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# ***NEU II Property Holdings Limited***

Office Copy (signed)

*Report and  
financial  
statements*

*31 December 2013*





# **NEU II Property Holdings Limited**

## **Report and financial statements for the year ended 31 December 2013**

### **Contents**

	<b>Page</b>
<b>Board of Directors and other officers</b>	<b>1</b>
<b>Report of the Board of Directors</b>	<b>2 – 3</b>
<b>Independent Auditor's Report</b>	<b>4 – 5</b>
<b>Statement of comprehensive income</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Statement of changes in equity</b>	<b>8</b>
<b>Statement of cash flows</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10 – 19</b>



# **NEU II Property Holdings Limited**

## **Board of Directors and other officers**

### **Board of Directors**

Dimitrios Strongylopoulos  
Michalis Louis  
Demetris Shacallis  
Charalambos Hambakis

### **Company Secretary**

Demetris Shacallis

### **Registered office**

41 Arch. Makariou III Avenue  
1065, Nicosia  
Cyprus

# **NEU II Property Holdings Limited**

## **Report of the Board of Directors**

The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2013.

### **Principal activities**

The principal activity of the Company, which is unchanged from last year, is the holding of investments.

### **Review of developments, position and performance of the Company's business**

The Company recorded a loss for the year ended 31 December 2013 amounting to €7.045 (2012: €2.031.571). On 31 December 2013 the total assets of the Company were €245.735 (2012: €250.569) and the net assets were €238.804 (2012:€245.849). The financial position and performance of the Company as presented in these financial statements are considered satisfactory, given the current economic conditions.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in Note 3 of the financial statements.

### **Future developments of the Company**

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

### **Results**

The Company's results for the year are set out on page 6. The loss for the year is carried forward.

### **Share capital**

There were no changes in the Company's share capital in the year ended 31 December 2013.

# **NEU II Property Holdings Limited**

## **Report of the Board of Directors (continued)**

### **Board of Directors**

The members of the Board of Directors of the Company as at 31 December 2013 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2013 and up to the date of this report.

### **Events after the balance sheet date**

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements, other than those disclosed in Note 13 of the financial statements.

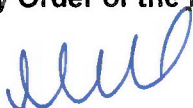
### **Branches**

The Company did not operate through any branches during the year.

### **Independent Auditors**

The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

### **By Order of the Board**



**Michalis Louis**  
**Director**

Nicosia  
1 December 2014





# **Independent auditor's report**

## **To the Members of NEU II Property Holdings Limited**

### **Report on the financial statements**

We have audited the accompanying financial statements of NEU II Property Holdings Limited (the "Company"), which comprise the balance sheet as at 31 December 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the financial statements*

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

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

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

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



## *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of NEU II Property Holdings Limited as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

## **Report on other legal requirements**

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

## **Other matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



George Kazamias  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Nicosia  
1 December 2014



# NEU II Property Holdings Limited

## Statement of comprehensive income for the year ended 31 December 2013

	Note	2013 €	2012 €
Administrative expenses	5	(7.045)	(12.790)
Impairment of investment in subsidiaries	12	-	(2.018.781)
<b>Operating loss and loss before tax</b>		<b>(7.045)</b>	<b>(2.031.571)</b>
Tax	6	-	-
<b>Loss for the year</b>		<b>(7.045)</b>	<b>(2.031.571)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(7.045)</b>	<b>(2.031.571)</b>

The notes on pages 10 to 19 are an integral part of these financial statements.

# NEU II Property Holdings Limited

## Balance sheet at 31 December 2013

	Note	2013 €	2012 €
<b>Assets</b>			
<b>Non current assets</b>			
Investments in subsidiaries	12	-	-
<b>Current assets</b>			
Cash and cash equivalents	7	245.735	250.569
<b>Total assets</b>		<b>245.735</b>	<b>250.569</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital and share premium	8	2.300.000	2.300.000
Accumulated losses		(2.061.196)	(2.054.151)
<b>Total equity</b>		<b>238.804</b>	<b>245.849</b>
<b>Current liabilities</b>			
Payables	9	6.931	4.720
<b>Total liabilities</b>		<b>6.931</b>	<b>4.720</b>
<b>Total equity and liabilities</b>		<b>245.735</b>	<b>250.569</b>

On 1 December 2014 the Board of Directors of NEU II Property Holdings Limited authorised these financial statements for issue.

Michalis Louis, Director



Demetris Shacallis, Director



The notes on pages 10 to 19 are an integral part of these financial statements.

# NEU II Property Holdings Limited

## Statement of changes in equity for the year ended 31 December 2013

	Note	Ordinary Share capital €	Share premium €	Accumulated losses €	Total €
<b>Balance as at 1 January 2012</b>		300.000	-	(22.580)	277.420
<b>Comprehensive loss</b>					
Loss for the year		-	-	(2.031.571)	(2.031.571)
Total comprehensive loss		-	-	(2.031.571)	(2.031.571)
<b>Transactions with owners</b>					
Issue of shares	8	1.000.000	1.000.000	-	2.000.000
<b>Balance at 31 December 2012/ 1 January 2013</b>		<b>1.300.000</b>	<b>1.000.000</b>	<b>(2.054.151)</b>	<b>245.849</b>
<b>Comprehensive loss</b>					
Loss for the year		-	-	(7.045)	(7.045)
Total comprehensive loss		-	-	(7.045)	(7.045)
<b>Balance at 31 December 2013</b>		<b>1.300.000</b>	<b>1.000.000</b>	<b>(2.061.196)</b>	<b>238.804</b>

The notes on pages 10 to 19 are an integral part of these financial statements.

# NEU II Property Holdings Limited

## Statement of cash flows for the year ended 31 December 2013

	Note	2013 €	2012 €
<b>Cash flows from operating activities</b>			
Loss before tax		(7.045)	(2.031.571)
Adjustments for:			
Impairment of investment in subsidiaries		-	2.018.781
Changes in working capital:			
Increase in payables		2.211	120
<b>Net cash used in operating activities</b>		<b>(4.834)</b>	<b>(12.670)</b>
<b>Cash flows from investing activities</b>			
Investment in subsidiary		-	(2.018.781)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(2.018.781)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary share capital	8	-	1.000.000
Proceeds from issue of share premium	8	-	1.000.000
<b>Net cash from financing activities</b>		<b>-</b>	<b>2.000.000</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4.834)</b>	<b>(31.451)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>250.569</b>	<b>282.020</b>
<b>Cash and cash equivalents at end of year</b>	7	<b>245.735</b>	<b>250.569</b>

The notes on pages 10 to 19 are an integral part of these financial statements.



# NEU II Property Holdings Limited

## Notes to the financial statements

### 1 General information

#### Country of incorporation

The Company was incorporated in Cyprus on 8 February 2011 as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 41 Arch. Makariou III Avenue, P.O. Box 1643, Nicosia, Cyprus.

#### Principal activities

The principal activity of the Company is the holding of investments.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements, unless otherwise stated.

#### Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2013 have been adopted by the EU through the endorsement procedure established by the European Commission.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for the current accounting period. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Company.

# NEU II Property Holdings Limited

## 2 Summary of significant accounting policies (continued)

### Revenue recognition

Revenues earned by the Company are recognised on the following bases:

**(i) Interest income**

Interest income is recognised on a time proportion basis using the effective interest method.

**(ii) Dividend income**

Dividend income is recognised when the right to receive payment is established.

### Foreign currency translation

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### Current income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

# NEU II Property Holdings Limited

## 2 Summary of significant accounting policies (continued)

### Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

### Investments in subsidiaries

Subsidiaries are all entities, including special purpose entities, over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The Company carries the investments in subsidiaries at cost less any impairment in its separate financial statements.

### Consolidated financial statements

The Company is a wholly owned subsidiary of Eurobank Ergasias S.A., a listed entity in Greece, and has used the exemption offered by IAS27 "Consolidated and Separate Financial Statements" paragraph 10 and did not prepare consolidated financial statements. Preparation of consolidated financial statements was not required due to the availability of the consolidated financial statements of Eurobank Ergasias S.A. into which the results and financial position of the Company are consolidated. This is also in compliance with the Cyprus Companies Law Cap.113.

### Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

# NEU II Property Holdings Limited

## 2 Summary of significant accounting policies (continued)

### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

## 3 Financial risk management

### (i) Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange risk and interest rate risk) and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company's to financial risks such as foreign exchange risk, interest rate risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

- **Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

During the year ended 31 December 2013, the Company maintained balances with the Eurobank Ergasias S.A.Group.

- **Market risk**

- **Foreign exchange risk**

Foreign exchange risk arises when future transactions on recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.



# NEU II Property Holdings Limited

## 3 Financial risk factors (continued)

### • Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected adverse movements arise.

The Company is not exposed to any material interest rate risk.

### • Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year 2013 €	Gross nominal outflow 2013 €	2012 €
Payables	6.931	6.931	4.720
At 31 December	6.931	6.931	4.720

### (ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital as defined by management at 31 December 2013 consists of equity as shown on the face of the balance sheet.

### (iii) Fair value estimation

The carrying value of payables is assumed to approximate their fair value.

# NEU II Property Holdings Limited

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Impairment of investments in subsidiaries**

The Company follows the guidance of IAS 36 in determining whether an investment in subsidiary is impaired. This determination requires significant judgment. The Company assesses at the end of each reporting period whether there is an indication of impairment. If such an indication exists the Company estimates the recoverable amount of the investment.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

## 5 Administrative expenses

	2013 €	2012 €
Legal fees	1.605	-
Other certification fees	670	6.468
Auditors' remuneration – previous year	-	80
Auditors' remuneration – current year	4.760	4.720
Professional fees	-	575
Foreign exchange difference	-	337
Other expenses	10	610
<b>Total administrative expenses</b>	<b>7.045</b>	<b>12.790</b>

There were no fees charged by the Company's statutory audit firm for other assurance services.

# NEU II Property Holdings Limited

## 6 Income tax

	2013 €	2012 €
Income tax expense	-	-

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2013	2012 €
Loss before tax	<b>(7.045)</b>	(2.031.571)
Tax calculated at the applicable corporation tax rate of 12.5% / 10%	<b>(881)</b>	(203.157)
Tax effect of expenses and losses not deductible for tax purposes	-	201.878
Tax effect of tax losses	<b>881</b>	1.279
Income tax charge	-	-

As from 1 January 2013, the Company is subject to corporation tax on taxable profits at the rate of 12,5% (10% up to 31 December 2012). As at 31 December 2013 and 2012 the Company was not subject to corporation tax as it incurred taxable losses.

Up to 31 December 2008, under certain conditions interest may be subject to defense contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%.

In certain cases dividends received from abroad may be subject to special contribution for defense at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012 to 31 December 2013. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defense.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

## 7 Cash and cash equivalents

	2013 €	2012 €
Cash at bank (Note 11)	245.735	250.569
	245.735	250.569

For the purpose of the cash flow statement, the cash and cash equivalents comprise the above amount.

Cash and cash equivalents are denominated in Euro.

The cash at bank is held with a Group company and carries no interest.

The credit rating of the financial institution where the Company maintains cash balances is Caa2 (Moody's) (2012: Caa2 (Moody's)). The rating used is as of 31 December 2013 and is given for the top level entity of the group in which the financial institution belongs.

Cash at bank is categorised as "loans and receivables".

# NEU II Property Holdings Limited

## 8 Share capital

	No. of shares 000	Ordinary shares €'000	Share premium €'000	Total €'000
<i>Authorised</i>				
<b>At 31 December 2013</b>	<b>1.300</b>	<b>1.300</b>	<b>1.000</b>	<b>2.300</b>
At 31 December 2012	1.300	1.300	1.000	2.300
<i>Issued</i>				
<b>At 31 December 2013</b>	<b>1.300</b>	<b>1.300</b>	<b>1.000</b>	<b>2.300</b>
At 31 December 2012	1.300	1.300	1.000	2.300

There were no changes in the Company's share capital in the year ended 31 December 2013.

At the Extraordinary General Meeting of the shareholders held on 29 November 2012, the authorized share capital of the Company was increased from €300.000 to €1.300.000 by the creation of 1.000.000 new ordinary shares of nominal value of €1 each and the issued share capital was increased from €300.000 to €1.300.000 by the creation of 1.000.000 new ordinary shares of nominal value €1 each and issuance price of €2 per share, amounting to a total share capital increase of €1 million.

## 9 Payables

	2013	2012
	€	€
Other creditors	6.931	4.720
	<b>6.931</b>	<b>4.720</b>

The fair value of payables which are due within one year approximates their carrying amount at the balance sheet date.

Payables are categorised as "other financial liabilities at amortised cost"

## 10 Contingencies and commitments

There are no contingencies or capital commitments as at 31 December 2013 and 31 December 2012.



# NEU II Property Holdings Limited

## 11 Related party transactions

The Company is controlled by NEU Property Holdings Limited, 100% subsidiary of Eurobank Ergasias S.A., incorporated in Cyprus, which owns 100% of the Company's shares.

Until 23 July 2012, Eurobank Ergasias S.A. ("Eurobank") was a member of the EFG Group, the operating parent company of which is "European Financial Group EFG (Luxembourg) S.A.". On 23 July 2012, 43.55% out of the 44.7% held by the EFG Group was transferred to ten independent legal entities, each of which acquired 4.4%. As a result, from 23 July 2012 onwards, Eurobank has ceased to belong to the EFG Group, is not included in its consolidated financial statements and operates as an independent company, not controlled by any (one or more) individuals or legal entities.

On 30 April 2013, the Extraordinary General Meeting approved the increase of the share capital of the Eurobank Ergasias S.A. , in accordance with the provisions of Law 3864/2010 and Act of Cabinet 38/9.11.2012, in order to raise € 5,839 million by issuing 3,789,317,358 new ordinary shares, covered entirely by the HFSF with the contribution of bonds issued by the EFSF and owned by the HFSF . The capital increase was certified on 31 May and the listing of the new shares was completed on 19 June 2013 after obtaining the relevant approvals from Greek regulatory authorities.

In May 2013, following its full subscription in the parent company's recapitalisation of € 5,839 million, the HFSF became the controlling shareholder and a related party of the company. On 19 June 2013, HFSF acquired 3,789,317,358 parent company's ordinary shares with voting rights, representing 98.56% of its ordinary share capital. Following the issuance of 205,804,664 new ordinary shares in July, as resolved at the Annual General Meeting of the Shareholders on 27 June 2013, the percentage of the voting rights held in Eurobank by HFSF decreased to 93.55%. Following the share capital increase approved by the Extraordinary General Meeting of 26 August 2013, the controlling percentage of HFSF increases to 95.23%.

On 14 November 2013, Eurobank Ergasias S.A. announced the initiation of the process to raise approximately € 2 bn through a capital increase. On 14 January 2014, Eurobank Ergasias S.A. and HFSF announced that the transaction timetable will be adjusted to allow for the finalization of the assessment of forward looking capital needs of the Greek banking sector and the new recapitalization framework. On 8 April 2014, the BoG following a) the assessment of Eurobank's capital needs amounting to € 2,945 million under the baseline scenario, concluded on 6 March 2014 and b) the capital enhancement plan submitted by the Bank on 24 March 2014, whereby the Bank: i) revised its capital actions providing for an additional positive impact on regulatory capital of € 81 million and proposed to adjust the restructuring plan accordingly and ii) stated that it intends to cover the remaining capital needs through a share capital increase, notified the Bank that its Core Tier I capital should increase by € 2,864 million

On 12 April 2014, the Extraordinary Shareholders' General Meeting approved the increase of the share capital of the Bank up to € 2,864 million through payment in cash or/and contribution in kind, the cancellation of the preemption rights of the Bank's ordinary shareholders, including HFSF, and the only preference shareholder, namely the Greek State, and the issuance of up to 9,546,666,667 new ordinary registered shares, of a nominal value of € 0,30 each. The proceeds will be used to increase the Tier I Capital according to 8 April 2014 resolution of the BoG

On 29 April 2014, Eurobank completed successfully its combined equity offer of €2,864m, as both public offering and international offering were oversubscribed. The new shares were listed on the main market of the Athens Exchange and their trading commenced on May 9, 2014.

# NEU II Property Holdings Limited

## 11 Related party transactions (continued)

Following the completion of Bank's share capital increase and the commencement of trading of the new ordinary shares on the Athens Exchange on May 9, 2014, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%.

In addition, in the context of the Law 3864/2010 (the 'HFSF Law') as recently amended by Law 4254/2014, the HFSF's voting rights in the Bank's General Assemblies are no longer full but have been switched to restricted ones. As a result of the above, the HFSF is no more the controlling shareholder of the Group but is considered to have significant influence over it, remaining therefore its related party.

Related party transactions carried out during the year and outstanding balances with related parties as at 31 December 2013 are as follows:

	With Eurobank Ergasias S.A. Group 2013 €	With Eurobank Ergasias S.A. Group 2012 €
Cash at bank (Note 7)	<u>245.735</u>	<u>250.569</u>
Purchase of investments (Note 12)	<u>-</u>	<u>2.018.781</u>

## 12 Investments in subsidiaries

The Company's investment in subsidiary, which is unlisted, was as follows:

Name	Principal activity	Country of incorporation	% holding	Cost 2013	Cost 2012
IMO RILA EAD	Real estate services	Bulgaria	100,00	-	-

The Company estimated the recoverable amount of its investment in IMO RILA EAD and an impairment loss of €2.018.781 was recognised in the statement of comprehensive income for 2012. The recoverable amount was based on the net asset position of the subsidiary.

## 13 Events after the balance sheet date

Details regarding the recapitalization process of the parent bank and developments during 2014 are disclosed in Note 11 of the financial Statements.

There were no other material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent Auditor's Report on pages 4 to 5.



