>BALANCE SHEET ITEMS</b>	<b>2013</b>	<b>2012</b>
Consumer Loans	€ 7,326 m	€ 6,355 m
Mortgages	€ 18,953 m	€ 14,182 m
Small Business Loans	€ 7,429 m	€ 7,498 m
Large Corporates & SMEs	€ 19,729 m	€ 19,711 m
Total Gross Loans	€ 53,498 m	€ 47,841 m
Total Customer Deposits	€ 41,535 m	€ 30,752 m
Total Assets	€ 77,586 m	€ 67,653 m

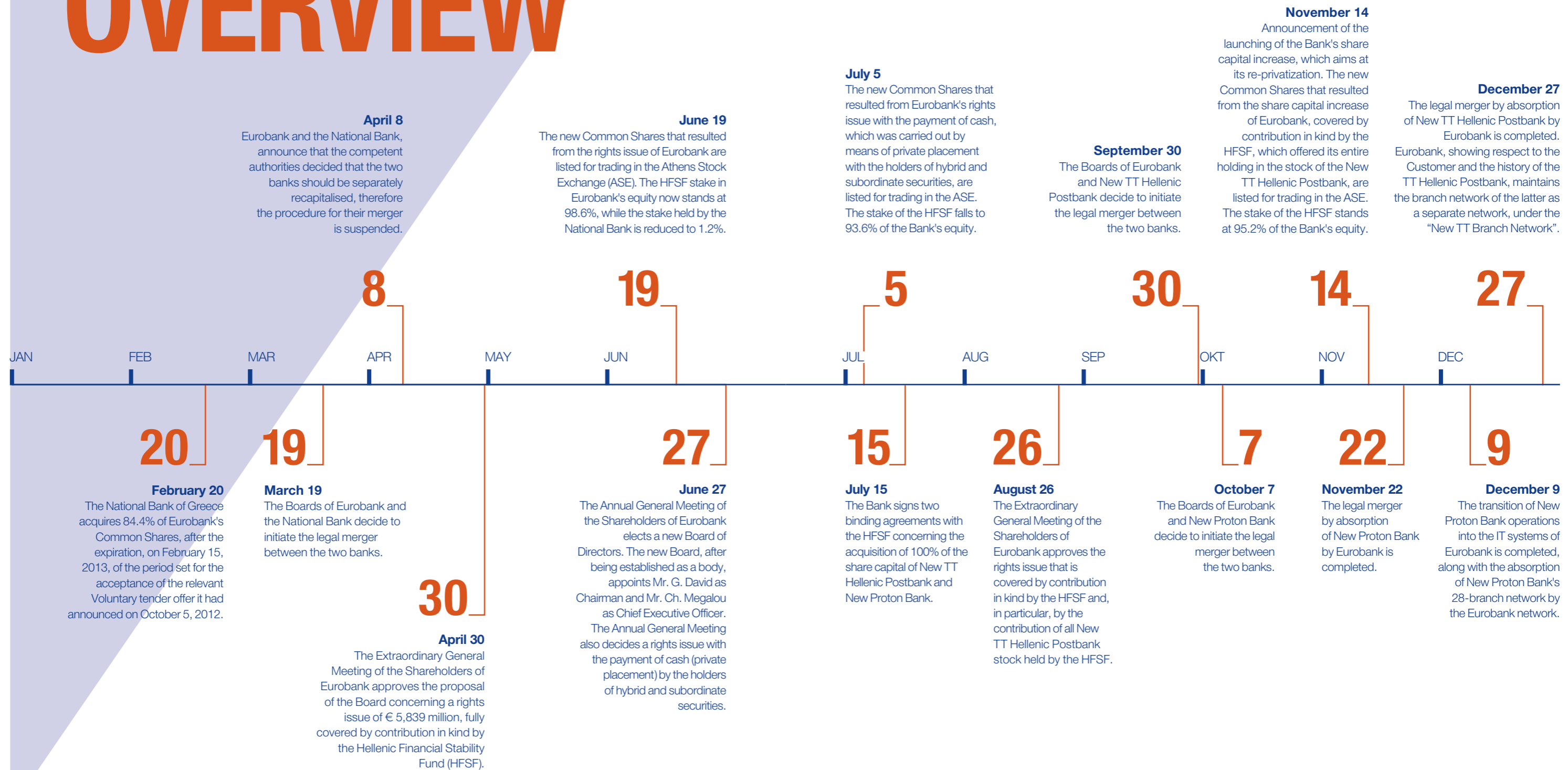
<b>FINANCIAL RATIOS</b>	<b>2013</b>	<b>2012</b>
Net Interest Margin	1.76%	2.05%
Cost to Income	67.5%	59.9%
90 Days Past Due Loans (90dpd)	29.4%	22.8%
90dpd Coverage	50.1%	42.8%
Provisions to average Net Loans	4.02%	3.69%
Core Tier I	11.3% <sup>1</sup>	10.8% <sup>2</sup>

<b>NETWORK AND EMPLOYEES</b>		
Network of Branches and Points of Sale	1,155	1,037
Number of Employees	18,819	17,427

<sup>1</sup> Pro-forma for the adoption of Internal Ratings Based methodology (I.R.B.) for former "New TT Hellenic Postbank S.A."

<sup>2</sup> Post the € 5.8 bn recapitalisation.

# ANNUAL OVERVIEW





# LETTER TO SHARE HOLDERS

Dear Shareholders,

The year 2013 saw the culmination of the ordeal that Greece, its banking system and the Greek society at large, were subjected to as a result of the financial crisis. It was also a turning point in the history of Eurobank, as it became set on the course of entering a new era, as the most internationalised Greek bank of the private sector.

This year, also saw the culmination of the effort to exit the crisis and put the country back onto the track of sustainable growth, as the economic indicators showed the first tangible and notable signs of improvement. Economic activity remained negative, as 2013 was the sixth consecutive year of recession, which, nonetheless, gradually decelerated to -3.9%, from -7% in 2012. The cumulative reduction of Greece's GDP since the crisis broke out in 2008, stands at almost 26%.

Nevertheless, fiscal developments were rather positive. The General Government balance showed a primary surplus (0.8% of GDP) for the first time after 11 years, while the current account was in the black (0.7% of GDP) for the first time ever. The achievement of the targets that had been set was realised amidst a climate of feeble growth in Europe and reduced demand from European Union countries, which are Greece's main trading partners. These developments were acknowledged on the international level, both by political leaders and international observers, as well as by the markets. The yield spread (the difference in the interest rates) between Greek and German government bonds steadily fell – from 1,018 basis points at the beginning of the year to 649 basis points at year-end –, reflecting the consistent improvement of public finances and the gradual establishment of confidence in the positive prospects of the Greek economy, paving the way for the successful return of the Greek state in the markets, which was realised in April 2014.

For the Greek banking system, the year 2013 was a landmark, with the emergence of a structure based on four systemic pillars. Consolidation, through the absorption of a large number of small, albeit in many cases historic, financial institutions by the four systemic banks, as well as the first stage of the recapitalisation of these banks, crystallised the new structure of Greece's banking system. The institutions that were deemed to be systemic by the Bank of Greece, now control almost 94% of the Greek banking market.

The recent decisions of the European Central Bank (ECB), which aim at enhancing liquidity and boosting growth on the European level, are crucial in regard to key monetary-policy options and are expected to have a beneficial effect on the Greek banking system. This is especially true in the case of the decision concerning the targeted provision of ECB liquidity to financial institutions of the euro zone, through the TLTRO programme, which will be available to Greek banks, offsetting to a great extent the liquidity squeeze caused by a stagnant deposit base.

For Eurobank in particular, the year 2013 was marked by successive developments of major importance, which defined its course. Its merger with the National Bank of Greece (NBG), which had been initiated in October 2012, was never finalised. And this, despite the fact that the voluntary tender offer made by NBG to the Shareholders of Eurobank had been already completed on February 15, 2013 and had been accepted by Shareholders representing 84.35% of the share capital of Eurobank. Moreover, the exchange of Eurobank shares with NBG shares had been completed, and the new shares, which were issued with preemptive rights in favour of existing Eurobank Shareholders, started trading in the Athens Stock Exchange, albeit without the completion of the legal merger between the two banks, which had been decided by their Boards on March 19, 2013.

On April 7, 2013, the competent authorities decided that each one of the two banks would be independently recapitalised. Eurobank, which had been completely deprived of its historical shareholder base, selected to be fully recapitalised by the Hellenic Financial Stability Fund (HFSF). At the General Meeting of April 30<sup>th</sup>, 2013, its Board proposed the full recapitalisation of the Bank through a share capital increase of € 5.84 billion, which would be fully covered by the Hellenic Financial Stability Fund (HFSF) against contribution in kind in the form of European Financial Stability Facility (EFSF) bonds. Consequently, the HFSF became the principal shareholder of Eurobank with a stake of more than 95% and with a corresponding dilution of the stakes of existing Shareholders, including the National Bank of Greece.

Two months later, at the General Meeting of June 27, 2013, the top management of the Bank was renewed entirely. The new Management took over the reigns of Eurobank amidst a widespread doubt regarding the Bank's ability to remain independent. Hence, the first aim was to stabilise the Bank, and this was achieved by the successful realisation of two parallel initiatives:

- The acquisition, through the tender process of the Bank of Greece, of the New TT Hellenic Postbank and new Proton Bank; and
- The launching of the process for re-introducing the Bank to the private sector. In this context, the negotiations with the competent regulatory authorities, especially the Directorate General for Competition (DGComp) of the European Commission, regarding the specification and acceptance of the Bank's restructuring plan, were of crucial importance. This effort was also successfully completed and, as a result, Eurobank is now the only Greek systemic bank whose restructuring plan has already been approved by the Directorate General for Competition. Moreover, it is well known that the privatisation of the Bank –on which we will elaborate later– was finalised in early 2014.

At the same time, the new Management gave priority to the transformation of the Bank's business model, emphasising on its client-oriented character and on the adaptation of its business practices and organisation to the new banking environment that emerges in the post-crisis stage, both internationally and, especially, in Greece.

## YEAR 2013 RESULTS

Given the domestic and international situation, it was no surprise that 2013 was another loss-making year for Greek banks, including Eurobank.

The continuation of the recession for the fifth consecutive year multiplied the challenges faced by businesses and households, and had a direct impact on banking operations. The operating result was also adversely affected by the substantial increase of loan impairment allowances, which is part of the strategic decision to restore the Bank's balance sheet.

The absorption of New TT Hellenic Postbank was instrumental to the improvement of Eurobank's fundamentals, especially in regard to deposits and liquidity. The deposit base was substantially expanded, as Customer deposits amounted to € 41.5 billion at the end of 2013 (€ 32.9 billion in Greece and € 8.6 billion abroad), increased by € 10.7 billion year-on-year. As a result, and in conjunction with the deleveraging of assets, the loan-to-deposits ratio was significantly improved and stood at 109.8% at the end of 2013, as compared to 140.4% a year ago - the second best ratio among Greece's systemic banks.

These developments, along with the progressive stabilisation of the country's macroeconomics and prospects, contributed to the substantial reduction of dependence on Eurosystem financing. Total financing fell from € 34 billion to € 17 billion at the end of 2013, of which € 11.4 billion came from the European Central Bank (ECB) and € 5.6 billion from the emergency liquidity assistance (ELA) programme of the Bank of Greece. ELA funding has already been reduced to zero, following the recent share capital increase, a fact that will have a marked positive impact on financing costs.

The Bank's core income was steadily increasing throughout 2013, assisted by the reduced cost of deposits and Eurosystem financing, as well as by the improvement of lending spreads. There was also a remarkable increase in total fees and commissions, in all four quarters of the year.

The containment of operating costs continued throughout the year, as, on a comparable basis (excluding the New TT Hellenic Postbank and New Proton Bank, as well as the extra cost incurred for the restructuring of the Hellenic Deposit & Investment Guarantee Fund), total expenses fell by 7.2% in 2013, as compared to 2012. Another major development was the successful completion of the plan for the voluntary retirement of 1,066 Eurobank employees, which, at a non-recurring cost of € 86 million, will allow annual savings of € 61 million. Apart from its cost-reducing effect, the voluntary retirement plan was a necessary adjustment to the new situation: on one hand, it provided career advancement opportunities to worthy and skilled executives of the Group and, on the other hand, motivated the revision and simplification of structures, procedures and products, with immediately visible positive effects on the Organisation's operating efficiency.

The fast and on-schedule implementation of the plan for the legal and operational mergers of the two banks that Eurobank acquired in 2013, makes it possible to estimate that the target of realising annual synergies of € 203 million after 2015, will be actually met. The legal and operational mergers of Proton Bank and the legal merger of the New TT Hellenic Postbank were successfully completed in 2013, while the operational consolidation of the New TT Hellenic Postbank on the basis of the "One Bank-Two Brands" principle, which aims at fully utilising its advantages, has already been finalised.

In the field of Corporate Social Responsibility, and despite the extremely restrictive conditions that prevailed during the report year, Eurobank continued to support a series of initiatives, undertaken both independently, and in collaboration with major productive bodies. The reference points of these initiatives include:

- Social solidarity
- Supporting young entrepreneurship and startups
- Rewarding applied research and innovation and linking them to entrepreneurship and production
- Enhancing the extroversion of Greek enterprises
- Rewarding excellence in all fields, and especially in Education, as a basis for the country's future prosperity.

In the field of social solidarity, the Bank continued, for a 13<sup>th</sup> consecutive year, to support the "PNOE – Friends of Children in Intensive Care" association, which aims at the establishment and backing of pediatric intensive care units. Another long-lasting collaboration is that between the Bank and the "Fashion Targets Breast Cancer" (FTBC) campaign, now in its 10<sup>th</sup> year, which started in 2004 with the issuance of the EuroLine Style card, the first women-only credit card.

Outside of Athens, Eurobank's assistance was focused on organisations that support children and vulnerable social groups. Some examples are the support provided to the Efthimeio Centre of Corinth, the "Iliatida" (Sunbeam) organisation of Heraklion, Crete, and the Elpida organisation of Grevena.

Another great success was the deployment of the egg – enter • grow • go startup support programme, in collaboration with the Corallia unit of the "Athena" Research Center, which already is waiting to host the second group of startups.

The 2<sup>nd</sup> "Greece Innovates" Applied Research and Innovation Competition, jointly organised by Eurobank and the Hellenic Federation of Enterprises (SEV), was completed with the presentation of the awards to the winners, while the launching of the 3<sup>rd</sup> Competition has already been announced – demonstrating the Bank's commitment to Corporate Social Responsibility initiatives. In addition, the Bank continued to support initiatives such as the Go International programme for the provision of assistance to exporters, and the ExportGate portal, which is designed to facilitate the Greek exporters' international networking efforts.

In the field of Education, the "Great Moment for Education" programme of rewarding top-performing Greek high school graduates was continued for an 11<sup>th</sup> year, in cooperation with the Ministry of Education and Religious Affairs.

Finally, in the 2013-2014 season, Eurobank continued to sponsor the Sunday Morning Events of the Athens Concert Hall, which aim at introducing children to the magical world of music in an interactive manner.

## THE PROSPECTS OF EUROBANK

The strategy that was adopted by the Management of Eurobank after the assumption of its duties, based on which we worked with consistency, despite any adversities, throughout the second half of 2013, has borne fruit this year.

The successful rights issue of € 2,864,000,000<sup>10</sup> signaled Eurobank's return to its natural element, the private sector. Following an effort that lasted for 10 months, we succeeded in attracting high-quality international funds and establishing a new, predominantly private, shareholder base, the most internationalised in the Greek banking sector. Our cornerstone investors are of high international standing, and their decision to participate in the rights issue demonstrates the confidence shown by prestigious and experienced international funds in the prospects of both the Greek economy, and the Bank, under the strategic plan that was presented in detail by the Management. These cornerstone investors (Fairfax Financial Holdings, WL Ross & Co., Capital Research and Management Company, Mackenzie Financial Corporation, Fidelity Management & Research Company, and Brookfield International Bank) invested a total of € 1,331,801,260 in Eurobank, also demonstrating their intention to support the realisation of the set targets, through their decision to be represented by a substantial number of seats in the Board of Directors of the Bank.

Following the completion of the rights issue, Eurobank has the highest Core Tier 1 capital ratio in the Greek banking system. It is also the only Greek bank that is majority-owned (by almost 65%) by private Shareholders.

The Management's main aim is to put Eurobank back on a profitable track, as soon as possible.

To this end, we have been working on a structured plan, setting specific priorities and targets. The Strategic Transformation Programme of the Bank is based on three pillars:

- Managing risks and bad debts
- Strengthening relations with Customers, in order to maximize revenues and enhance liquidity
- Transforming the operating model, with the aim of increasing efficiency and reducing operating costs.

This transformation is already being consistently and successfully realised. However, it needs time in order to be implemented in full and will continue to provide the Bank's reference framework for the near future.

In the first stage, which we are currently going through, priority is given to the management of non-performing loans, the greatest challenge that must be met by Greece's banking system as a whole. To this end, Eurobank took a series of internal reorganisation initiatives, which focus on all aspects of problem loans. This way, it became the first Greek bank to create an independent internal unit, solely responsible for the management of problem loans. Moreover, in cooperation with other banks, we are taking joint initiatives for the management of problem loans and the restructuring of industries and individual businesses.

At the same time, based on the restructuring of our customer base, we created another specialised remedial unit, designed to provide assistance to clients facing serious problems to service their loans, albeit show potential for recovery. This way, on one hand, we concentrate and utilise our expertise in problem loan management and, on the other hand, our business units are relieved from the burden of managing problem loans. From now on, we intend to focus all our efforts on our main business target, the growth of our operations. By financing sound entrepreneurship, we are looking forward to the steady recovery of net pre-provision income from this year onwards. We expect that the increase in total fees and commissions will also contribute to this effort.

At the same time, we continue trying to further reduce operating costs, on all levels. Focusing on operating costs is part of our daily work. Our target for 2014 is to achieve further cost savings of € 100 million (synergies generated by mergers, the gain from the voluntary retirement plan, as well as other operating cost-reducing measures, such as the reduction of procurements and the rationalisation of the use of buildings).

## LETTER TO SHAREHOLDERS

Dear Shareholders,

Following a prolonged period of recession for the Greek economy and hardship for the banking system, there are now visible signs of an exit from the crisis. After the successful rights issue, and having a strong and two thirds-private capital base, as well as international investors of global standing in both its roster of Shareholders and Board of Directors, Eurobank is now perfectly placed to meet the targets it has set and exploit the opportunities that will be created by the economy's return to positive growth rates. The Management of the Bank is certain that this new chapter in Eurobank's history, can reinstate it in the vanguard of Greece's banking sector and provide an international model of how to reverse a dire situation. We are convinced that this, now international, Greek bank can, based on the skills of its Employees and a properly targeted strategic plan, create value for its Shareholders, also providing services to our Customers and supporting sound entrepreneurship in Greece and the other countries we are operating in. These are the principles and priorities that provide the foundations of a new era for Eurobank, as a strong and internationalised Greek bank, capable of supporting sound, extrovert and innovative entrepreneurship and playing a key role in the reconstruction of the Greek economy.

Athens, June 06, 2014



George A. David  
Chairman of the Board of Directors



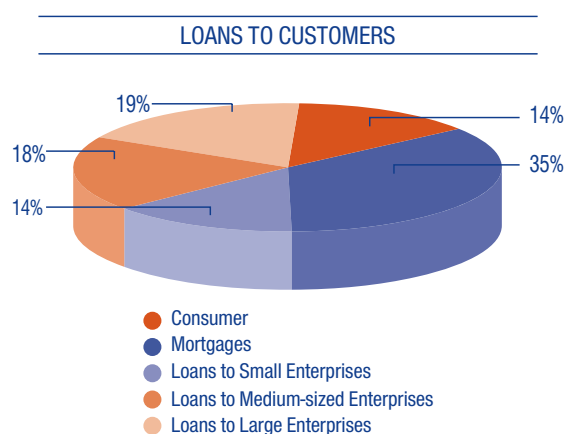
Christos I. Megalou  
Chief Executive Officer

# FINANCIAL REVIEW

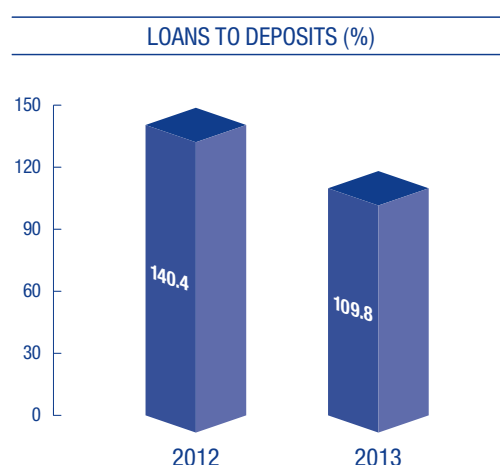
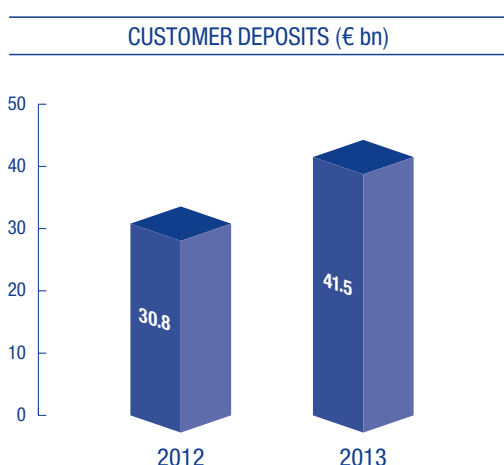
In 2013 the Greek economy showed signs of recovery, the most important being the achievement of a primary general government surplus and a current account surplus. In this environment, Eurobank strengthened its position and systemic role in the Greek banking system, through the acquisition of New TT Hellenic Postbank and New Proton Bank, took certain initiatives designed to transform its operating model with the aim to further improve efficiency and reduce its operating costs, substantially improved its liquidity and bad debt coverage ratios, and laid the groundwork for enhancing its capital adequacy.

At the end of 2013, total assets rose to € 77.6 billion from € 67.7 billion in 2012, with gross loans to Customers increased to € 53.5 billion from € 47.8 billion.

Loans to businesses stood at € 27.2 billion and accounted for 51% of total lending, while loans to households stood at € 26.3 billion, with mortgages and consumer loans accounting for 35% and 14% of the total loan portfolio.



Customer deposits amounted to € 41.5 billion at the end of 2013, as a result of the inflow of € 11.2 billion due to the acquisition of New TT Hellenic Postbank and New Proton Bank. It is also worth noting that the loan-to-deposits ratio significantly improved and stood at 109.8% at the end of 2013, as compared to 140.4% in 2012. Outside Greece, deposits exceeded net loans, with the relevant ratio standing at 88.4%.



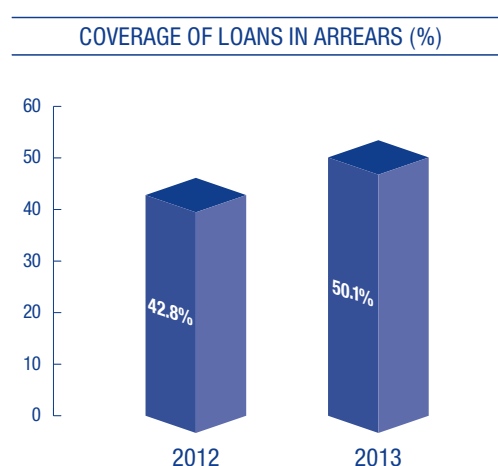
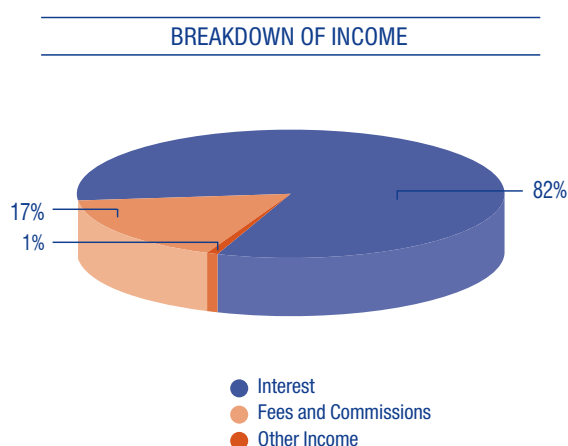
The stabilisation of the domestic macroeconomic climate and the gradual inflow of deposits back to the Greek banking system, in conjunction with the liquidity enhancement via the acquisition of New TT Hellenic Postbank, contributed to the reduction of dependence on Eurosystem funding, from € 34 billion in June 2012 to € 17 billion in late 2013.

Total equity amounted to € 4.5 billion, while the Core Tier I ratio stood at 11.3% by the end of 2013. Following the successful € 2,864 million share capital increase, which was completed in May 2014, the aforementioned ratio stands at 19.0% on a pro-forma basis, and is the highest among Greek banks and one of the highest among European banks.

The reduction in the cost of deposits and Eurosystem funding, combined with the improvement of lending spreads, contributed to the steady quarterly recovery of interest income within 2013. Overall, net interest income stood at € 1,294 million in 2013, as compared to € 1,461 million in 2012.

Total fees and commissions rose from € 262 million in 2012 to € 273 million in 2013, as a result of Eurobank's leading position in fields such as Asset Management, Private Banking, equity brokerage, insurance etc.

Total income stood at € 1,587 million in 2013, as compared to € 1,755 million in 2012. In Greece, total income amounted to € 1,021 million, while income from foreign operations stood at € 566 million.



The containment of operating costs continued throughout the year, as, on a comparable basis, total expenses fell by 7.2% in 2013, as compared to 2012. It is also worth noting that the plan for the voluntary exit scheme of 1,066 Eurobank Employees was successfully completed in 2013, leading to further savings of € 61 million per year.

Within a persistently challenging environment, Eurobank strengthened its balance sheet and increased provisioning for bad debts. More specifically, bad debt provisions rose to € 1,920 million in 2013 from € 1,655 million in 2012, leading to an increase in the coverage of loans in arrears for more than 90 days to 50.1% from 42.8% in 2012.

The total net loss stood at (€ 1,154) million in 2013, adversely affected by the persistent recession of the Greek economy, increased bad debt provisioning and extraordinary losses.

Major synergies were generated by the absorption of New TT Hellenic Postbank and New Proton Bank; in 2013, these synergies resulted from the reduction in financing, as well as operating costs. Total annual synergies are expected to reach € 203 million, as of 2015.





# PILLARS OF ACTIVITY

### 1. RETAIL BANKING

In response to the peculiarities of Greece's social and economic environment and its impact, especially on the Bank's salaried and pensioner clients, in 2013 Eurobank continued to offer specially designed deposit and savings plans, combined with privileges and reward programmes. At the same time, the Bank stood responsibly by the side of its Consumer and Mortgage Lending, as well as Small Business Banking, Customers, integrated solutions and special loan servicing programmes, tailored to their financial means.

In the field of lending, the Group continued to pursue a conservative credit growth policy in all the countries it is operating in. In Greece, the demand for mortgage loans was affected by the prolonged recession, while demand for Consumer Credit products remained feeble. In contrast, individual entrepreneurs were in urgent need of liquidity.

In such an environment, Eurobank supported its retail Customers who wished to repair their houses or improve their energy efficiency, by providing specialised financing programmes. As a result, the Bank came first in terms of new mortgage and "Green" loans disbursed, for a third consecutive year. It also ensured the provision of uninterrupted financing to dynamic small enterprises and professionals, through its partnerships with the European Investment Bank (EIB), the Hellenic Fund for Entrepreneurship and Development (ETEAN) and the European Investment Fund (EIF), whose sole intermediary in Greece is Eurobank.

The total Retail loan portfolio of the Eurobank group, including foreign operations and taking into account the legal mergers of New TT Hellenic Postbank and New Proton Bank, amounted to € 33.7 billion at the end of 2013.

### NETWORKS AND TECHNOLOGY

#### A CUSTOMER-ORIENTED OPERATING MODEL, WITH DIFFERENTIATED PHYSICAL AND ELECTRONIC NETWORKS

Eurobank's innovative approach in the design and provision of multiple banking service options to retail Customers, based on their needs and profiles, as well as the continuous control of service quality with the aim of improving Customer experience, have differentiated the Bank from the competition.

Eurobank's Retail Banking model is built around the key segments of its customer base, which include households, salaried Employees, high-end individuals and other retail Customers, as well as small businesses and professionals. The model is supported by a multi-channel platform for the distribution of banking products, which are managed by centralised units. This distribution platform includes flexible branches with specialised advisors for each segment of the customer base, electronic channels for direct communication, such as phone-Banking, e-Banking and m-Banking, as well as product distribution associates. The centralised management units support the entire spectrum of Retail Banking products and services.

The acquisition of New TT Hellenic Postbank in 2013 led to the addition of a strong Retail Banking network to the Bank. The Bank took the strategic decision to maintain two distinct branch networks: the Eurobank Network and the New TT Branch Network, respecting the unique Customer service experience offered by each. This strategy also aims at further reinforcing the Bank's position in the Greek Retail Banking sector.

### INNOVATIVE TECHNOLOGIES UPGRADE CARD TRANSACTIONS

In order to improve the transactional experience of its retail and professional Customers, in 2013 the Bank incorporated the most advanced e-payment technologies in both its credit and debit cards, and point-of-sale terminals. Being the first to introduce the “contactless transactions” technology in Greece in July 2012, Eurobank has since then issued more than 100,000 credit and debit cards that support this technology. These cards can be used at 4,000 points of sale in the Greek market.

### \_ REWARDING CUSTOMERS

Rewarding Customers, through personalised pricing policies, as well as through loyalty programmes, is an integral part of Retail Banking activities and a key element of the Customers’ relationship with Eurobank.

More specifically, Eurobank applies a Risk & Value Based Pricing policy in the fields of Consumer and Mortgage Lending, with the aim of rewarding Retail Customers who present a good credit profile and/or maintain their basic deposit/investment relation with the Bank. This personalised policy allows the Bank to offer more favorable pricing to its existing Customers and attract new Customers with good quality credit profiles.

The Bank is also loyalty schemes for the use of its debit and credit cards, as well as programmes designed to reward Customers for their daily banking transactions. The “Epistrofi” programme rewards the use of debit and credit Eurobank cards at more than 5,000 merchants, including eleven strategic partners from the retail trade sector. The programme includes specialised categories, such as the “Epistrofi Taste”, which offers access to 250 selected restaurants from all over Greece, the “Epistrofi Hotels”, with 500 distinguished hotels and the “Epistrofi Automoto”, for the purchase of vehicle maintenance services and accessories at selected partners. The “YES!” programme rewards the use of the Yes Visa credit card at major malls of Athens and Thessaloniki (The Mall Athens, Flisvos Marina, Golden Hall, Mediterranean Cosmos).

The “Free Banking Transactions” programme, is designed for retail Customers and freelance professionals who perform frequent transactions through Eurobank and keep deposit and/or investment products with combined average monthly balances of more than € 3,000. The programme offers, among others, free-of-charge issuance of checkbooks, free unlimited incoming/outgoing transfers using IBAN, a Fax Order service with no monthly subscription fee for basic professional and small business transactions, such as transfers between accounts, social security contributions, VAT, loan, credit card payments etc.

### \_ PERSONAL BANKING SERVICES FOR RETAIL CUSTOMERS AND PROFESSIONALS

Unwaveringly focused on the provision of high quality services and added value to Personal Banking Customers, the 400 specialised executives of Eurobank’s Branch Network in Greece offered, throughout 2013, timely and reliable updates on developments that occurred in the domestic and international financial environment, conducting more than 550,000 meetings with clients, at which they suggested custom-made solutions. These proposals aimed at ensuring the optimum management of the Customers’ wealth, in accordance with their investment profile and their individual banking and transactional needs, and led to the increase of deposits and long-term investments by Personal Banking Customers for another year.

In conjunction with the above actions and exploiting the improvement of the climate and the growth opportunities of the Greek economy, the Personal Banking division created “Personal Business Banking”, a specialised service for businessmen and professionals, which offers preferential products and services, designed to cover both their individual and professional needs, as well as the experience of the provision of complete banking services.

## **\_ DEPOSITS**

### **INNOVATIVE SAVINGS SOLUTIONS FOR ALL CUSTOMERS**

Since attracting deposits remained a top priority, the Bank continued to reward its client's confidence, by innovative products and services, which led to an increase in deposits held by both individuals and professionals.

In 2013, Eurobank introduced a new approach to deposits in Greece, by creating a customer-oriented platform, named "My account". Using this platform, the Clients can design their own deposit, savings or term account, by combining options and services on the basis of their own personal needs.

Emphasising on the value of saving, the Bank continued to offer the "Megalo Tamieftirio" (Great Savings) account, one of the most recognisable accounts in this category. Eurobank's term deposit products offered high returns and increased flexibility, combining features that fulfill the Customers' needs in regard to availability, return on capital, as well as the ability to make additional deposits during the term of the deposit.

Moreover, thanks to the acquisition of New TT Hellenic Postbank during the year, the range of the Bank's deposit products was enriched with the "Apotamievo" ("I Save") deposit account, which rewards regular savings with a preferential interest rate, as well as the "Megalono" ("I Grow Up") account for children, which demonstrates the value of saving as an attitude to life. These two products are available through the New TT Branch Network.

Moreover, the range of bancassurance products was enriched with state-of-the-art savings plans and health policies, leading to a year-on-year increase of 3% in recorded premiums, as compared to a 9% decrease for the market as a whole.

## **\_ CONSUMER LENDING**

### **FOREIGN OPERATIONS RECOVER**

In 2013, Eurobank maintained steady consumer loan growth, continuing the prudent management of its Consumer Lending portfolio, which, at the end of the year, stood at € 7.3 billion on a consolidated basis, including the consumer loan and credit card balances of New TT Hellenic Postbank and New Proton Bank.

In credit cards, Eurobank's strategy focused on developing co-brand partnerships with major groups and companies, such as the OTE-COSMOTE Group, the EKO petroleum products company and the three largest malls that are operated by Lamda Development.

As far as international operations are concerned, the second half of 2013 saw a recovery of Consumer Lending in Serbia and Bulgaria, while lending growth was sustained in Romania. Credit Card operations showed significant growth in 2013, in terms of both the number of new cards issued and turnover. The Group remains the exclusive issuer of American Express cards in Romania and Bulgaria, while in Romania the Group's subsidiary Bancpost was named the country's No. 1 issuer of Visa cards by Visa International, for a second year in a row. In Serbia, the group's subsidiary Eurobank A.D. Beograd signed in 2013 an exclusive deal with Manchester United FC for the distribution of co-branded debit and credit cards.

### \_ MORTGAGE LENDING

#### NUMBER ONE IN THE DISBURSEMENT OF NEW LOANS IN GREECE

Despite the continuing downturn in the Greek property market, in 2013 Eurobank remained the leader in the disbursement of new mortgages, as well as new Green Home Loans, for a third consecutive year. More specifically, as part of the “Saving at Home” programme, the Bank increased its share in the Green Home Loan market, with a year-end portfolio of € 118 million, which comprised 11,000 clients.

Overall, Eurobank retained its dominant position in the Greek Mortgage Lending market in 2013. This outcome was also facilitated by the implementation of a personalised Mortgage Loan pricing policy that focuses on the credit profile and the needs of each Customer, as well as on his or her overall relationship with the Bank.

The adverse conditions that prevailed in the property markets of Romania and Serbia had a major impact on the extension of mortgage loans by the Group’s subsidiary banks in these countries, while Bulgaria showed signs of stabilisation. Foreign mortgage loan balances stood at € 2.0 billion.

The Group’s year-end consolidated Mortgage Lending portfolio stood at € 18.9 billion, also reflecting the mergers of New TT Hellenic Postbank and New Proton Bank.

### \_ SMALL BUSINESS BANKING

#### ENSURING PORTFOLIO QUALITY AND EXPANDING THE CUSTOMER BASE

Supporting the first signs of Greece’s economic recovery in 2013, Eurobank consolidated its long-standing leadership in Small Business Banking, as the relevant loan book stood at € 6.5 billion, while the sales volume of other banking products to small businesses and freelance professionals grew by 16%. The quality of the lending portfolio, which is 97% covered by collateral, remained above the market average, as ascertained by the second audit conducted by Black Rock Solutions.

Eurobank stood responsibly by the country’s dynamic small enterprises, ensuring their access to low-interest financing through its partnership with the European Investment Bank and the ETEAN, as well as through its exclusive deal with the European Investment Fund (EIF) as part of the JEREMIE programme. More specifically, the Bank forwarded more than 30% of the Business Restarting and Business Guarantee programmes of the Entrepreneurship Fund that were made available during the year in the Greek market, while it extended loans worth a total of € 750 million to professionals and small businesses in 2013.

Through the specialised Professional Advisors that have been deployed in all branches of its Network, Eurobank provided its Customers with exclusive advice on all the aforementioned programmes. In addition, it organised more than 40 events all over Greece, in order to inform the public about the new financing programmes, as well as the options offered by the Bank’s “Export Gate” and “Go International” initiatives for improving the competitiveness and extroversion of small enterprises. It is telling that, in 2013, the exports of Eurobank’s Corporate Banking Customers increased by 130%, as compared to a mere 3% for the entire Greek market.

Furthermore, in 2013 Eurobank offered new, specialised cooperation programmes to businesses operating in tourist regions, as well as business operating over the Internet. These programmes contributed to the growth of the customer base by 16,000 businesses and a 50% year-on-year increase in e-commerce volumes.

In the other countries where the Group has established a presence, the group’s subsidiary banks continued, in 2013, to utilise European Union funds for the financing of small enterprises. Moreover, they offered new sector-specific products and schemes, based on the local characteristics, to farmers, doctors and pharmacists. New loans disbursed abroad amounted to € 100 million. The Group’s Small Business lending portfolio stood at € 7.4 billion at the end of the year.

## 2. CORPORATE BANKING

The year 2013 was a year of major structural changes for the Corporate Banking division, which adapted its operating and business model, in order to deal, in the best possible manner, with the demands of the Customers and the challenges of the new environment that is emerging. In this context, the customer-oriented approach was maintained and further enhanced, with the Relationship Manager playing the role of central administrator and responsible for Customer relationships, with the assistance of specialised product units.

In order to provide the customer base with even better services, in the end of 2013 the Customers were reallocated to the various business units, the main axes being Corporate & Investment Banking, which is responsible for the provision of integrated business solutions to very large corporate Customers, covering their complex strategic, financial and banking needs, and Commercial Banking, which is responsible for providing services to large and medium-sized enterprises, banking products and solutions designed to cover their financing and transactional needs.

At the same time, Corporate Banking gathered the most important specialised types of financing under single units (Project Finance, Commercial Real Estate Finance, Leverage Finance, Hotels & Leisure, Shipping), in order to ensure the efficient use of existing expertise and sectoral specialization.

Moreover, a new Corporate Special Handling Sector was created for the efficient management of high-risk corporate Customers by means of a more comprehensive approach, with the aim of concentrating the expertise required for covering the specialised needs of this portfolio.

The support of strategic industries, the enhancement and financing of innovative and extrovert enterprises, as well as the identification of alternative sources of financing for the Customers, were among the priorities of the Corporate Banking division in 2013. Total loans to Medium-sized Enterprises and Large Corporates remained at € 19.7 billion on a consolidated basis.

### \_ FINANCING OF CORPORATE & INVESTMENT BANKING CUSTOMERS

Eurobank through participating in the arrangement of the vast majority of the syndicated loans/corporate bond deals in Greece during 2013, maintained its leading position in the market, a market that was characterised by deal volumes of almost € 3.2 billion, as compared to € 1.9 billion in 2012.

Eurobank acted as the leader in various syndicated loans, such as the arrangement of three syndicated bond loans, totaling € 530 million for the MYTILINEOS Group. It was also actively involved in the arrangement of other loans, such as a € 400 million facility to HELLENIC PETROLEUM S.A. (HELPE), a € 397.5 million facility to the ELLAKTOR Group and a € 727.5 million facility to the VIOHALKO Group.

In the secondary corporate loan market, Eurobank further enhanced its presence, focusing on sectors that are part of its strategy for supporting the Greek economy, such as basic infrastructures, motorways, etc. This activity has in parallel contributed to the effort of improving the Group's capital adequacy and liquidity.

Outside Greece, Eurobank continued to be involved in selective high-value deals, such as the co-arrangement of a € 225 million syndicated loan for Cosmote Romanian Mobile Telecommunications S.A. The main purpose of this syndicated loan is the renewal of the spectrum license for the provision of 2G and 3G mobile services, the acquisition of new spectrum for the development of 4G services, as well as capital spending for extending 3G and 4G service coverage.

## PILLARS OF ACTIVITY

In addition, Eurobank holds a dominant position in the Greek Eurobond market, by participating in all corporate bond issues for 2013. The most important were the following, where the Bank participated as Co-Lead Manager:

- A € 700 million, five-year bond for OTE S.A.
- A € 500 million, four-year bond for the HELLENIC PETROLEUM Group
- A € 325 million, five-year bond for the Intralot Group.

## \_ PROJECT FINANCE & COMMERCIAL REAL ESTATE FINANCE

Project Finance, focused on the provision of advice in regard to growth projects in the fields of infrastructure and energy. The process for the privatisation of Greece's regional airports started in 2013, with Eurobank in the role of Financial Advisor. Furthermore, the Bank gave emphasis on restructuring and refinancing deals, the most important being the successful restructuring of the concession schemes for the Greek motorways, which was completed in December 2013. Eurobank participated in three out of the four Steering Committees formed for the corresponding concession projects.

In the field of Commercial Real Estate Finance, the Bank is involved in the structuring and arrangement of complex financing for all types of large commercial property (office buildings, malls and mixed-use complexes). In 2013, Eurobank provided Financial Advisor services to the Hellenic Republic Asset Development Fund (HRADF), concerning the development of a portfolio of 28 government properties under private sector Sale & Leaseback arrangements.

## \_ SHIPPING FINANCE

Eurobank has a 20-year presence in the field of shipping finance, working with private, as well as publicly listed companies, providing loans with conservative terms. Shipping loans are offered to Greek-owned companies with large and medium-sized fleets, mainly for financing the purchase of second-hand and (more rarely) of new built vessels, employed in transporting dry bulk cargo liquid, cargo and containers.

The Group's involvement in Greek shipping finance for the past two decades has contributed to the creation of a large deposit base, which stood at US\$ 1.3 billion by the end of 2013. Despite the outflows caused by the existence of macroeconomic risks, these deposits continued to exceed the total amount of shipping loans, which stood at US\$1.15 billion as per 31.12.2013.

Apart from financing, the Group also provides its shipping Customers with comprehensive corporate and private wealth management services. The Group's aim is to preserve the high credit quality of its shipping portfolio and further develop not only its long-standing relationships with the core of its customer base, but also relationships with new Customers.

## \_ COMMERCIAL BANKING CUSTOMER FINANCING

Financing strategic industries and the provision of solutions under the current unfavorable economic conjuncture, were the priorities of Eurobank in the field of Commercial Banking during 2013. More specifically, in 2013 the Bank disbursed a total of €110 million of loans to Medium-sized Enterprises, through the financing programmes of the European Investment Bank, ETEAN and the Entrepreneurship Fund. The Bank aims at providing Commercial Banking Customers with additional financing of € 200 million during 2014, through the aforementioned programmes, as well as through the JESSICA programme.

Eurobank's efforts to support Greece's struggling Medium-sized Enterprises and, by extension, the Greek economy, were sustained in 2013. These initiatives and actions included:

- The provision of advice and material infrastructure to Greek exporters
- The development of programmes for financing the investments of Medium-sized Enterprises on the basis of business plans, and
- The financing of raw materials and intermediate goods (working capital).

The quality of the Commercial Banking portfolio was preserved, despite the persistence of the domestic recession for a fifth year in 2013, through continuous Customer reassessments. The Bank embarked on a proactive loan restructuring and arrangement programme totaling € 1.9 billion, and also implemented programmes designed to increase the collaterals for this portfolio, with the aim of safeguarding and consolidating it. Special emphasis was placed on further improving the profitability of Commercial Banking operations and the return on (tied) equity.

Moreover, the Commercial Banking division conducted a wide-ranging internal restructuring exercise, which is expected to have a positive effect on Customer service, portfolio quality and the return on employed resources. The Business Centre Network was redesigned and the Hotel & Tourism Sector was created. This Sector was staffed by specialised Relationship Managers and provides comprehensive services for the targeted coverage of the needs of medium-sized and large enterprises from the Hotel & Tourism industry. The consistent strategic placement of 15% of the Commercial Banking portfolio in this key industry during the past ten years, will be continued, further enhancing the Bank's leadership, through selective, quality deals.

In addition, the reorganisation of the CCB, i.e. the unit that manages the largest of the Medium-sized enterprises, as well as the centralisation of the Loans Administration Unit, were successfully carried out in 2013.

## **\_ LEASING**

Under the current economic situation, a top priority of the Eurobank Leasing subsidiary company, the number one firm of the leasing industry for the past 13 years, was to keep on supporting its Customers, products and services tailored to the needs of each Customer and industry. In this context, the company designed and implemented, always in cooperation with the Customers, sustainable plans for the restructuring of a great number of leasing agreements, which, among others, is a prerequisite for restoring the Customers as going concerns.

The key strategy for the year 2013 was to secure the value of the portfolio and especially its real property component, which accounts for 85% of the company's total portfolio, further enhancing its fixed asset management mechanisms and procedures. At the same time, the company redesigned its organisational structure, in order to be prepared to meet future challenges.

## **\_ FACTORING**

Within a highly volatile, merger and acquisition environment, the Eurobank Factors subsidiary maintained its leadership in terms of the value of accounts receivable under management, assigned by Greek clients. In 2013, the company continued, with great success, its Reverse Factoring Plans, having included almost 800 participants by the end of the year.

In 2013, Eurobank Factors was ranked first in Europe in the field of Export Factoring, based on the rankings announced at the 45<sup>th</sup> annual conference of the Factors Chain International (F.C.I.). This achievement bears proof of the company's excellent performance over time, following four other recent distinctions, two first, one second and one third place in International Factoring as part of the above evaluation framework. Moreover, based on officially announced figures, the Group's factoring operation in Bulgaria (Eurobank Bulgaria AD Factoring Division) was ranked first in this country. Overall, the Eurobank group holds the second place in Factoring operations in Southeast Europe.



### **\_ TRANSACTION BANKING**

#### **COMPREHENSIVE COVERAGE OF CUSTOMER NEEDS**

Offering high-quality services designed to cover the businesses' transactional needs, Eurobank has forged relations of trust with its business Customers in Greece and has been selected as local cash management partner by a large number of international banks. In 2013, the Bank was named "Best Domestic Cash Manager in Greece" for a third consecutive year by the internationally acclaimed Euromoney magazine, while the Global Finance magazine recognised it for the fifth time as the "Best Corporate/Institutional Internet Bank 2013 in Greece".

Despite the tough economic situation, the growth momentum regarding the use of electronic transactions and innovative services was sustained in 2013. This momentum contributed to the further increase of Eurobank's share in the Trade Services market, as well as to the growth of the sight deposits held by corporate Customers. Also, as part of its overall strategy of supporting the export orientation of Greek enterprises, in 2013 the Bank continued to provide dedicated export financing facilities. The Transaction Banking sector was heavily involved in the provision of liquidity through the "Extroversion" programme of the Export Credit Insurance Organisation, as well as in the provision of confirmed letters of credit and letters of guarantee, in cooperation with international banks and the European Investment Bank (TRADE FINANCE Deals of the Year 2013).

### **\_ STRATEGIC INITIATIVES FOR SUPPORTING THE EXTROVERSION OF GREEK ENTERPRISES**

Eurobank has been steadily investing in initiatives aimed at enhancing the extroversion of Greek enterprises, working together with strategic partners in Greece.

The international networking and promotion of Greek enterprises was further enhanced through the fourth, and most ambitious, Business Delegation of the "Go International" programme, which was held in Moscow in May 2013, with the collaboration of the Greek International Business Association (SEVE), the Pan-Hellenic Exporters Association (PSE), the Exporters' Association of Crete (SEK), and the Hellenic Federation of Enterprises (SEV), under the auspices of the Ministry of Foreign Affairs. The delegation was accompanied by the Deputy Minister of Foreign Affairs, Mr. Dimitris Kourkoulas.

Overall, the total number of business meetings between Greek exporters and foreign buyers that were held as part of the "Go International" programme in Moscow, Cyprus, Serbia and Romania, has now reached 6,000, with 730 businesses from 17 countries.

Exportgate.gr, the innovative Internet portal that aims at enhancing the extroversion of Greek enterprises by bringing them together with foreign buyers, already counts thousands of active users in Greece and abroad, in its very first year of operation. Exportgate.gr, the product of a collaboration between SEVE, PSE, SEK and SEV, has already become a point of reference in regard to the provision of information to Greek exporters, as well as their promotion and networking with foreign importers. With more than 500,000 visits in just one year, 60% of which came from abroad, the portal has attained a status comparable to that of major international trade portals. Acting in a complementary manner, the "Ask the Experts" specialised unit that has been established by Eurobank, continues to provide exporters with comprehensive and effective support, from the very first steps of their effort to find buyers to the completion of their deals.

The year 2013, saw the successful completion of the 2<sup>nd</sup> "Greece Innovates" Applied Research and Innovation Competition, with the presentation of the 1<sup>st</sup> and 2<sup>nd</sup> Applied Research Awards and the 1<sup>st</sup> and 2<sup>nd</sup> Innovation Awards, during a festive event, which was honored by the presence of the Minister of Development, Mr. Kostis Hatzidakis. The Competition, which is jointly organised by Eurobank and SEV, and aims at linking Applied Research and Innovation with the business community, was awarded a European CSR Award Scheme distinction in April 2014, while its novel and targeted social media communication strategy was the recipient of two "Social Media Awards".

### **3. WEALTH MANAGEMENT**

The Group retained its leading position in total Wealth Management for a sixth consecutive year. More specifically, Eurobank Asset Management MFMC, its subsidiary responsible for the management of mutual funds and institutional portfolios, as well as for Fund Selection in Greece and in the countries where the Eurobank group has established a presence, increased its funds under management, which exceeded € 2.8 billion as per 31.12.2013. Total assets under management can be broken down as follows: € 1,681 billion in mutual funds, € 670 million in institutional portfolios and € 542 million in mutual funds offered by major foreign investment houses and distributed through Eurobank's Private Banking.

During 2013, the managers of Eurobank Asset Management MFMC received awards from Citywire Global, the international financial information and manager rating house, for their superior efficiency, and were ranked among the top managers worldwide.

#### **\_ HIGHLY EFFICIENT MUTUAL FUND MANAGEMENT**

The mutual funds (M/Fs) of Eurobank Asset Management M.F.M.C. were distinguished once again for their high returns in their respective categories, proving that they were rightfully chosen by investors.

According to data from the Hellenic Fund and Asset Management Association for the period 01.01.2013 – 31.12.2013, the Eurobank I (LF) Greek Government Bond Fund and the Interamerican Fixed Income Domestic Bond Fund were ranked in the top-ten among 279 M/Fs in the Greek market, with returns of +44.71% and +43.87% respectively. In the Mixed Fund category, the Interamerican Greek Mixed Fund was ranked in the top-five with a return of +41.50%, while in the Equity M/F category, the Eurobank Institutional Portfolios Domestic Equity Fund, the Eurobank I (LF) Equity Flexi Style Greece, and the Eurobank Greek Equities Domestic Equity Fund stood out with returns of +39.71%, +37.31% and 35,49% respectively. Also, the Eurobank (LF) Cash Fund (EUR) was ranked first in the Money Market M/F category with a return of +8.05%.

Furthermore, the Morningstar® international rating agency gave five-star – the highest – ratings to the Eurobank (LF) Equity Flexi Style Greece, Eurobank I (LF) Special Purpose Blue Chips Protect, Eurobank (LF) Cash Fund (EUR) and Interamerican Money Market funds. Overall, Eurobank Asset Management MFMC had more than 70,000 clients, while its mutual funds are available in Greece, Bulgaria, Romania, Cyprus and Luxembourg.

Finally, as part of the extroversion policy adopted by the Group, Eurobank Asset Management MFMC closed, through its subsidiary in Luxembourg, deals for distributing its mutual funds via overseas platforms.

#### **\_ HIGH-RETURN INSTITUTIONAL PORTFOLIO MANAGEMENT**

Eurobank Asset Management MFMC is specialised in the field of institutional asset management and is actively involved in the tenders for the appointment of the external managers of first and second pillar pension funds, both in Greece and abroad.

It is responsible for the management of 16 institutional portfolios in Greece, Cyprus and Luxembourg, delivering rather high returns, in both absolute and relative terms, on funds under management. In these countries, the company has also been offering Open Architecture services for the analysis, evaluation, classification and active selection of third-party mutual funds, which are distributed to private and institutional clients through the Bank's Private Banking.

### \_ PRIVATE BANKING

#### INTERNATIONAL DISTINCTIONS AND QUALITY ASSURANCE

The gradual improvement of investor sentiment in Greece, and the general recovery in all other regional and global markets during 2013, led to a change of investor attitudes towards investing in low-risk products.

Eurobank further developed the Private Banking segment, introducing services that mitigate credit and Greece-related risks, such as the new External Asset Management account. Moreover, the structure of the products produced by the Group was simplified through the formation of a Wealth Management Team. In 2013, Eurobank was certified for the quality of its internal Private Banking operations in accordance with the ISO 9001:2008 standard, which is granted by TÜV Hellas accredited certification agency. Moreover, the bank was named “Best Private Bank” in Greece by the World Finance magazine, having obtained a total of eight such awards over time. Its subsidiary, Eurobank Cyprus, was named “Best Private Bank” in Cyprus by the Euromoney magazine for the fourth time in six years of operation.

### \_ INSURANCE OPERATIONS

#### THIRD PLACE IN THE GREEK INSURANCE MARKET FOR THE EUROLIFE GROUP

The Group’s subsidiaries Eurolife ERB Life Insurance SA and Eurolife ERB General Insurance S.A., comprise the third largest insurance group in the Greek market. The market share of Eurolife insurance operations stood at 8.4% of the total, according to official data from the Hellenic Association of Insurance Companies, with gross written premiums of € 334 million as per 31.12.2013. Both insurance companies of the Group maintain high capital adequacy and a highly liquid investment portfolio, with a total value of € 1.4 billion as per 31.12.2013.

Eurolife insurance products are mainly distributed through the Bank’s branch network, as well as 1,400 selected working partners from all over Greece. The Eurolife insurance group is also operating in the bancassurance market of Romania.

At the same time, the group’s subsidiary, ERB Insurance Brokers, holds a key position in the Greek market, offering advice and solutions to businesses and individuals.

## 4. INTERNATIONAL CAPITAL MARKETS

The Eurobank group has brought together four key types of services under the Global Markets & Treasury Division: product sales to businesses, institutional investors and Retail and Private Banking clients, acquisition of investment positions, local bank portfolio management and liquidity management. The Global Markets & Treasury Division offers an integrated approach in Greece and the countries of Southeast Europe, through a centralised cash management model, administered from Greece, which integrates all transactions, and monitors risk management. All positions are centrally monitored from the dealing room in Athens. Cash management operations in each country are standardized and report directly to Athens.

The strategic target of the Eurobank group is to establish a strong regional presence in foreign exchange, interest rate, bond, and derivative product trading, in liquidity management, and in the sale of financial and investment products in those markets where the Group has a banking presence.

As far as proprietary trading is concerned, the Group applies strict limits, which are daily monitored by the Risk Management Division. Trading limits include the amount of exposure to counterparty risk (according to the assessment of the credit risk for each counterparty), exposure to foreign countries, the limits concerning the concentration of various maturities, as well as the monitoring of Value-at-Risk (VaR). The trading control system supports the dealing room in monitoring and managing Eurobank's positions and exposures in a precise and efficient manner, while an auxiliary IT platform for cash management has been developed and is continually upgraded.

In 2013, the Eurobank group was ranked third among 20 primary dealers in the primary and secondary markets for Greek government bonds. The Eurobank group is also a member of the ESM market, along with 44 international organisations.

The Group is also involved in interest rate derivatives that are traded in organised markets, as well as bond derivatives traded in the EUREX, and bond trading through the EuroMTS. It is also actively involved in trading in Western European corporate bonds, as well as in foreign or local currency-denominated government bonds in the local markets of Southeast Europe. At the same time, it is similarly involved in the primary and secondary markets for sovereign debt, through the corresponding departments of its subsidiaries in the countries of Southeast Europe.

## **5. INVESTMENT BANKING & EQUITY BROKERAGE**

In 2013, Investment Banking operations focused on the provision of consulting services both to the Greek State, and to private sector companies, concerning the completion or continuation of major deals in the fields of mergers and acquisitions and capital markets.

More specifically, in 2013, the group's specialised subsidiary Eurobank Equities, in its capacity as Financial Advisor to the Hellenic Republic Asset Development Fund (HRADF), completed the privatisation of the State Lottery, in cooperation with Credit Suisse, as well as the sale of two prime properties at Kassiopi, Corfu and Paliouri, Chalkidiki. It also retained its role as advisor to the ongoing privatisations of the Athens Water Supply and Sewerage Company (EYDAP), the Thessaloniki Water Supply and Sewerage Company (EYATH) and the regional airports.

In the private sector, in 2013 Eurobank Equities acted as an advisor to: the Greek Organisation of Football Prognostics (OPAP S.A.), concerning its privatisation; Eurobank Properties, concerning its strategic alliance with Fairfax Financial Holdings; ATE Bank S.A., concerning the international tender for the divestment of the latter's ownership stake in the Hellenic Sugar Industry; and the Boards of Directors of the Medical Center of Athens and General Bank, concerning the takeover bids made by their respective principal Shareholders. Eurobank Equities also provided Advisor services in the rights issues of Teletypos S.A., and Attica Bank.

As far as the Group's involvement in the provision of brokerage services is concerned, Eurobank Equities was ranked first, for a fifth consecutive year, among the securities firms that operate in the Greek market, with a market share of 15.6% in the Athens Stock Exchange in 2013. The company is the number one choice of private clients, as well as of the largest and most important institutional investors in Greece and abroad, as far as trading in the Athens Stock Exchange is concerned.

Its Analysis Department captured the first place among the analysis departments that cover the Greek market, at the annual Extel survey, which is carried out by Thomson Reuters. Moreover, for a second year in a row, a member of the team was named "Top Equity Research Analyst" among the analysts who monitor the Greek market. The Institutional Equity Sales Desk was also distinguished in the same survey.

The company's sales network was further expanded, through partnerships with a great many exclusive dealers and Financial Intermediation and Investment Firms, providing geographical coverage to almost all parts of Greece.

## **6. OTHER ACTIVITIES**

### **\_ SECURITIES SERVICES**

#### **CONSISTENT LEADERSHIP WITH FLEXIBILITY AND HIGH SPECIALIZATION**

Regulatory reform and the institutional Clients' continually evolving needs were the main challenges faced by the Securities Services sector in 2013, which were successfully met by the Group both in Greece, and in the countries of Southeast Europe.

The Group's highly specialised Personnel, as well as the support it has been providing to its Clients, guarantee the long-lasting quality of its Security Services, which are being internationally recognised and lead to bestowal of prestigious award to the Group, by organisations such as the Global Finance and Global Custodian magazines.

In this context, and for a ninth consecutive year, the Bank received the "Best Custodian Bank in Greece 2009" award by the Global Finance magazine, and was named "Top Rated Custodian for Domestic, Foreign and Leading Institutional Investors" by the Global Custodian magazine.

The Group's Securities Services operations are equally dynamic in Bulgaria, Romania and Cyprus. For a fourth year in a row, the Global Custodian magazine named the Group's subsidiary banks Bancpost and Postbank as "Top Rated Custodian for Foreign and Domestic Institutional Investors" in Romania and Bulgaria respectively. Moreover, the same survey named Eurobank Cyprus "Top Rated Custodian for Foreign Institutional Investors" for a fifth year in a row.

### **\_ PAYROLL SERVICES**

#### **NEW PARTNERSHIPS AND A WIDENED CUSTOMER BASE**

The Group's subsidiary Eurobank Business Services S.A. has, for a series of years, been a great asset in the field payroll services, having consolidated its position at the top of the Greek market, even during the recession.

Especially in the field of Payroll Business Process Outsourcing and Advisory, in 2013 our subsidiary offered high-quality services to more than 520 corporate Customers, which account for 36,000 employees and 25,000 pensioners, substantially enhancing the Bank's customer base.

### **\_ REAL ESTATE**

#### **STEADY GROWTH AND ENTRY OF A STRONG STRATEGIC INVESTOR**

Having weathered the problems that hit the Real Estate sector in previous years, the Group's subsidiary Eurobank Properties REIC continued to grow and preserved its high operating profitability. With income of almost € 37 million, a property portfolio worth € 564 million, as well as € 191 million in cash, the company consolidated its position as the industry's leader.

As part of the strategic agreement between the Eurobank and Fairfax Financial Holdings groups, in 2013 Eurobank Properties REIC launched a € 193 million rights issue, which was concluded in January 2014, raising the Fairfax group's stake in the company's equity to 41.65%.

In addition, Eurobank Properties was named preferred investor for the € 145.8 million acquisition of a 14-property portfolio from the Hellenic Republic Asset Development Fund (HRADF), which will be leased to the Greek State for 20 years.

Finally, during the year, the company acquired 100% of the share capital of Cloud Hellas S.A., a real estate company with a portfolio that comprises four high-street stores, mainly leased to Praktiker Hellas.

The year 2013 was a year of change and differentiation for the Real Estate sector. More specifically, the amendment of the relevant legal framework gave REICS the possibility to invest in residential property, holiday homes and tourist property under more flexible terms regarding the maximum amount of leverage used, also allowing them to invest in properties under construction and participate in Joint Ventures.

Finally, in order to ensure compliance with the most modern practices regarding the environmental aspect of its operations, in 2013 Eurobank Properties decided to realise a series of projects concerning the improvement of the energy efficiency of its properties and their environmental certification by international agencies.

## **\_ e-SERVICES**

### **CONTINUOUS PROGRESS AND CUSTOMER SATISFACTION IN GREECE AND ABROAD**

Having been heavily investing for many years in technology, functionality and security, the Eurobank group has captured a leading position in the Greek banking sector, in regard to the e-services it is offering to its Customers. The use of the Bank's e-Banking and m-Banking services continues to show spectacular growth in Greece, also showing remarkable growth in the other countries.

In Greece, the year 2013 was once again a year of growth for Eurobank's highly acclaimed e-Banking service, which showed a 17% increase in Customers and a 35% increase in the value of transactions performed via the platform. At the same time, e-Banking remained the most popular channel for the execution of dematerialised transactions. More specifically, 71.5% of dematerialised transactions with the Bank were executed via the Eurobank e-Banking service, increased by 8.6 basis points as compared to 2012.

m-Banking services also showed similarly impressive growth rates, as active users increased by 40%, the number of transactions performed rose by 86%, and the value of transactions doubled, as compared to the previous year.

At the same time, 76,000 Bank Customers have chosen to receive information only through e-Statements. This led to the discontinuation of the receipt of more than 227,000 physical statements, further improving the Bank's environmental footprint.

In 2013, the Bank utilised new forms of interactive communication, such as e-mail, SMS, QR Code.

The Clients' preference is not only reflected on the high usage rates of the Eurobank e-Banking service, but also on their high satisfaction rates. According to the relevant surveys that were conducted in 2013, e-Banking user satisfaction stands at 94.5%, while disappointed Customers account for only 0.8% of the total.

The Bank's nomination as "Best Corporate/Institutional Internet Bank" in Greece, for a second consecutive year, demonstrates the Group's consistency in pursuing the quality targets it has set in the field of Internet Banking.

Its subsidiaries in Southeast Europe focused on implementing state-of-the-art security methods that conform to the Group's standards, as well as on the provision of interactive demos, aimed at familiarising their Customers with the increasing range of e-banking services and transactions. Moreover, innovative services, such as the m-Banking service, were offered to Customers in Serbia and Romania.

The Group has been methodically utilising the social media to promote its corporate responsibility initiatives both in Greece – regarding the egg – enter • grow • go programme and the "Greece Innovates!" Competition – and in its subsidiaries abroad.

More than 230 e-auctions were conducted in 2013, through the award-winning platform of the Group's specialised subsidiary Business Exchanges SA. The total gain stood at € 5.5 million, a figure that accounts for 29% of the relevant total budget for public and private sector entities, while Greek hospitals placed 7,000 e-procurement orders for materials worth a total of € 30 million.



# INTER NATIONAL PRESENCE

## INTERNATIONAL PRESENCE

The Eurobank group has developed a regional presence, which focuses on euro zone-member states (Cyprus, Luxembourg), EU-member states (Romania and Bulgaria), accession states (Serbia), as well as Ukraine, while it also maintains a branch in London.

In 2013, the economies of both the European Union, and most of the countries of Central and Eastern Europe, started to recover from the recession, thanks to the improvement of the economic climate and the improvement of investor sentiment in financial markets. That said, the growth of South-east European Region remained feeble, given the ongoing adjustment of both the public, and the private sectors of the economy, the low absorption rates of EU funding, as well as the high unemployment rate.

On 31.12.2013, the Group's foreign subsidiaries had total loans and advances to Customers of € 8.5 billion, deposits amounting to € 8.6 billion and a network of 541 branches and 34 business centres. The provision of support to the households and dynamic enterprises of these countries is a top priority for the Eurobank group, which plays a systemic role in developments throughout this region.

Operating income from foreign operations stood at € 566 million in 2013, as compared to € 561 million in 2012, while operating expenses were reduced by 6% year-on-year. As a result, the Cost to Income (efficiency) ratio was substantially improved, to 58% in 2013, as compared to 63% in 2012. The result for the year 2013, excluding extraordinary losses, was a loss of € 26.1 million (€ 107.4 million after extraordinary losses), as compared to a loss of € 56.1 million for the year 2012. Moreover, the Loans to Deposits ratio also improved, at 88% in 2013 from 93% in 2012.

The Group continued to provide institutional support to the economies of the wider region, through its participation in the "Vienna Initiative", which has set up working groups to examine specific issues of general interest, such as the faster absorption of funds from various sources, the strengthening of local currencies through their increased use in lending operations, the more efficient handling of bad loans and the impact of Basel III on the countries of Central, East and South-east Europe, and, finally, the transfer of the supervision of the main banks of the European Union under the European Central Bank, along with the local central banks.

Also, Eurobank maintains long-standing partnerships with international organisations, such as the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC) and the European Investment Bank (EIB), in order to channel, through its subsidiary banks in Romania, Bulgaria and Serbia, loans aimed at supporting Small and Medium-sized Enterprises. The existing partnerships, as well as any additional specialised trade-finance deals closed with these same organisations in 2013, emanate from the Group's strategic decision to exploit any opportunities presented worldwide for supporting the region's economies and businesses.



### 1. CYPRUS

In Cyprus, the Group offers a wide range of services in the fields of Corporate & Investment Banking, Private Banking and International Business Banking, through its Eurobank Cyprus Ltd subsidiary. The Bank maintains seven banking centres in Nicosia, Limassol, Larnaca and Pafos.

In 2013, the Group showed once again satisfactory results in Cyprus, registering a profit of € 22 million. In an environment of economic crisis and reshaping of the banking landscape, Eurobank Cyprus Ltd sustained a rather strong Capital Adequacy Ratio, which stood at 45% by the end of 2013. More specifically, the bank showed a surplus of funds, based on both the base and adverse scenarios of the PIMCO due diligence report on Cypriot banks, whose results were disclosed in April 2013.

Deposits stood at € 2.5 billion and loans stood at € 1.1 billion, of which € 0.5 billion was fully secured by cash. The bank's high capital adequacy, combined with the good quality of its loan book and its substantial liquidity buffer, safeguard it against any future risks. At the same time they ensure that Eurobank Cyprus is capable of providing uninterrupted financing to the Cypriot economy and support the country's growth-oriented initiatives.

### 2. ROMANIA

The main axis of the strategy pursued by the Group's subsidiary, Bancpost, is to boost economic activity in Romania by enhancing business growth. In this context, the bank's cooperation with the IFC for the provision of local businesses with liquidity was further expanded, as the relevant credit line increased by US\$10 million. The partnership with the EBRD was also expanded, through the increase of the Trade Finance line by € 20 million. Recognizing the bank's overall contribution to the development of Trade Finance in Romania, the IFC named it "The Best IFC Partner in Southern Europe for Global Trade Financing".

As part of its drive to support exporters, Bancpost created "Fast Trade", an electronic platform for foreign currency transactions, while it also started offering new Export Factoring services. Bancpost's innovative approach in the provision of e-banking solutions for businesses has led to several awards, both in regard to the volume of the relevant transactions, as well as the number of users among the bank's business Customers.

The bank is intensively involved in the agricultural sector. More specifically, Bancpost has been selected as an associate of the Romanian Ministry of Agriculture and has set up a dedicated Agricultural Entrepreneurship bureau, responsible for marketing credit products and solutions to Romania's agriculture. At the end of 2013, only one year since the bureau started to operate in full, loans to Small and Medium-sized agricultural enterprises had reached a total of € 40 million.

Apart from its Corporate Banking initiatives, Bancpost also helped its retail Customers get through this persistently tough economic conjuncture, offering loan restructuring plans to struggling borrowers. At the same time, it offered products designed to cover its Customers' insurance needs, through the ERB Eurolife Insurance subsidiary; these products proved to be rather popular, and helped the bank increase its share in the life insurance market from 0.8% in 2012 to 2.7% in 2013.

In the field of credit cards, which showed signs of recovery, Bancpost signed new deals in 2013. The American Express credit cards, which are issued by the bank, are now accepted at most POS terminals, following an agreement with UniCredit Tiriac Bank. In addition, Bancpost worked together with Wizz Air, Romania's largest airline, in order to issue the MasterCard WIZZ Bancpost co-branded credit card, which features a rather attractive loyalty programme. At the same time, the use of the Visa cards that are issued by the bank continued to grow in 2013, leading Visa Europe to name Bancpost "Credit Card Champion" for a second consecutive year. The bank commands a dominant share of 15% in the total active credit card market of Romania. As far as the bank's economic performance is concerned, on 31.12.2013 total loans (before provisions) stood at € 2.7 billion, while total deposits amounted to € 1.9 billion. The Capital Adequacy Ratio of Bancpost stood at 15.94%, much higher than the 10% limit set by the country's central bank.

Apart from its business activity, Bancpost is also active in corporate social responsibility, through charity initiatives and by supporting education and culture. One of its most important initiatives is the “The No Project”, realised in cooperation with the Romanian government. This is a campaign designed to raise awareness among young people on human trafficking, using art, sports, music, dance and the social media as its vehicles.

### **3. BULGARIA**

The macroeconomic environment remained tough in Bulgaria, while the political instability that prevailed since the second quarter of 2013 had a further impact on financial activity. Despite this situation, Postbank maintained its prominent position, pursuing a strategy based on the development of innovative and integrated products, emphasising on quality and strengthening, at the same time, the relationships with its Customers.

Contributing to the economy’s liquidity, Postbank, in cooperation with the IFC, secured US\$ 20 million intended to support the development and promotion of the commercial activities of Bulgaria’s import/export businesses. Moreover, in order to support SMEs, the bank offered new lending products, including factoring, hence consolidating its position in these markets. The bank also secured € 4 million from the EBRD, in order to finance projects designed to raise the energy efficiency of SMEs. Also, in order to support the country’s agricultural and forestry sector, Postbank signed an agreement with the National Guarantee Fund, securing liquidity of BGN 36.5 million for the sector’s businesses.

In the field of Retail Banking, in 2013 Postbank offered a new mortgage product, while at the same time promoted savings. More specifically, the Customers who increase their deposits with the bank, enjoy a more favorable interest rate on this mortgage. This product contributed to the year-on-year increase of new Mortgage Lending operations by 25%. Thanks to its overall strong presence in Mortgage Lending, Postbank was named “Fastest Growing Bank in 2013” by the Forbes magazine.

Also, with a focus on supporting young people, in 2013 the bank signed an agreement with the Ministry of Education and Science, for the provision of guaranteed financing to university students and PhD candidates.

The bank was highly successful in attracting deposits, mainly from retail Customers, through the promotion of new savings and term deposit products, such as the “Active Money” savings account and the “Advanced Interest” term deposit.

Aiming to reward its Customers, the bank enhanced the “My Reward” programme, for the use of credit cards purchases by expanding the merchants network and including American Express and Visa cardholders to the programme. In addition, the bank enhanced the availability of alternative channels for transaction purposes in order to ensure the provision of better service to all its Customers. More specifically, the bank started to offer specialised e-Banking services to businesses, and also introduced a call centre for the execution of banking transactions 24 hours a day.

As far as economic performance is concerned, it is worth noting that Postbank’s capital adequacy remained high in 2013, with the relevant ratio standing at 16.76% as per 31.12.2013, much higher than the minimum set by the central bank (12%). The Group’s loan portfolio in Bulgaria amounted to € 2.6 billion (before provision), while total deposits reached € 2.3 billion. The increase in deposits reduced the bank’s dependence on capital markets, while the Loan to Deposit ratio was further improved. The Net Loan to Deposit ratio stood at 101% on 31.12.2013, as compared to 115% on 31.12.2012.

In addition, in June 2013 the Bulgarian Credit Rating Agency confirmed that Postbank is assigned a BB+ long-term credit rating and a B short-term rating, which reflect the bank’s stable outlook.

Postbank has been long cooperating with local and international agency on sustainability issues, and has developed major charity initiatives. In September 2013, the bank became a member of the United Nations Environment Programme Finance Initiative (UNEP FI), while in December it initiated a strategic partnership with UNICEF, titled “Best Start for Every Child”. This partnership concerns the creation of health centres for mothers and children. In addition, Postbank is realising the “The No Project” initiative in Bulgaria, with the aim of raising public awareness on human trafficking.

## 4. SERBIA

In 2013, Serbia’s GDP grew by 2.5%, mainly as a result of the substantial growth of exports. However, the ballooning government deficit, combined with a marked drop in consumption and steadily high unemployment (>20%), had an adverse effect on the banking sector. More specifically, loans in arrears accounted for 21% of total loans, leading to the formation of considerable loan impairment allowances. For this reason, the banking sector as a whole sustained a loss, for the first time after nine consecutive years of profitability.

In this environment, Eurobank A.D. Beograd showed profits of € 6 million and remained the sixth largest bank in the country in terms of total assets. The bank’s receding profitability is due to the adverse overall economic environment and the negative performance of large enterprises. Operating expenses were reduced by 4% year-on-year, while the cumulative reduction of operating expenses for the period 2008-2013 exceeds 35%. The total loan book remained unchanged at € 1 billion, reflecting the bank’s policy to support the healthy sectors of the economy. In addition, the bank’s liquidity was enhanced, as deposits increased by 7% year-on-year and stood at € 840 million, with a major simultaneous reduction in deposit rates. The net Loans to Deposits Ratio was substantially improved to 114%. Moreover, the bank preserved its strong capital position in 2013, as its Capital Adequacy Ratio stood at 19.5% by the end of the year.

The bank further utilised its partnerships with international agencies, in order to provide the local economy with the requisite liquidity. For its major contribution to the financing of the exports-imports sector, Eurobank A.D. Beograd received the “Best Partnership 2013” award by the IFC, in the “Emerging Markets” category. Moreover, the bank was distinguished by Commerzbank for its excellence in Corporate Transaction Banking.

In Retail Banking, operations growth was sustained in 2013, through the offer of new loyalty programmes, as well as new innovative products. More specifically, the bank was the first to introduce the “contactless transaction” technology in Serbia, through the use of the Debit MasterCard PayPass card, while it developed the “Time4You” loyalty programme in cooperation with Mastercard. Also, by the end of the year, Eurobank A.D. Beograd signed a four-year strategic agreement with Manchester United FC, for the exclusive distribution of co-branded debit and credit cards, which provide cardholders with many privileges.

The bank performed significantly well in attracting Retail Customer deposits, especially in the fields of Personal Banking and Small Business Banking, through innovative products, such as the “Double Interest” deposit account. The total share of the bank in the local market rose to 7.7%.

Seeking to improve the services offered to Customers through its electronic networks, Eurobank A.D. Beograd offered new options for secure mobile banking transactions and simplified the procedures for account openings, loan applications, standing orders and many other services, utilising more advanced m-Banking digital certification technologies.

The bank's contribution to Serbia's society focuses on programmes aimed at supporting education, the environment and the local communities. It is worth noting that, through the "Big Heart" programme, in cooperation with the "Ana and Vlade Divac" Foundation, the bank has helped restore more than 20 recreation areas in public schools. By means of the "Art for All" programme, the bank assisted the creation of the infrastructure required for the unimpeded access of disabled individuals to art exhibitions hosted in the premises of the Serbian Academy of Sciences and Arts. In addition, the bank has been supporting the work of the "Crown Prince Aleksander Foundation", and in 2013 rewarded, for an eighth consecutive year, 500 top-performing students from the country's high schools. In recognition of its overall social contribution, Eurobank A.D. Beograd has received many awards by the Serbian authorities.

## **5. UKRAINE**

In Ukraine, the political crisis had severe adverse repercussions on the country's economic life, as the fourth quarter of 2013 was marked by currency devaluations, scarce liquidity and a downturn in business activity. In view of these developments, the Eurobank group, which is operating in the country through its subsidiary Public J.S.C. Universal Bank, took all the requisite measures and initiated all relevant procedures, in close cooperation with the Central Bank of Ukraine and the Greek government, to ensure the safety of the people, assets and operations of Universal Bank.

Despite the extensive outflow of deposits from the country's banking system, Universal Bank maintained the confidence of its depositors and, as a result, total deposits fell by only 2% year-on-year. Moreover, the bank maintained a high level of capital adequacy, as the relevant ratio stood at 18.01%, compared to a minimum of 10% required by the country's central bank.

## **6. WESTERN EUROPE**

The Group is also active in the United Kingdom, with one branch in London. The London branch services companies with international activities, mainly in the countries of Central and Southeast Europe, as well as retail Customers who require banking services in many countries. In Luxembourg, the Group has developed a significant presence in asset management through its subsidiary Eurobank Private Bank Luxembourg S.A. Through its Luxembourg subsidiary, the Group offers investment advisory services to businesses and retail customers, as well as custodian services to institutional investors.

# CORPORATE RESPONSIBILITY



In this tough period for Greece, corporate responsibility remains a main pillar of the Eurobank group’s make-up. By means of its initiatives, the Organisation supports effectively to its social partners, which include its Employees, its Customers, its Suppliers and Society at large.

The Group focused, once again this year on the effort to boost entrepreneurship, as a key factor for exiting the crisis and restarting the Greek economy. In this context, and apart from the programmes currently underway in the fields of Education and Culture, it also implemented new Innovation and business Extroversion initiatives.

## 1. EMPLOYEES

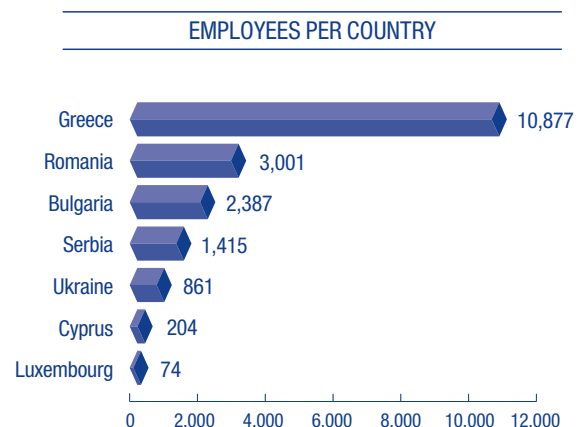
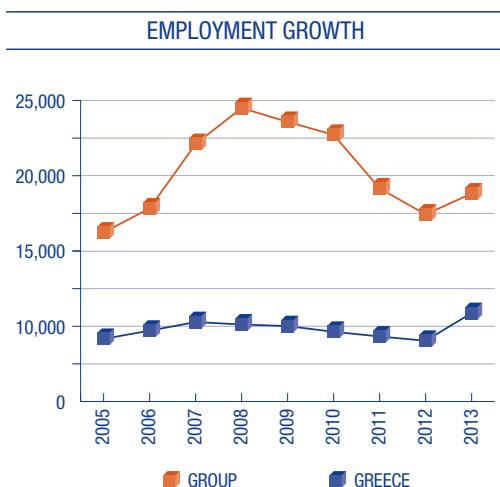
Acknowledging the importance of Human Resources as one of the most important assets and competitive advantages of the Eurobank group, the policies pursued and the initiatives undertaken by the Bank in Greece and by the group’s subsidiary banks abroad, aim at effectively attracting, developing and retaining talent.

The advancement and satisfaction of our people has been a key commitment of the Management since the very first day the Group was established. In this context, and through the implementation of sophisticated selection, training, evaluation, and reward methods, special emphasis is placed on:

- Covering job positions by means of selection and evaluation systems founded on meritocracy, according to the needs and requirements of each field of work
- Providing all employees with equal training and career advancement opportunities
- Nurturing an environment of constant recognition and reward, in accordance with the principles that govern the Group.

### \_ EMPLOYMENT

At the end of 2013, the Eurobank group, including the Bank and its subsidiaries and following the absorption of New TT Hellenic Postbank and New Proton Bank, employed a total of 18,819 people; 57.8% in Greece and 42.2% abroad.



## RECRUITMENT

The selection process is considered to be the starting point of a long-lasting and mutually beneficial partnership between the Employee and the Group.

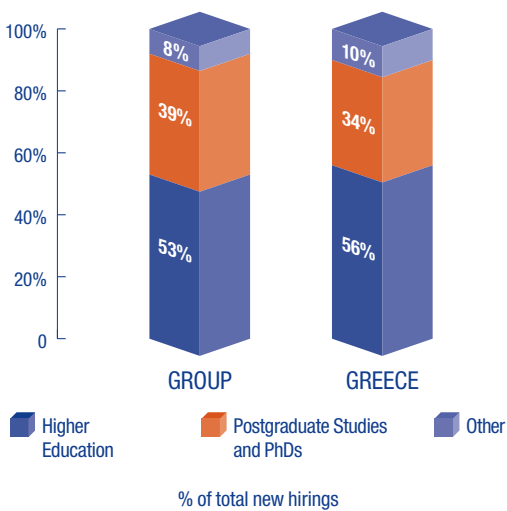
Placing special emphasis on objectivity, transparency and fairness, the Personnel selection procedure, either for external or internal candidates, is based on predetermined criteria, fully aligned with the values and vision of the Group, which are implemented in Greece and abroad. These criteria are applied in written assessments, structured interviews, psychometric methods, Assessment Centers and modern methods. It is worth noting that the Personnel selection procedure applied by the Bank in Greece has received the ISO 9001 certification by TÜV HELLAS, and is carried out by properly trained and specialised Personnel.

Furthermore, the active utilisation of human resources for internally covering staffing requirements is a strategic priority, aimed at improving the competitiveness and performance of the Group.

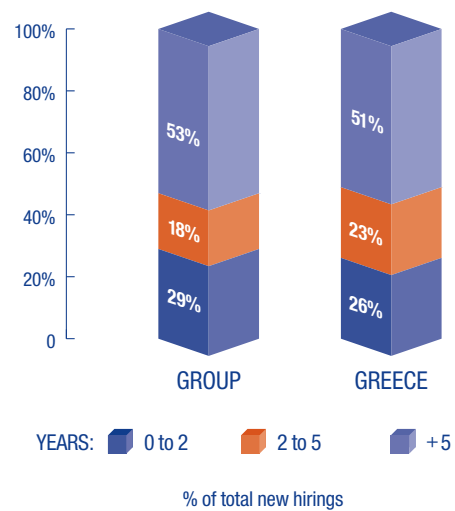
In 2013, as in 2012, emphasis was placed on the internal utilisation of human resources. Fifty seven percent (57%) of job vacancies within the Group, including its foreign subsidiaries, were internally covered, while in Greece this percentage stood – for the total of the Group’s operations – at 75%. On the Bank level, this percentage stood at 91%.

On the Group level, new hirings for 2013 focused on executives with superior academic qualifications (92% holders of graduate-postgraduate university degrees) and working experience (53% with more than 5 years of experience), while the respective rates in Greece stood at 90% and 51% respectively. In addition, in 2013 great emphasis was once again placed on Internship programmes (710 students).

EDUCATIONAL BACKGROUND OF 2013 HIRINGS



YEARS OF WORKING EXPERIENCE OF 2013 HIRINGS



## **\_ EMPLOYEE DEVELOPMENT & TRAINING**

In the Eurobank group, the development of the competitive advantages of our people is a steadfast choice of strategic importance. This has been ensured through the design and implementation of an official and integrated Training and Professional Development Framework, which emphasizes on nurturing a single growth culture and has won awards for its innovative character, successful practice and positive impact. Professional Development Programmes include:

- **Management Team and Employee Development programmes**, which aim at enhancing leadership efficiency
- **Professional Development Applications**, designed to improve the professional qualities and efficiency of Employees, as part of existing and/or new roles
- **Mentoring Programmes**, which aim at enhancing skills and encouraging cooperation among units
- **Professional Development Intranet site**, which provides information about professional advancement possibilities and the prerequisites for succeeding in different roles.

The Professional Development Programmes aim at the advancement of those employee skills and competencies that lead to optimum performance, and at their targeted utilisation for covering key positions within the Group, as well as succession planning, knowledge transfer and the establishment of common development methodologies that enhance transparency and objectivity. Mainly seeking to provide targeted training, supported by the implementation of specific Training Plans per job position, Eurobank places emphasis on programmes for the:

- **Development of the executives' leadership and managerial skills**, which comprise one of the Group's strategic priorities and are offered in cooperation with established educational organisations such as ALBA, Harvard Business Publishing, the Athens University of Economics and Business, the International Hellenic University etc. For example, in 2013 the Harvard Business Publishing programmes were attended by 634 executives on Group level.
- **Acquisition of knowledge, job-related skills and practical banking experience** on all levels, as well as certification. Special emphasis was placed on Bank of Greece Certification, as 676 Employees obtained professional certification for the Provision of Investment Services and 493 were certified on Insurance Intermediation.
- **"Anti-Fraud"**, which aims at creating a single culture and awareness on fraud-related issues, as well as on issues related to fraud prevention and suppression mechanisms. It is noted that in 2013, 1,783 Employees attended the specialised Anti-Fraud e-Learning programme on Group level.
- **Positivity** (Life Skills, Time & Stress Management and Work Life Balance) and collaboration enhancing programmes, which increase the teams' capability of effectively dealing with the crisis and its consequences. The aforementioned programmes were attended by a total of 910 Employees.

As far as the Bank's Key Education Ratios are concerned, in 2013, participations rose to 24,689, increased by 36% year-on-year, while Training Man-Hours stood at 181,947, increased by 27%. Training days per employee stood at 3.75, while the percentage of Employees who participated in some type of training stood at 75.6%. Finally, e-Learning training projects accounted to 32.3% of total training man-hours.

### **INTEGRATION OF PROTON BANK AND NEW TT HELLENIC POSTBANK PERSONNEL**

The integration of the personnel of Proton Bank and part of the personnel of New TT Hellenic Postbank, in the context of their absorption by Eurobank and in accordance with the Bank's operating model and policies, was finalised by the end of 2013. At the same time, our new colleagues started being trained on the Bank's systems and products.

## **\_ PERFORMANCE EVALUATION SYSTEM**

In the Eurobank group, integrated performance management is achieved by means of the Performance Appraisal System, which aims at providing effective guidance and support to the Employees' work. It also helps Employees improve their performance, achieve their targets and advance professionally. Each Employee can become aware of his or her strengths, while



## CORPORATE RESPONSIBILITY

proper communication, supervision and feedback enable him or her to identify areas in need of improvement and thus take the necessary measures for becoming increasingly better. This ensures that the performance of each Employee is related to the performance of the Group as a whole.

### \_HEALTH & SAFETY

In the context of the Preventive Health Programme offered to its Employees, the Bank has been realising a series of actions in Greece, such as:

- The operation of three fully equipped medical centers in the Attica region, where staff physicians offer clinical and medical consultation services
- The provision of Employees with the opportunity to undergo general check-ups on a regular basis
- The operation of a Blood Bank, which has been created and is maintained by the Bank's Personnel, with the aim of covering blood transfusion needs
- The provision of a special insurance plan for Employees with special needs, as part of the social policy of the Bank
- The development of a Health & Safety Management System, which aims at ensuring a superior and safe work environment. In this context, premises evacuation and emergency drills are performed on an annual basis, along with training on occupational health and safety issues.

### \_HR4U HELP DESK

The Human Resources General Division is offering HR4U, a channel for communication with the group's Employees, to ensure the unified, consistent and friendly handling of their requests.

Throughout the year, the HR4U Help Desk handled 23,477 requests, 78.7% of which were resolved immediately. This rate rises to 94% in the case of requests resolved within two days, following a collaboration with the responsible departments of the Human Resources General Division and a follow-up call to the interested employee.

### \_INTERNAL COMMUNICATION

Given that top priority is given to the provision of Employees with integrated information about the progress, strategy and initiatives of the Group, as well as the strengthening of the bond between the Employees and their families and the Group, an Internal Communication programme has been designed and developed on the basis of three pillars:

- Business communication, in both electronic and printed form, which aims at providing Employees with timely and reliable information about the strategy, the financial results and other important business issues concerning the Eurobank group
- Distinctions and award ceremonies for both the Employees and their children (Loyalty Awards and Top-performing Student Awards), which aim at rewarding long-standing excellent Employee performance within the Group, as well as the academic achievements of both the employees and their children
- Social events for the Employees and their families (Christmas and other theatrical plays, summer programmes for children, tickets to sporting events etc.), which aim at reinforcing the bond between the Employees' families and the Group and nurture meaningful relationship between co-workers.

Similar corporate communication activities, as well as events of a social or other nature, are also realised for our colleagues and their families abroad.

## 2. CUSTOMERS

The Group believes that the continuous effort to develop and preserve a climate of mutual understanding with all Customers constitutes a strategic choice.

The primary concern of the Group Client Relations Office (GCRO) is to ensure the fair and impartial management of Customer complaints, promoting, at the same time, a culture of Quality Service throughout the entire Group, that improves the Customers' experience and maximises their satisfaction.

Equipped with flexibility, respect and understanding, the Office's experienced executives are ready to listen to, and help resolve, any dispute that may arise, in a reliable and responsible manner.

Seeking to establish a channel of open and honest communication with Customers, enhance relationships with them and retain them, the GCRO Office's executives perform quality control calls, the results of which are recorded and analysed on the basis of international standards, with the aim of taking the necessary corrective measures.

Committed to the aim of continually improving and upgrading the services and procedures it offers on the Group level, the GCRO Office seeks to establish homogeneous standards and service quality ratios, an objective achieved through the implementation of unified complaint management procedures all over the Group, certified in accordance with the ISO 9001 standard.

The Group Client Relations Office maintains a high level of constructive cooperation with state agencies, consumer unions and the Hellenic Ombudsman for Banking-Investment Services, focused on Customer satisfaction and the enhancement of the Group's positive image. Moreover, seeking to contribute to consumer-oriented initiatives, the GCRO Office participates in the Hellenic Federation of Enterprises (SEV) work group, and had a meaningful contribution to the preparation of the "Road Map for the Provision of Better Consumer Services", which was published in 2013.

## 3. SUPPLIERS

The Group implements unified Supplier selection procedures, while the purchases of the Bank, as well as of all domestic and foreign subsidiaries, are centrally monitored by the Group Procurement Sector. This arrangement ensures transparency and achieves negotiation savings, which were substantial in 2013, despite the tough domestic economic situation.

Along with ensuring that supply cycle costs are kept as low as possible, great emphasis was placed on securing the quality of procurement through ISO 9001 and 14001 certifications, and the conclusion, wherever deemed necessary, of Frame Agreements for the Group. At the same time, the groundwork for integrating the Bank's procurement operating model with that of the New TT Hellenic Postbank was laid in 2013, through the alignment of the relevant policies and procedures.

Moreover, emphasis was placed on tender-based procurement, with the aim of ensuring complete transparency. The use of the electronic marketplace for processing the requests made by individual units and subsidiaries of the Bank, as well as the strategic and tactical IT purchases and other items, along with the use of e-invoicing in conjunction with systemic contract monitoring, helped achieve the maximum possible efficiency in procurement times, as well as in the outcome of Supplier agreements.

In recognition for its contribution to sustainability through the procurement policies and procedures it has been implementing, Eurobank won the "Sustainable Procurement" award as part of the Environmental Awards 2013 contest, competing with dozens of companies from all over Greece. More specifically, the contribution of the Group Procurement Sector to Green Procurement was enhanced with the introduction of Managed Print Services (MPS), apart from Administration Buildings, to the branch network as well. Moreover, the substantial increase in paper and toner cartridge recycling rates, as well as the reduction of business travels through the use of teleconferences in 2013, contributed to the further containment of operating costs and presented an even stronger image of the Organisation's environment-friendly nature.

## 4. SOCIETY

### \_ EDUCATION

The “Great Moment for Education” – This programme is one of the most important sponsorship initiatives of the Eurobank group which in 2013 entered a second decade of successful contribution to the Greek society. The programme has granted awards to more than 13,000 pupils from almost 1,700 high schools all over the country. Each award is accompanied by a € 1,000 prize.

**World Savings Day** – The World Savings Day, which has been established by the World Savings Banks Institute, is celebrated each year on October 31. In this context, the New TT Hellenic Postbank, being an organisation that is inextricably linked with the concept of savings, organised, as in every year, special events at schools all over Greece. In cooperation with the Ministry of Education and Religious Affairs, the representatives of the local branches spoke to the children about the World Savings Day, handed out piggy banks and organised handicraft, painting and poetry workshops, turning this occasion into an even more entertaining and creative event.

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

In **Serbia**, Eurobank, in cooperation with the Prince Aleksander Karadjordjevic Foundation, offered scholarships to the top-500 graduates of the country’s high schools for an 8<sup>th</sup> consecutive year.

### \_ CHARITIES

**PNOE** – As part of its drive to support social initiatives, the Bank continued to support the “PNOE – Friends of Children in Intensive Care” association. For the past 13 years, the Bank has been assisting the notable work of this association, which aims at the establishment and backing of pediatric intensive care units.

**Target** – The Bank’s collaboration with the “Fashion Targets Breast Cancer” (FTBC) campaign started in 2004 with the issuance of the EuroLine Style card, the first women-only credit card. For the past 10 years, Eurobank has been consistently supporting the Campaign’s efforts in Greece, contributing to the achievement of its very important awareness-raising and prevention objectives.

**Support to public welfare institutions** – In 2013, the Eurobank group focused its support on a large number of institutions and non-profit organisations that are mainly active outside of Athens, supporting children and vulnerable social groups. Some examples are the support provided to the Efthimeio Centre of Corinth, the “Ilihtida” (Sunbeam) organisation of Heraklion, Crete, and the Elpida organisation of Grevena.

**Tamieftiro Agapis** – As part of the Christmas celebration, New TT Hellenic Postbank organised, for a 4<sup>th</sup> year, “Tamieftiro Agapis” (Love Savings Account) a charity bazaar for children in need of assistance. The event was held with the participation of 12 Non-Government Organisations, which offered Christmas decorations, cards, toys, handmade and other items for sale, in order to raise money in support of their work.

In **Serbia**, Eurobank, in cooperation with the Serbian Academy of Sciences and Arts (SASA) and the Inclusive Society Development Center (CRID), has launched the “Art for all” programme, which aims at rearranging all exhibition areas at the Academy’s premises, in order to provide access to all disabled individuals. Also in Serbia, Eurobank and the “Ana and Vlade Divac” Foundation continued to work together for a 4<sup>th</sup> year, raising funds through the Mastercard “Big Heart” credit card for the restoration of day care centres and children’s recreation areas. Up to date, 20 sites have been completed in various Serbian cities.

In **Bulgaria**, Postbank and UNICEF jointly launched the “**Best start for every child**” programme, for the creation of Centres for mothers and children. The programme has its own platform for special donations, options for donating via ATMs or online-banking applications etc.

In **Romania**, Bancpost, in cooperation with government agencies and organisations, realised an initiative titled “**The NO Project**”, wishing to provide support to socially vulnerable groups. “The NO Project” aims at raising public awareness on the global phenomenon of Human Trafficking, through the use of art. The campaign includes various actions and educational programmes, designed for young persons of both sexes. The programme was endorsed by more than 500,000 enthusiastic participants.

## **\_ INNOVATION AND YOUNG ENTREPRENEURSHIP**

Eurobank responds to society’s needs by supporting actions that promote Innovation, Entrepreneurship and Extroversion.

**egg - enter • grow • go** - A Corporate Social Responsibility initiative of Eurobank, which was designed and is being implemented in collaboration with the Corallia unit of the “Athena” Research Centre, and aims at creating an environment that fosters young entrepreneurship.

More specifically, the Programme provides teams of young business people with a complete range of business incubation, acceleration and co-working infrastructure and services. It has a term of 12 months, and offers the teams state-of-the-art premises, advice and guidance by a network of distinguished mentors, as well as business training and support services. The Programme, whose 1<sup>st</sup> cycle was launched in May 2013, is already hosting 21 teams of young businesspersons in its building at number 190, Syngrou Avenue, Athens.

**Greece Innovates!** - The Pan-Hellenic Applied Research and Innovation Competition is a joint Eurobank and Hellenic Federation of Enterprises (SEV) initiative, aimed at encouraging Research, Innovation and Extroversion, as key pillars for improving Greece’s competitiveness. Using the great success of the first two Competitions as a springboard, “Greece Innovates!” promotes the connection of scientific research with business activity, as the cornerstone of a national plan for exiting the crisis. A key measure of the Competition’s success is the commercial/business exploitation of the proposals. According to the internal survey that is regularly conducted by the organizers, 8 out of 10 proposals that were distinguished in the Competition are somehow on their way to business exploitation.

## **\_ CULTURE**

**Athens Concert Hall** - During the 2013-2014 season, the Eurobank group continued to sponsor the Sunday Morning Events of the Athens Concert Hall. This is one of the Hall’s most successful programmes, and is organised for a 18<sup>th</sup> consecutive year with the aim of introducing children and youngsters to the magical world of music, in an interactive and pleasant manner.

## **\_ SPORTS**

**Hellenic Basketball Federation** - For more than 10 years, the Eurobank group has been the exclusive sponsor of all Greek National Basketball Teams, which are among the great teams of this sport, on both European, and international levels. Up to 2013, this has been the longest running sponsorship deal in Greek sports.

## 5. CARE FOR THE ENVIRONMENT



Eurobank group aims at mitigating the environmental impacts that stem from its daily operation, as well as from its interaction with its Customers and Suppliers. Seeking to protect the environment, the Group has adopted an official Environmental Policy, whose implementation is based on an Environmental Management System developed and implemented in accordance with the ISO 14001 International Standard. The Bank remains, since 2004, the first bank in Greece, and one of the few banks in Europe, to have established an externally certified ISO 14001 compliant Environmental Management System.

The Environmental Management System that is in place, is fully adhering to the guidelines of EMAS European Regulation on the voluntary participation of organisations in a Community eco-management and audit scheme (EMAS). The official listing of the Bank in the relevant Register of the European Commission, increases its commitment to the improvement of environmental performance, also enhancing the transparency and reliability of its environmental management.

The Group's environmental activities and the promotion of Sustainable Development are coordinated by its Group Environment & Quality Division, which oversees the implementation of the Environmental Policy and the achievement of the targets emanating from it.

The Management of the Eurobank group aims at gradually extending the implementation of the Environmental Policy, as well as disseminating its certified and award-winning environmental practices, to the Group's subsidiaries in Greece and abroad. In this context, its BE-Business Exchanges subsidiary was certified in accordance with the ISO14001:14001 standard for the "Provision of Intercompany Trading Services". Moreover, Environment Offices have been operating in the Group's subsidiary banks in Serbia, Bulgaria and Romania, with the sustained support of the Group Environment & Quality Division, with the aim of continuously improving the environmental profile of these companies.

One of the main principles of the Eurobank group is that international commitment to Sustainable Development can only be achieved through partnerships.

To this end, the Group has joined the United Nations Environment Programme Finance Initiative (UNEP FI) since 2005, and works together with the United Nations Environment Programme for Protecting the Environment and promoting Sustainable Development. Represented by its Group Environment & Quality Division, the Bank holds senior administrative positions, the Global Steering Committee and the Banking Committee, as well as the chair of the European Task Force. Through the influential role it plays in the proceedings of this Organisation, the Group has actively contributed to the drafting and publication of Sustainable Banking Guide, which is the first of its kind and has become a best practice manual for banks worldwide; the Guide is available at: [www.unepfi.org/fileadmin/documents/guide\\_banking\\_statements.pdf](http://www.unepfi.org/fileadmin/documents/guide_banking_statements.pdf)

Moreover, as the chair of the European Task Force it is responsible for coordinating the campaign for the promotion of Sustainable Banking on the EU level. In addition, the Eurobank group is a member of the Energy Efficiency Financial Institutions Group (EFFIG), which has been established by the European Commission, and contributed to the issuance of the first Interim Report titled "How to drive new finance for energy efficiency investments. Part 1: Buildings".

### ENVIRONMENTAL PERFORMANCE AND PROGRAMMES

Each year the Bank publicises its environmental performance both in its Annual Report, and in the certified Environmental Report it prepares as part of the EMAS requirements. In this way, the Bank ensures both transparent operation, as well as the enhancement of the effort to continually improve its "ecological footprint", as part of a detailed mechanism for the analysis and management of the flows of materials and resources within the Organisation. This mechanism includes "green procurement", the use of materials and the disposal of waste.

Performance is monitored on the basis of specialised indicators, and any deviations from individual targets are dealt with by taking the necessary corrective and preventive measures. In order to ensure that the Bank's environmental performance is comparable to that of the rest of the financial sector, special indicators have been developed on the basis of internationally accepted standards and Directives.

After winning the first European Eco-Management and Audit Scheme "EMAS Award 2011", as well as being distinguished for its environmental performance at the National EMAS Awards for a third year in a row, the Bank won another two environmental awards, in recognition of its environmental initiatives, in the "Sustainable Procurement" and "Climate Protection-GHG Footprinting" categories of the "Environmental Awards 2013".

## **GREEN PROCUREMENT POLICY**

By means of the Group Procurement Policy the Bank wishes to transmit its environmental culture to its Customers and Suppliers. In this context, it promotes sound environmental conduct among Suppliers, selects, whenever possible, products and suppliers in an environmentally responsible manner and develops environmental criteria for evaluating the products and services offered.

## **ENVIRONMENTAL RISK**

Given the establishment of environmental liability for preventing and/or remedying environmental damage on the basis of the "polluter pays" principle, the competent Business Units of the Bank have worked together with the Group Environment & Quality Division, to develop procedures for the identification, assessment and management of environmental risks in lending, in order to deal with such risks in a timely fashion, always in cooperation with clients. In this context, a "Green Entrepreneurship/ Environmental Risk Team" was formed, responsible for the systematic monitoring of "Green Development" and Environmental Risk Management issues.

## **GREEN PRODUCTS**

The Bank has developed "green" banking products, which have a positive impact on the Environment. In this vein, it continued to support initiatives whose ultimate goal is to upgrade the quality of both households and the environment at large. Moreover, WWF Eurobank Visa is the very first "green" product, and has been steadily supporting the work of WWF Greece for the past 13 years, enabling this Organisation to continue its work unhindered. Moreover, in 2013 the Bank continued to extend Green Home Loans for the installation of household photovoltaic systems on roofs, and to administer the state-subsidized "Saving at Home" programme. Moreover, Eurobank Equity Partners, the Group's subsidiary, has developed and has been promoting a major investment product which, among others, supports dynamic companies of the Green Growth sector.

## **ENVIRONMENTAL TRAINING**

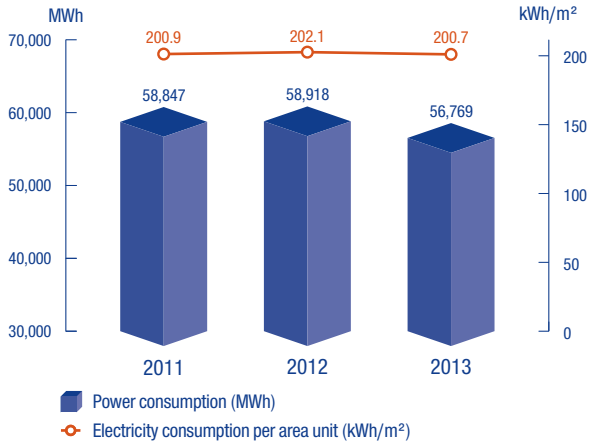
The Bank tries to raise the awareness of its Employees and incite them to act on Environmental issues, and determines its personnel's training requirements in regard to Environmental Management. In this context, an innovative environmental e-learning programme is being implemented, while the Bank's intranet includes a special site on environmental management issues.

*The detailed presentation of the policy, environmental programmes and performance of the Bank, as well as the, verified by an independent accredited Verifier, Environmental Report 2013, are available at the relevant section of the Group's website.*

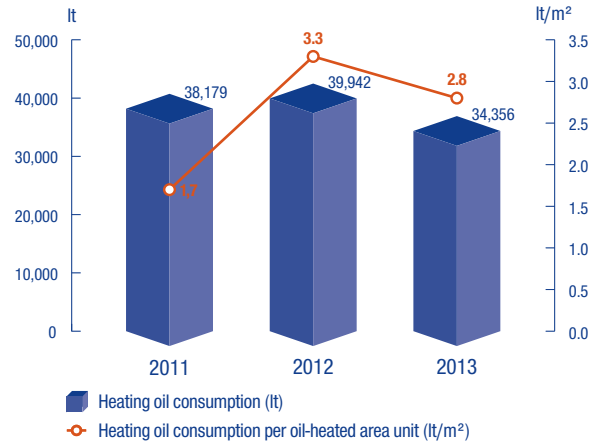
## CORPORATE RESPONSIBILITY

ENVIRONMENTAL INDEX	2012 PERFORMANCE	2013 PERFORMANCE	CHANGE
Power consumption (Kwh)	58,918,193	56,768,811	(3.65)%
Electricity consumption per area unit (kWh / m <sup>2</sup> )	202.13	200.72	(0.70)%
Heating oil consumption (lt)	39,942	34,356	(13.99)%
Heating oil consumption per oil-heated area unit (lt / m <sup>2</sup> )	3.26	2.80	(13.99)%
Water consumption (m <sup>3</sup> )	68,800	68,000	(1.16)%
Water consumption per employee (m <sup>3</sup> / Employee )	9.74	9.67	(0.66)%
Paper Supply (Kg)	411,751	402,150	(2.33)%
Quantity of recycled paper (Kg)	247,923	219,347	(11.53)%
Recycled paper as a percentage of paper supplies (%)	60.21	54.54	(9.41)%
Toner supply (units)	5,290	3,776	(28.62)%
Number of toner cartridges recycled / refilled (units)	3,460	2,911	(15.87)%
Business air travel, domestic & international, in miles	984,330	805,363	(18.18)%
Miles of business air travel / Employee	139.29	114.54	(17.76)%
Total CO <sub>2</sub> emissions (in t)	44,003	42,179	(4.14)%
Total CO <sub>2</sub> emissions in t / Employee	6.23	6.00	(3.65)%
Total greenhouse gas emissions (GHG) in t per area unit (t / m <sup>2</sup> )	0.151	0.149	(1.21)%
Number of electronic equipment units donated (units)	537	572	+6.52%
Number of environmentally trained Employees	120	101	(15.83)%
Power consumption per Employee (kWh / Employee)	8,337.09	8,074.07	(3.15)%

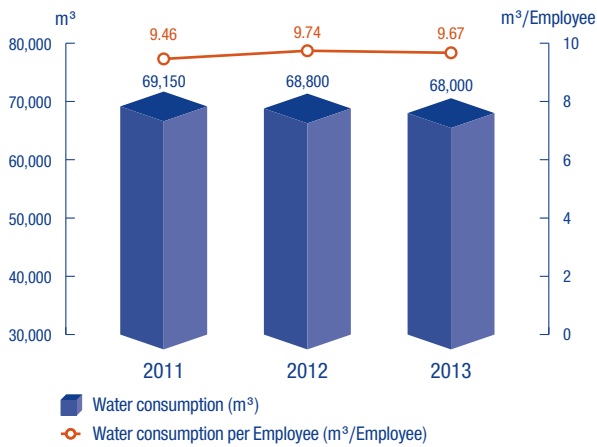
### POWER CONSUMPTION



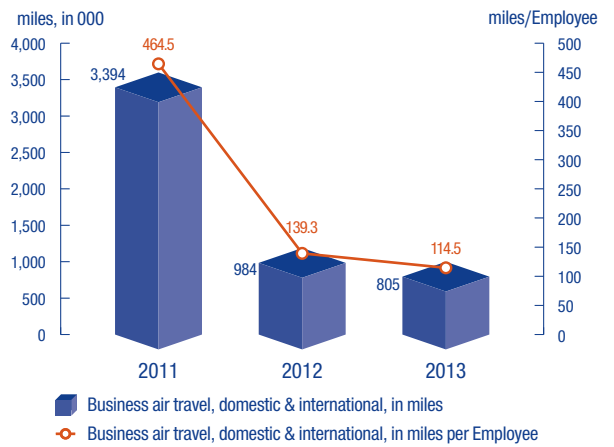
### HEATING OIL CONSUMPTION



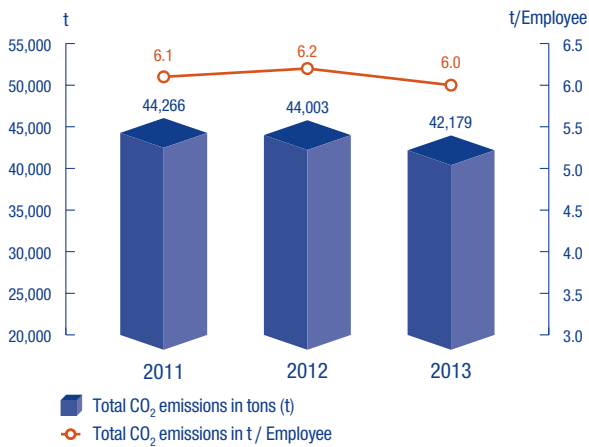
### WATER CONSUMPTION



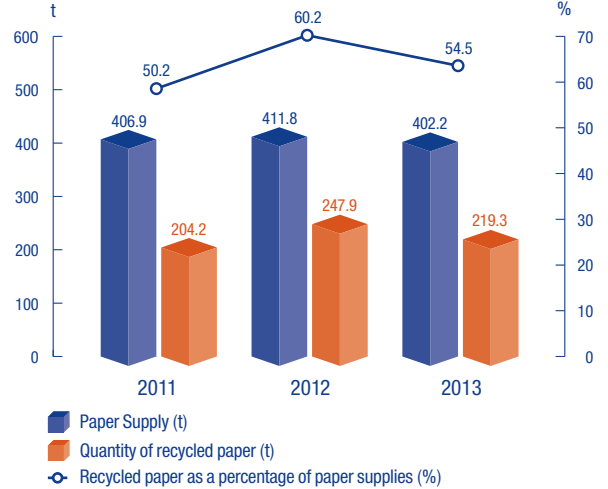
### BUSINESS AIR TRAVEL (DOMESTIC & INTERNATIONAL)



### TOTAL CO<sub>2</sub> EMISSIONS



### PAPER SUPPLY AND RECYCLING





## **6. CERTIFIED MANAGEMENT SYSTEMS AND SUSTAINABLE DEVELOPMENT**

The concept of Sustainable Development/Sustainability is included in the core strategies of the Eurobank group. In this context, the Group has established and implements Environment, Quality, Health and Safety at Work, IT Service, Societal Security-Business Continuity and Information Safety Management Systems, certified in accordance with International Standards. Their implementation contributes to the sustainability of the Organisation and focuses on the continuous improvement of services, with respect and responsibility towards the Environment, the Society, the Employees and all stakeholders.

### **QUALITY MANAGEMENT SYSTEM**

The Eurobank group, recognizing the need to continuously improve the services it offers, has set a specific Quality Policy, realised through the implementation of a Quality Management System, certified in accordance with the ISO 9001 International Standard. The effort to ensure and implement the Quality Policy, as well as to realise the targets emanating from it, is coordinated by the Group Environment & Quality Division.

The Management of the Group has set the target of diffusing the Bank's certified quality practices to its internal audience, as well as to the Group's subsidiaries in Greece and abroad.

In this context, the Fund Administration Services and Private Banking, as well as the Eurobank Asset Management MFMC subsidiary, were certified in 2013 in accordance with the ISO 9001:2008 standard and were included in the existing scope of the Group's Quality Policy.

### **IT SERVICE MANAGEMENT SYSTEM**

The Information Technology Service Management System implemented by the Bank includes, among others, the design and development of services, acceptance testing and integration of services into production, service-level management, change management and supplier management, as well as resolution of incidents and problems etc. This System was certified in April 2013 in accordance with the ISO 20000-1 International Standard. This certification covers the entire range of IT services rendered to the Bank's business units and concerns the IT operating model in its entirety (policies, procedures, guidelines, organisation structure, responsibilities, human resources etc.).

Eurobank is the only banking institution in Greece, and one of the few worldwide, to have received ISO 20000-1 certification for a similar range of services.

### **SOCIETAL SECURITY - BUSINESS CONTINUITY MANAGEMENT SYSTEM**

Securing the uninterrupted provision of banking and financial services according to the needs and expectations of all stakeholders (Customers, Shareholders, Suppliers, Employees etc.) is one of the commitments of the Eurobank group. In this vein, the Group has adopted a specific Business Continuity Plan, whose implementation is based on an ISO 22301:2012 compliant Management System.

The guardian of the Management System is integrated in the structure of the Group Organisation and Planning Sector, its main responsibility being to ensure the implementation of the Business Continuity Policy and the objectives emanating from it.

The Business Continuity Policy governs all Group subsidiaries in Greece and abroad, and is implemented by Business Continuity Units established in the subsidiary banks of Romania, Bulgaria, Serbia, Ukraine and Cyprus, as well as in the Bank's branch in London.

## 7. CORPORATE GOVERNANCE

In compliance with Greek legislation and international best practices on corporate governance, as well as the Bank's contractual obligations with the Hellenic Financial Stability Fund (HFSF), Eurobank and its subsidiaries have adopted and implement a Corporate Governance Code which describes the main corporate governance principles and practices adopted by the Group.

More specifically, the corporate governance principles applied by the Bank and at Group level ensure that

- The composition and operation of the Board ensures transparency and consistency during the decision-making process
- All Shareholders enjoy equal treatment and protection of their interests, and have access to adequate and timely information on the business of the Bank and its subsidiaries
- The Internal Control Manual of Eurobank as well as the Internal Governance Regulations of the Bank's subsidiaries and the organisational structure of Eurobank and its Group, lead to a clear and distinct distribution of powers and responsibilities and to the establishment of a concrete environment of internal control
- There will be no internal nor external conflicts of interests.

In order to ensure the best possible application of the corporate governance principles throughout the scope of its business, Eurobank has set up the Group Corporate Governance Division, which establishes the management, operation and control frameworks for Eurobank and its subsidiaries, ensures their proper implementation and is responsible for informing the competent supervisory authorities in accordance to the legislative provisions in force.

### \_ BOARD OF DIRECTORS

The Bank is headed by a Board which is collectively responsible for the long-term success of the Bank. The Board exercises its responsibilities effectively and in accordance with the local legislation, international best practices and the Bank's contractual obligations with HFSF.

The membership and term of the Board are approved by the Bank's General Meeting. The Board was elected by the Annual General Meeting held on 27 June 2013, and its term expires at the 2016 Annual General Meeting when the new Board of Directors will be elected.

The Board is assisted in carrying out its duties by Board Committees, to whom it delegates some of its responsibilities, approves their mandate and composition, from which it receives regular and ad-hoc reports and whose performance it assesses.

## COMPOSITION OF THE BOARD & ITS COMMITTEES

The membership of the Board of Directors and of its Committees as at 31.12.2013 was as follows:

COMPOSITION OF THE BOARD	AUDIT COMMITTEE	RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
<b>GEORGE A. DAVID</b> Chairman, Non-Executive				•
<b>GEORGE C. GONDICAS</b> Honorary Chairman, Non-Executive Director				
<b>EFSTRATIOS-GEORGIOS A. ARAPOGLOU</b> Vice-Chairman, Non-Executive Independent Director	•	Chairman	Chairman	Chairman
<b>CHRISTOS I. MEGALOU</b> Chief Executive Officer		•		
<b>SPYROS L. LORENTZIADIS</b> Non-Executive Independent Director	Chairman	•		
<b>DIMITRI T. PAPALEXOPOULOS</b> Non-Executive Independent Director			•	•
<b>DIMITRIOS A. GEORGOUTSOS<sup>1</sup></b> Non-Executive Director				
<b>KENNETH HOWARD K. PRINCE - WRIGHT<sup>2,3</sup></b> Non-Executive Director	•	•	•	•
<b>HARRIS V. KOKOLOGIANNIS</b> <i>Secretary</i>				

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

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

(3) Participates in all Board Committees under the Relationship Framework Agreement.

During 2013, the following changes have taken place in the composition of the Bank's Board of Directors:

- The term of office of Messrs Efthymios N. Christodoulou, Nicholas C. Nanopoulos, Nikolaos V. Karamouzis, Byron N. Ballis, Nicholas K. Pavlidis, Nicholaos M. Stassinopoulos, Angeliki N. Frangou, Panagiotis V. Tridimas, Athanasios J. Martinos and Christos M. Glavanis, ended at the 2013 Annual General Meeting (27.6.2013), when the Shareholders elected a new Board.
- Messrs Dimitrios G. Dimopoulos and Paul K. Mylonas, General Managers of the National Bank of Greece, were appointed for the first time on 19.3.2013 and their term ended on 17.6.2013, with their resignation from the Board, following the completion of the recapitalisation of the Bank, fully covered by the HFSF.
- Mr Michael H. Colakides appointed for the first time on 1.11.2007, reappointed as Board member at the 2010 and 2013 Annual General Meetings and his term ended on 30.10.2013 with his resignation from the Board.

# 2013 DISTINCTIONS

## BANKING

Fastest Growing Bank in Mortgage Lending	Bulgaria / Forbes Magazine
Best Banking Product of the Year (co-branded credit card Postbank – IKEA)	Bulgaria / Card Payments Forum
Special Award for Stability and Performance for over 22 years	Romania / FinMedia Group
Award for Best Dynamic Cards Usage	Romania / FinMedia Group
Credit Card Visa Champion Award	Romania / Romania Visa Forum
Best Bank for Business	Ukraine / Ukrainian Banker Awards

## PRIVATE BANKING

Best Private Bank	Greece / World Finance Magazine
Best Private Bank	Cyprus / Euromoney Magazine

## TRADE FINANCE

Best IFC Partner Award for Global Trade Financing in the “Southern Europe” category	Romania / 6 <sup>th</sup> Annual Global Trade Partners Meeting of IFC
Best IFC Partner Award in the “Emerging Markets” category	Serbia / 6 <sup>th</sup> Annual Global Trade Partners Meeting of IFC

## CASH MANAGEMENT

Best Domestic Cash Manager	Greece / Euromoney Magazine
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## SECURITY SERVICES

Best Sub-custodian Bank	Greece / Global Finance Magazine
Top Rated Custodian for Leading Foreign and Domestic Institutional Clients	Greece / Global Custodian Magazine

Top Rated Custodian for Foreign Institutional Clients \_\_\_\_\_ Cyprus / Global Custodian Magazine

Top Rated Custodian for Foreign and Domestic Institutional Clients \_\_\_\_\_ Bulgaria / Global Custodian Magazine

Top Rated Custodian for Foreign and Domestic Institutional Clients \_\_\_\_\_ Romania / Global Custodian Magazine

## **EQUITIES BROKERAGE**

1<sup>st</sup> Place among Brokerage Companies in the Greek market \_\_\_\_\_ Greece / Thomson Reuters Extel Survey

## **MUTUAL FUNDS**

Two Top Rated Investment Managers in Eurobonds for their three years performance 2011-2013 \_\_\_\_\_ Greece / Citywire Global

Top Rated Investment Manager in Eurozone Equities for his two years performance 2012-2013 \_\_\_\_\_ Greece / Citywire Global

“Five Stars” to mutual funds Eurobank (LF) Equity-Flexi Style Greece, Eurobank I (LF)

Special Purpose-Blue Chips Protect, Eurobank (LF) Cash Fund (EUR) and Interamerican Money Market funds \_\_\_\_\_ Greece / Morningstar®

## **e-BANKING**

Best Corporate/Institutional Internet Bank \_\_\_\_\_ Greece / Global Finance Magazine

## **SOCIAL RESPONSIBILITY**

European CSR Award Scheme distinction in the category “Large Company”

for the Initiative “Greece Innovates!” Competition \_\_\_\_\_ Greece / European CSR Awards Scheme

Special Award for Community Sustainability

for the anti-slavery public awareness campaign “The NO Project” \_\_\_\_\_ Romania / Romanian CSR Awards

Special Award for Corporate Social Responsibility for the anti-slavery public awareness campaign

“The NO Project” targeting youth awareness of Human Trafficking \_\_\_\_\_ Romania/ Oskar Capital Gala, by Capital Magazine

“My choice 2013” Award in the category of Social Inclusion

and Environmental Protection \_\_\_\_\_ Serbia / “My Serbia” Association, under the auspices of the Belgrade Chamber of Commerce

VIRTUS Award for contribution to the local community

for the “Big Heart” project aiming at the restoration

of day care centres and children’s recreation areas \_\_\_\_\_ Serbia / Trace Foundation, in cooperation with the EU and the Government of the Republic of Serbia

# APPENDIX

**EUROBANK ERGASIAS S.A.**

**SELECTED FINANCIAL DATA**

**FOR THE YEAR ENDED ON DECEMBER 31, 2013**

THE COMPLETE ANNUAL FINANCIAL REPORT FOR THE YEAR 2013  
IS AVAILABLE ON THE GROUP'S OFFICIAL WEBSITE [WWW.EUROBANK.GR](http://WWW.EUROBANK.GR)



## EUROBANK ERGASIAS S.A.

## CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER

	2013 € million	2012 Restated € million
Interest income	2,860	4,075
Interest expense	(1,566)	(2,614)
<b>Net interest income</b>	<b>1,294</b>	<b>1,461</b>
Banking fee and commission income	356	363
Banking fee and commission expense	(153)	(163)
<b>Net banking fee and commission income</b>	<b>203</b>	<b>200</b>
Net insurance income	36	30
Income from non banking services	34	32
Dividend income	3	4
Net trading income	(15)	51
Gains less losses from investment securities	41	(22)
Net other operating income	(9)	(1)
<b>Operating income</b>	<b>1,587</b>	<b>1,755</b>
Operating expenses	(1,071)	(1,058)
<b>Profit from operations before impairments and non recurring losses</b>	<b>516</b>	<b>697</b>
Impairment losses on loans and advances	(1,920)	(1,655)
Impairment and other losses on Greek sovereign exposure	65	(363)
Impairment losses on goodwill	(142)	(42)
Other impairment losses	(189)	(319)
Restructuring costs and other non recurring losses	(254)	(12)
Share of results of associated undertakings and joint ventures	(2)	(0)
<b>Profit/(loss) before tax</b>	<b>(1,926)</b>	<b>(1,694)</b>
Income tax	458	335
Non recurring tax adjustments	329	-
<b>Profit/(loss) for the year from continuing operations</b>	<b>(1,139)</b>	<b>(1,359)</b>
Profit/(loss) for the year from discontinued operations	(18)	(86)
<b>Net profit/(loss) for the year</b>	<b>(1,157)</b>	<b>(1,445)</b>
Net profit/(loss) for the year attributable to non controlling interest	(3)	13
<b>Net profit/(loss) for the year attributable to Shareholders</b>	<b>(1,154)</b>	<b>(1,458)</b>
	<b>€</b>	<b>€</b>
<b>Earnings/(losses) per share</b>		
-Basic and diluted earnings/(losses) per share	(0.41)	(23.06)
<b>Earnings/(losses) per share from continuing operations</b>		
-Basic and diluted earnings/(losses) per share	(0.40)	(21.49)

# EUROBANK ERGASIAS S.A.

## CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER

	2013 € million	2012 € million
<b>ASSETS</b>		
Cash and balances with central banks	1,986	2,065
Loans and advances to banks	2,567	4,693
Financial instruments at fair value through profit or loss	375	710
Derivative financial instruments	1,264	1,888
Loans and advances to customers	45,610	43,171
Investment securities	18,716	9,469
Property, plant and equipment	770	690
Investment property	728	616
Intangible assets	266	406
Deferred tax asset	3,063	2,106
Other assets	2,241	1,839
<b>Total assets</b>	<b>77,586</b>	<b>67,653</b>
<b>LIABILITIES</b>		
Due to central banks	16,907	29,047
Due to other banks	10,192	2,772
Derivative financial instruments	1,558	2,677
Due to Customers	41,535	30,752
Debt issued and other borrowed funds	789	1,365
Other liabilities	2,082	1,695
<b>Total liabilities</b>	<b>73,063</b>	<b>68,308</b>
<b>EQUITY</b>		
Ordinary share capital	1,641	1,222
Share premium	6,669	1,451
Reserves and retained earnings	(5,095)	(4,922)
Preference shares	950	950
<b>Total equity attributable to Shareholders of the Bank</b>	<b>4,165</b>	<b>(1,299)</b>
Preferred securities	77	367
Non controlling interest	281	277
<b>Total equity</b>	<b>4,523</b>	<b>(655)</b>
<b>Total equity and liabilities</b>	<b>77,586</b>	<b>67,653</b>

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ELEMENTAL  
CHLORINE  
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