Eurobank EFG

First Quarter 2011 Financial Results[1]

- **Net income at €74m after the creation of €130m collective reserve to cover potential future risks**
- **Tier I ratio rises to 11.9% or by 130bps versus 2010 year-end**
- **Deposits remain stable in the last six months, despite the modest decrease in 1Q11**
- **Liquidity ratios unchanged – The loans to deposits ratio recedes for the Group to 123%, from 127% in 2010 and for "New Europe" to 117%, from 131%**
- **Recurring pre provision income improves by 2% against the previous quarter**
- **Operating expenses decline by 3%yoy and by 8%qoq**
- **Bad debt provisions increase by 4%qoq, further strengthening the balance sheet**

"During the first quarter of the year, the Greek economy has been confronted with mounting and critical challenges. Restoring macroeconomic stability and confidence in the country's prospects and regaining international credibility are key priorities. These can only be achieved through the immediate and decisive implementation of a cohesive Medium-Term Adjustment Program, targeted principally toward the radical overhaul of the public sector, structural reforms and privatizations, that will restore fiscal discipline, enhance the country's competitiveness and support a reliable plan of sustainable growth.

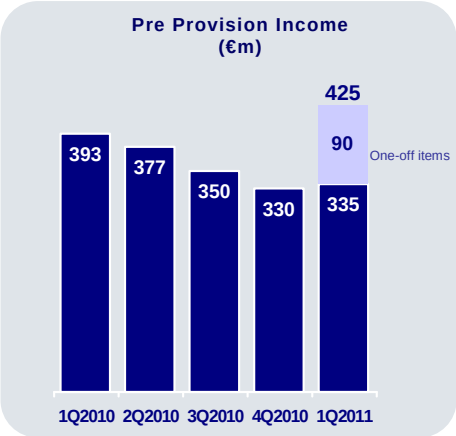
During this challenging quarter, our Group, benefiting from the continued trust of our clients and efforts of our employees, demonstrated resilience and adaptability to rapidly evolving conditions. We further strengthened our balance sheet and continued to manage risks effectively. Capitalizing on our strategic initiative in the Polish market, we managed a substantial improvement to our capital adequacy ratios, and created a collective reserve to cover future prospective risks, while, at the same time, we managed to record a profit of €74m.

Despite the challenging conditions, we remain committed to the support of our clients, contributing to the development initiatives of the local economies, and fostering extrovert growth, innovation, and healthy private entrepreneurship."

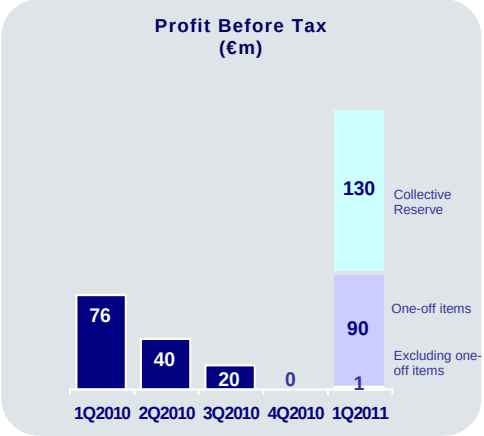
Nicholas Nanopoulos - CEO

[1] Including gains from the strategic cooperation with Raiffeisen Bank in Polbank and collective reserve for securities. 2010 figures have been restated for comparability reasons.

Analysis of First Quarter 2011 Results



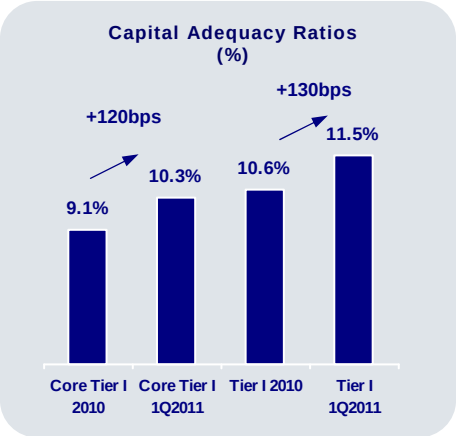
Greece's hard and painful efforts for fiscal adjustment and economic recovery continued during the first quarter of 2011 (1Q2011). Despite the significant structural reforms being underway and the initiatives undertaken towards the completion of this goal, markets' pressure and uncertainty remained intense concerning the success of fiscal consolidation and debt sustainability. Greek government bond and CDS spreads reached all-time high levels, hindering the access of the sovereign to foreign markets, thus accentuating uncertainty and worries.



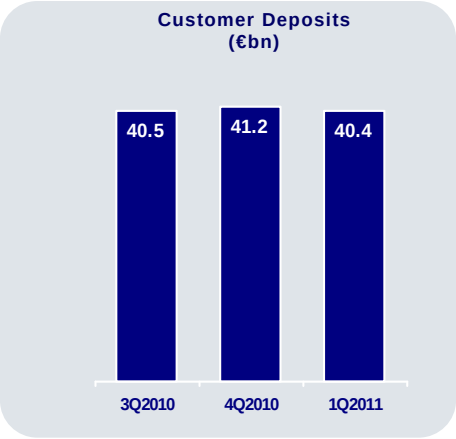
In the current stressful conditions for the Greek economy, Eurobank EFG shows resistance and implements successfully the priorities of maintaining robust capital and adequate liquidity, strengthening the balance sheet, through increased bad debt provisions, and maintaining pre-provision profits at levels sufficient to cover the negative consequences of recession. Rationalization of the cost base and improving business efficiency continue for a third year in a row, positively contributing to the effort of strengthening pre-provision income. In addition, the largest part of capital gains from the strategic cooperation with Raiffeisen Bank was used to create a one-off collective reserve for securities, as a precautionary measure, given the tough macroeconomic conditions. Accounting for the above results, pre-provision income grew to €425m, from €330m in 4Q2010. Excluding the one-off items of €90m, pre-provision income improved by 2% versus the previous quarter and stood at €335m, whereas profit before tax reached €1m, from zero in 4Q2010.

"New Europe" performed strongly in 1Q2011. Total net income reached €13m, contributing by 18% the to the overall profitability of the Group. Core profit also advanced to €13m in 1Q2011, from €7m in 4Q2010 and €1m in 1Q2010, a fact which supports the assesment that profits outside Greece will be enhanced substantially in 2011.

Capital Adequacy



Eurobank EFG enjoys strong capital adequacy to cope with the harsh economic conditions, as its capital ratios remain at high levels. Accounting for the Polbank EFG deal and the merger with DIAS Closed-End Fund, Total Tier I improved by 130 basis points and stood at 11.9% in 1Q2011, from 10.6% at the end of 2010, whereas the CAD ratio amounted to 12.4%. Additional initiatives are also undertaken, which will improve organically further the capital ratios within 2011.



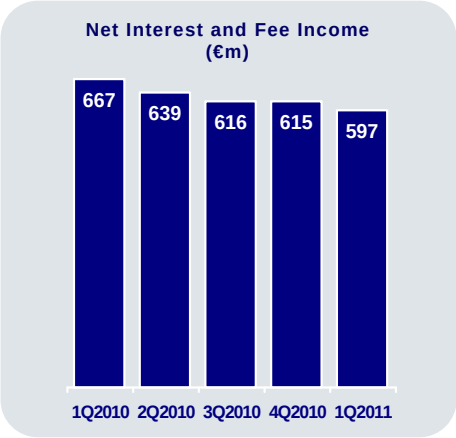
Deposits & Liquidity

Economic recession and the use of deposits from businesses and households to cover current needs resulted in a decline in the domestic banking system deposits in 1Q2011. In Greece, Eurobank EFG deposits receded by 2.9%qoq and reached €32.1bn. On the other hand, deposits increased by 2.7%qoq in "New Europe" or €217m to €8.3bn, driving the loans to deposits ratio further down to 117.4%, from 131.2% at the end of 2010. At a Group level, despite the moderate decrease in deposits by 2%qoq, the loans to deposits ratio improved to 123.5%, from 126.6% in 2010.

During the first three months of 2011, the Group reduced its exposure to the ECB by ca€1bn, has built a contingent liquidity reserve of ca€5bn and is continuously undertaking initiatives to strengthen further its liquidity position.

Lending

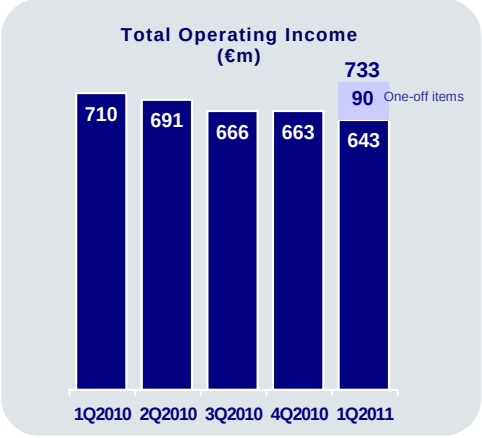
Customer loans receded by 1.6%qoq and amounted to €52.3bn at the end of March 2011, due to limited demand for credit and selective de-risking. Corporate loans as well as loans to households registered a moderate decrease of 2%qoq to €31.1bn and €21.1bn respectively in 1Q2011.



Interest and Commission Income

Net interest income receded by 2.2%qoq and amounted to €503m in 1Q2011, from €515m in 4Q2010. Lower net interest income was the result of the extra cost on issuance for government guaranteed bonds that support liquidity and continuing change of the loan book mix towards more secure categories that carry collateral but have lower margin.

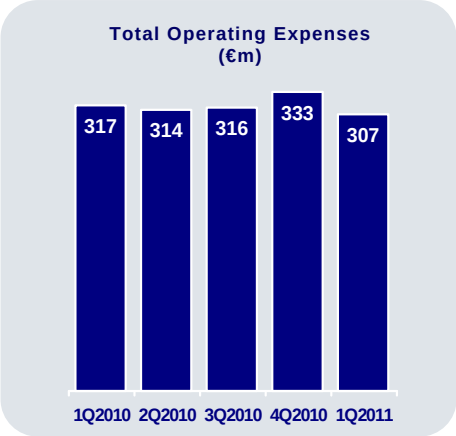
The trend in fee and commission income was similar to that of interest income, with the former declining by 6.3%qoq to €94m in 1Q2011, from €100m in 4Q2010. Fees from banking activities fell to €76m, from €87m the previous quarter, whereas fees from insurance and other non banking business recovered and stood at €18m, against €13m in 4Q2010.



None Core and Total Operating income

Group non core income amounted to €135m in 1Q2011, from €48m the last quarter of 2010. 1Q gains include gains from the strategic cooperation with Raiffeisen Bank for Polbank EFG and collective reserve for securities of €130m that were formed as a precautionary measure, given the challenging macroeconomic conditions.

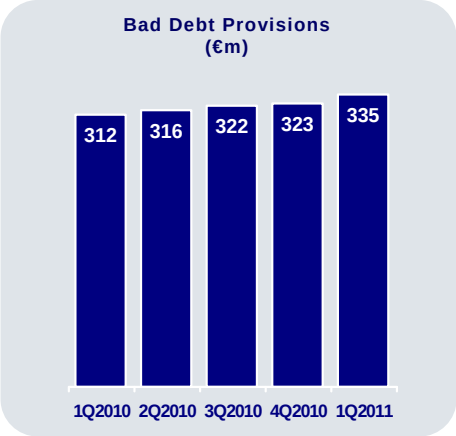
Group total operating income improved to €733m in 1Q2011, from €663m in 4Q2010, whereas excluding one-off items, total income reached €643m.



Total Operating expenses

Following its cost containment strategy, the Group managed to cut expenses in 1Q2011 by 3.2%yoy and by 7.8%qoq. This is a remarkable performance and follows the 9% reduction in operating expenses that was recorded over the last two years. In Greece, cost containment was more pronounced, as expenses recorded a decline of more than 10% in 1Q2011 versus the last quarter of 2010. Efforts for cost rationalization will also continue in the coming quarters of 2011.

Impairments for Bad Loans and Asset Quality



Bad debt provisions rose to €275m in Greece in 1Q2011, from €261m in 4Q2010, as a result of the continued recession in the domestic economy which affects adversely households and businesses. To the contrary, the improving macroeconomic conditions in “New Europe” resulted in lower provisions in the region by 3%qoq to €59m. In total, Group provisions grew by 3.7%qoq and amounted to €335m.

As expected, recession in the domestic economy affected the non performing loans, which rose to 9.2% of Group loans, from 8.2% at the end of the previous year. Non performing loans are 50% covered by provisions. Provisions and collaterals together exceed substantially the value of these loans.

Eurobank EFG

Eurobank EFG Group Financial Figures

Major financial figures[3]	1Q2011	4Q2010	% change	3Q2010	2Q2010	1Q2010
Net Interest Income	€503m	€515m	(2.2%)	€512m	€524m	€552m
Net Fees & Commissions	€94m	€100m	(6.3%)	€104m	€115m	€115m
Total Operating Income	€643m[4]	€663m	(3.1%)	€666m	€691m	€710m
Total Operating Expenses	€307m	€333m	(7.8%)	€316m	€314m	€317m
Pre Provision Income	€425m[5]	€330m	28.9%	€350m	€377m	€393m
Impairment Losses	€335m	€323m	3.7%	€322m	€316m	€312m
Net Income	€74m	€8m		€10m	€34m	€61m

Group Gross Loans and Customer Deposits[3]	1Q2011	4Q2010
Consumer Credit	€7.7bn	€8.0bn
Mortgages	€13.4bn	€13.6bn
Small Business Loans	€8.2bn	€8.3bn
Loans to medium and large companies	€23.0bn	€23.5bn
Total Gross Loans	**€52.3bn**	**€53.4bn**
Total Deposits	**€40.4bn**	**€41.2bn**

Group Financial Ratios	1Q2011	1Q2010
Net Interest Margin	2.54%	2.78%
Cost to Income Ratio	47.8%[4]	44.7%
Non performing loans	9.2%	6.1%
Loans past due over 90 days	11.4%	7.7%
NPLs Coverage Ratio	50.0%	54.8%
Provisions to avg. net loans	2.65%	2.43%
Total Tier I Ratio	11.9%[6]	11.0%
Total CAD	12.4%[6]	12.2%
ROA after tax	0.37%	0.31%
ROE after tax & minorities	4.40%	1.93%

[3] Excluding Polbank EFG
[4] Excluding one-off items of €90m
[5] Including one-off items of €90m
[6] Pro forma for Polbank EFG transaction and the merger with DIAS Closed-End Fund

Athens, May 25th, 2011

Eurobank EFG

GROUP CONSOLIDATED RESULTS MARCH 2011

€ million	**1Q11**	**1Q10**
Consolidated Income Statement		
Net Interest Income	**503**	**552**
Net banking fee and commission income	76	95
Net insurance income	11	11
Income from non banking services	7	9
Net Commission Income	**94**	**115**
CORE INCOME	**597**	**667**
Dividend Income	0	1
Net trading income	36	23
Gains less losses from investment securities	8	14
Other operating income	1	5
Non Core Income	**45**	**43**
Operating Income	**643**	**710**
Staff Costs	(174)	(179)
Other operating expenses	(105)	(111)
Depreciation expenses	(29)	(28)
Operating Expenses	**(307)**	**(317)**
PRE PROVISION INCOME	**335**	**393**
Gain on Poland sale	230	
Poland's result 1Q	(10)	(4)
Collective Reserve	(130)	
Total PRE PROVISION INCOME	**425**	**389**
Impairment losses on loans and advances	(335)	(312)
Profit from Operations	***91***	***77***
Share of results of associates	(0)	1
Profit Before Tax	**90**	**78**
Income Tax Expense	(13)	(11)
Special Tax Contribution		(45)
Net profit for the year	**77**	**21**
Net profit for the year attributable to non controlling interest	(4)	(5)
Net profit for the year attributable to shareholders	**74**	**16**