

EUROBANK PROPERTY SERVICES S.A.

**ABRIDGED STAND-ALONE ANNUAL FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2016**

**Prepared in accordance with the Order of the
Romanian Minister of Public Finance no. 1802/2014
and subsequent amendments**

EUROBANK PROPERTY SERVICES S.A.

ABRIDGED STAND-ALONE ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2016

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County <u>BUCURESTI</u>	Ownership type <u>SA</u>
Entity <u>EUROBANK PROPERTY SERVICES SA</u>	Main activity
Address: town <u>BUCHAREST</u>	(CAEN group) <u>Other Business</u>
District: <u>2, 6A DIMITRIE POMPEIU Street</u>	<u>support services n.e.c</u>
bl. _____ entrance. _____ apt. _____	CAEN group code <u>8299</u>
Telephone _____, fax _____	Unique registration no.
Trade Register Number <u>J40/9876/2005</u>	<u>RO 17647061</u>

BALANCE SHEET
(code 10)

	Row	Note	31 December 2015	31 December 2016
			(RON)	(RON)
A. NON-CURRENT ASSETS				
I. INTANGIBLE ASSETS	01	1 a)	223	957
II. TANGIBLE ASSETS	02	1 b)	-	-
III. FINANCIAL ASSETS	03	1 c)	15,663	15,663
NON-CURRENT ASSETS - TOTAL	04		<u>15,886</u>	<u>16,620</u>
B. CURRENT ASSETS				
II. ACCOUNTS RECEIVABLE	06	7 d)	1,670,832	980,203
III. SHORT-TERM INVESTMENTS	07	7 m)	1,000,000	1,500,000
IV. CASH AND BANK	08	7 m)	974,857	1,205,691
CURRENT ASSETS - TOTAL	09		<u>3,645,689</u>	<u>3,685,894</u>
C. PREPAID EXPENSES				
Amounts to be expensed in less than one year	10		<u>32,396</u>	<u>61,217</u>
	11		32,396	61,217
D. LIABILITIES: AMOUNTS TO BE PAID IN LESS THAN ONE YEAR				
	13	3	1,002,814	433,670
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES				
	14		2,675,271	3,313,441
F. TOTAL ASSETS LESS CURRENT LIABILITIES				
	15		2,691,157	3,330,061
H. PROVISIONS				
	17	2	3,145	3,145
J. CAPITAL AND RESERVES				
I. SHARE CAPITAL				
1. Subscribed and paid in share capital	29		<u>547,600</u>	<u>547,600</u>
	30		547,600	547,600
IV. RESERVES				
	37		109,520	109,520

EUROBANK PROPERTY SERVICES SA

BALANCE SHEET

		<u>Row Note</u>	<u>31 December 2015</u>	<u>31 December 2016</u>
			(RON)	(RON)
V. RESULT CARRIED FORWARD	Balance C	41	6,494,464	2,030,897
VI. RESULT OF THE FINANCIAL YEAR	Balance C	43	626,429	638,604
Profit distribution		45	-	-
SHAREHOLDERS' EQUITY - TOTAL		46	2,688,042	3,326,916
SHAREHOLDERS' EQUITY - TOTAL		49 5	2,688,042	3,326,916

Authorised for issue and signed on behalf of the Board of Directors as at 23 May 2017 by:

DIRECTOR GENERAL
NTOULAS STEFANOS
Signature



PREPARED BY,
BIG ACCOUNTING SRL
Authorised legal entity, CECCAR member
Signature

Registration no. with the professional body: A60561872008

ADMINISTRATOR
EPITHYMIOS KRITSAS
Signature



Unit's stamp



EUROBANK PROPERTY SERVICES SA

STATEMENT OF PROFIT AND LOSS

(code 20)

	<u>Row</u>	<u>Note</u>	<u>2015</u> <u>(RON)</u>	<u>2016</u> <u>(RON)</u>
1. Net turnover	01	7 e)	6,529,731	5,987,119
Production sold	02		6,529,731	5,987,119
2. Income related to the cost of work in progress				
		<u>Balance C</u>	-	-
		<u>Balance D</u>	104,765	-
7. Other operating income:	13		3,792	2,262
OPERATING INCOME – TOTAL	16		<u>6,428,758</u>	<u>5,989,381</u>
8. a) Raw material and consumable Expenses	17		22,701	23,640
Other materials	18		8,476	4,207
b) Other external expenses (energy and water)	19		19,695	11,854
9. Staff costs, out of which:	22		933,494	815,716
a) Wages and salaries	23	6	772,661	675,455
b) Expenses with insurance and social security contribution	24		160,833	140,261
10. a) Tangible and intangible assets value adjustment	25		2,020	1,187
a.1) Expenses	26		2,020	1,187
11. Other operating expenses	31		<u>4,834,807</u>	<u>4,365,962</u>
11.1 External services expenses	32	7 f)	4,738,738	4,363,298
11.2 Other taxes and similar expenses, transfers and contributions due under special regulations	33		492	2,660

Notes from 1 to 8 are an integral part of the Financial Statements.

EUROBANK PROPERTY SERVICES SA

STATEMENT OF PROFIT AND LOSS

(code 20)

	Row Note	2015 (RON)	2016 (RON)
11.6 Other expenses	37	95,577	4
Provision adjustments	39	<u>(129,043)</u>	=
Expenses	40	16,274	-
Revenues	41	145,317	-
OPERATING EXPENSES – TOTAL	42	<u>5,692,150</u>	<u>5,222,566</u>
OPERATING RESULT			
- Profit	43	736,608	766,815
13. Interest income	47	17,621	5,946
- out of which, income from affiliated undertakings	48	17,621	5,946
15. Other financial income	50	5,356	3,475
FINANCIAL INCOME – TOTAL	52	<u>22,977</u>	<u>9,421</u>
Other financial expenses	58	5,104	5,105
FINANCIAL EXPENSES – TOTAL	59	<u>5,104</u>	<u>5,105</u>
FINANCIAL RESULT			
- Profit	60	<u>17,873</u>	<u>4,316</u>
TOTAL INCOME	62	<u>6,451,735</u>	<u>5,998,802</u>
TOTAL EXPENSES	63	<u>5,697,254</u>	<u>5,227,671</u>

EUROBANK PROPERTY SERVICES SA

STATEMENT OF PROFIT AND LOSS

(code 20)

	Row Note	2015 (RON)	2016 (RON)
08. GROSS RESULT			
- Profit	64	754,483	774,133
19. Income tax	66	128,052	132,327
23. NET RESULT OF THE FINANCIAL YEAR			
- Profit	68	626,432	638,904

Authorised for issue and signed on behalf of the Board of Directors as at 23 May 2017 by:

DIRECTOR GENERAL
NTOULAS STEFANOS
Signature _____

ADMINISTRATOR
EFTHYMIOS KRISTAS
Signature _____

Unit's stamp



PREPARED BY:
BIG ACCOUNTING SRL
Authorised legal entity, CECCAR member
Signature _____

Registration no. with the professional body: A004617/2008



EUROBANK PROPERTY SERVICES SA**NOTES TO THE STAND-ALONE ANNUAL FINANCIAL STATEMENTS****FOR THE YEAR ENDED AS AT 31 DECEMBER 2016**

REPORTING ENTITY

These financial statements have been prepared by Eurobank Property Services SA (the „Company”), member of the Eurobank Ergasias Group („the Group”, „the Eurobank Group”).

1. NON-CURRENT ASSETS**a) Intangible assets**

	Concessions, patents, licenses, trademarks, similar rights and values and other Intangible assets	Total
	(RON)	(RON)
Gross value		
Balance as at 1 January 2016	106,875	106,875
Additions	1,922	1,922
Ceded assets, transfers and other disposals	—	—
Balance as at 31 December 2016	108,797	108,797
Accumulated value adjustments		
Balance as at 1 January 2016	(106,652)	(106,652)
Adjustments in the current year	(1,188)	(1,188)
Disposals or reversals	—	—
Balance as at 31 December 2016	(107,840)	(107,840)
Net carrying amount as at 1 January 2016	<u>223</u>	<u>223</u>
Net carrying amount as at 31 December 2016	<u>223</u>	<u>223</u>

EUROBANK PROPERTY SERVICES SA

NOTES TO THE STAND-ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

b) Tangible Assets

	<u>Technical installations and machines</u> (RON)	<u>Other plant, equipment and furniture</u> (RON)	<u>Total</u> (RON)
Gross value			
Balance as at 1 January 2016	153,948	323,929	477,877
Additions			
Ceded assets, transfers and other disposals	—	—	—
Balance as at 31 December 2016	153,948	323,929	477,877
Accumulated value adjustments			
Balance as at 1 January 2016	(153,948)	(323,929)	(477,877)
Charge for the year			
Disposals or reversals	—	—	—
Balance as at 31 December 2016	(153,948)	(323,929)	(477,877)
Net carrying amount as at 1 January 2016	—	—	—
Net carrying amount as at 31 December 2016	—	—	—

EUROBANK PROPERTY SERVICES SA

NOTES TO THE STAND-ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

c) Financial Assets

	Shares in associates and jointly controlled entities (RON)	Other long term investments (RON)	Total (RON)
Gross value			
Balance as at 1 January 2016	683	14,980	15,663
Additions			
Ceded assets, transfers and other disposals	—	—	—
Balance as at 31 December 2016	683	14,980	15,663
Accumulated value adjustments			
Balance as at 1 January 2016			
Adjustments in the current financial year			
Disposals or reversals	—	—	—
Balance as at 31 December 2016			
Net carrying amount as at 1 January 2016	<u>683</u>	<u>14,980</u>	<u>15,663</u>
Net carrying amounts as at 31 December 2016	<u>683</u>	<u>14,980</u>	<u>15,663</u>

2 PROVISIONS

The Company booked a provision for interest and penalties related to income tax for the year 2013, recomputed in 2015, in amount of RON 3,145.

The provision remained the same for 2016.

3 ACCOUNTS PAYABLE

As at 31 December 2016, the following payables were due within 1 year:

	(RON)
Trade payables - suppliers	275,495
Amounts due to related parties	1,490
Other liabilities, including tax and social security payables	156,685
Total	<u>433,670</u>

4 ACCOUNTING POLICIES, PRINCIPLES AND METHODS

The main accounting policies adopted in preparing these financial statements are disclosed below.

A Basis of preparation**(1) General information**

These financial statements have been prepared in accordance with:

- (i) The Accounting Law no 82/1991 republished in November 2012 ("Law 82");
- (ii) Accounting regulations regarding the annual stand-alone financial statements and annual consolidated financial statements, approved by the Order of the Minister of Public Finance of Romania 1802/2014 and subsequent amendments ("OMF 1802").

Considering the size criteria disclosed in OMF 1802, the Company fits in the category of small entities.

These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies.

These are the Company's own stand-alone annual financial statements and not the Group's, for the period ended 31 December 2016.

(2) Use of estimates

The preparation of financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the respective period. Although these estimates are made by the Company's management based on the best information available as at the date of the financial statements, actual results may differ from these estimates.

(3) Going concern

The accompanying financial statements have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future, considering the following factors:

Position of the Group

In June 2016, Greece, after the completion of a number of key prior actions, has successfully concluded the first review of the Third Economic Adjustment Program (TEAP), which permitted the disbursement of € 10,3 billion from the second instalment of the European Stability Mechanism (ESM) loan that allowed the country to cover its debt servicing needs and clear a part of the state's arrears to the private sector. In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program.

The next key milestone for Greece is the timely and successful completion of the second review of the TEAP, currently in progress, which would help reinstating depositors' confidence and thus accelerate the return of deposits, it would facilitate the faster relaxation of capital controls and would allow for the participation in ECB's Quantitative Easing (QE) program, conditional on the decisions of the Institutions regarding the plan for the implementation of the medium-term debt relief measures. Moreover, the reduction of the short term uncertainty along with, the decisive implementation of the reforms agreed in the context of the ESM program and the mobilization of European Union (EU) funding to support domestic investment and job creation, would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic economic

environment, which are necessary conditions for the return of the country to a sustainable growth path.

The main risks and uncertainties stem from the current macroeconomic environment in Greece and the further delays in the conclusion of the second review of the TEAP. In particular risks include (a) possible delays in the implementation of the reforms' agenda in order to meet the next targets and milestones of the TEAP, which in turn would lead to the delayed disbursement of the third instalment of the ESM loan of € 6,1 billion, (b) the impact on the level of economic activity from the uncertainty associated with the timing of the conclusion of the second review of the TEAP, (c) the impact on the level of economic activity from additional fiscal measures agreed under the first review of the TEAP, (d) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (e) the possible acceleration of the deposits outflows observed in the first two months of 2017, and/or possible delays in the effective management of non-performing loans as a result of the continuing macroeconomic uncertainty, (f) a possible deterioration of the refugee crisis and its impact on the domestic economy and (g) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy.

The Group, following the successful completion of its recapitalization in November 2015, exclusively from private sources, is focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, and by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets. One of the key areas of focus is the active management of non-performing exposures at an accelerated pace, with the aim to substantially reduce their stock in accordance with the Eurobank Ergasias S.A. operational targets and taking advantage of the Group's internal infrastructure, the external partnerships and the important legislative changes that have taken or are expected to take place. The Group's Common Equity Tier 1 (CET1) ratio stood at 17,6% at 31 December 2016 and the net profit attributable to shareholders amounted to € 230 million for the year ended 31 December 2016.

Evaluation of going concern in regards to the Company

Taking into account the Company's profitability and the fact that it does not need external financing, the management believes that the Company will be able to continue to operate as a going concern in the foreseeable future and, therefore, this principle should be applied in the preparation of these financial statements.

(4) Measurement currency

Accounting is kept in Romanian and in the national currency. Items included in these financial statements are denominated in Romanian lei (RON).

B Foreign currency translation

Foreign currency transactions of the Company are translated into the measurement currency using the exchange rates communicated by the National Bank of Romania ('NBR') as at the dates of the transactions. At each month end, foreign currency balances are translated into RON using the exchange rates communicated by NBR for the last banking day of the month.

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, within the financial result. Advances do not represent monetary elements and are not the object of translation based on foreign exchange.

C Intangible assets

(i) *Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets*

Concessions, patents, licenses, trademarks and other intangible assets are recorded at purchase cost or at the input value.

Received concessions are reflected as intangible assets when the concession contract establishes a determined period and value for the concession. Amortisation of concession is recorded for its length of use, established in accordance to the contract.

Patents, licenses, trademarks and other intangible assets are amortised using the straight-line method in a period of 1 year.

D Tangible assets

(1) Cost/valuation

Tangible assets are initially recorded at purchase cost.

The expenditure on repairs or maintenance of tangible assets is recognised as incurred while the significant improvements which increase the value or useful life of the assets, or which increase their revenue generating capacity are capitalised.

Tangible Assets include those assets that are acquired due to safety or environment reasons that are necessary in order to obtain future economic benefits from other assets.

Important spare parts and security equipment are registered as tangible assets when it is predicted that they will be used for a period of time longer than a year. Other spare parts and service equipment are accounted for as stock items and are registered as gain or loss when they are used.

(2) Depreciation

Depreciation is determined at restated cost using the straight-line method over the estimated useful life of the assets, as follows:

<u>Asset</u>	<u>Years</u>
Technical installations and machines	4
Other plant, tools and furniture	2 - 10

Depreciation is computed starting with the month following the commissioning and until total recovery of the entry value.

(3) Sale/disposal of tangible assets

Items of tangible fixed assets that are retired or otherwise disposed of are eliminated from the balance sheet along with the corresponding accumulated depreciation. Any gain or loss resulting as a difference between the revenue generated by the disposal and value not depreciated, including expenses caused by such operation, is included in the profit and loss statement, within "Other operating income" or "Other operating", as appropriate.

When the Company recognises in the carrying value of a tangible asset the cost of a partial disposal the carrying amount of the replaced part, and the related depreciation, is derecognised.

E Impairment of tangible and intangible assets

At each year-end, the items of property, plant and equipment and other non-current assets are reconciled with the results of the annual count. For this purpose, the carrying value is compared with the value established on stock-count, referred to as the annual count value. If this value is lower than the carrying value, the differences are accounted for as additional depreciation and amortization for assets where depreciation is irreversible, or as an adjustment for depreciation, where depreciation is reversible. The annual count value is determined based on the asset's utility, condition and market price.

F Financial assets

Financial assets include shares held in related parties, loans granted to related parties, participating interests, loans to undertakings with which the Company is linked by virtue of participating interests as well as other investments.

Financial assets are recognised in the balance sheet at purchase cost or the contribution value. The purchase cost includes the trading costs. Financial assets are measured subsequently at entry value less any accumulated adjustments for impairment losses.

G Inventories

Inventories are stated at the lowest value between cost and estimated net realizable value. Costs represent services in course of delivery towards the beneficiary.

H Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

I Short term financial investments

These include the short-term deposits at banks (excepting those described in section J) and other short-term investments (bonds, shares and other investments held for sale).

Short-term investments admitted to trading on a regulated market are valued at the balance sheet date at the bid value on the last day of trading, and those not marketed at historical cost less any possible adjustments for loss in value.

J Cash and cash equivalents

Cash and cash equivalents are recorded at cost in the balance sheet.

K Share capital

Ordinary shares are classified as own equity.

Costs directly attributable to the issue of equity instruments are shown in equity as Losses related to issuance of equity instruments.

Where the Company purchases its equity shares, the consideration paid is deducted from equity. Where such shares are subsequently reissued, any consideration received (net of transaction costs) is included in equity.

Foreign exchange differences related to share capital do not represent gains or losses related to the issue, purchase, sale, cession or cancellation of the Company's equity; instead, these are recognized as financial gains/losses.

L Accounting for leases where the Company is a lessee

(1) Financial leasing agreements

The leasing contracts for the tangible assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Classification criteria for the leasing contracts are specified in OMF 1802/2014 art. 213 (2) Finance leases are capitalized at the estimated present value of the lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate during the reimbursement period. The corresponding rental obligations are included either in current or non-current liabilities. The interest element of the finance cost is charged to the profit and loss statement over the lease period. The assets acquired under finance leases are capitalized and depreciated over their useful life.

(2) Operating lease agreements

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any

incentives received from the lessor) are charged to the profit and loss statement on a straight-line basis over the period of the lease.

M Trade payables

Trade payables are recorded at the value of the amounts payable for the goods or services received.

N Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

No provisions are recognised for future operating losses.

Regarding onerous contracts (contracts in which unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be obtained), the present contractual obligation under the contract is recognized and measured as a provision. Before a separate provision for an onerous contract is made, any impairment that has occurred on assets "dedicated to that contract" is recognised.

O Employee benefits

Pensions and other post- retirement benefits

The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees, at statutory rates. All employees of the Company are members of the Romanian State pension plan. These costs are recognised in the profit and loss statement together with the related salary costs.

The Company does not operate any other pension scheme or post -retirement benefit plan and, consequently, has no obligation in respect of pensions.

P Deferred income

Assets received from clients in the form of property, plant and equipments or cash with the purpose of acquisition or construction of tangible fixed assets, to connect customers to the power/gas/water supply or to provide continuous access to certain goods or services, according to the law, are registered as deferred income.

Q Taxation

Current income tax

The Company records current income tax based upon taxable income from the financial statements, in accordance with the relevant tax legislation.

R Revenue recognition

Revenue refers to the services rendered. Revenue from rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed, the percentage being determined by reference to the report between the total services to be performed and the performed services at the date of the balance sheet.

Interests are recognised periodically and proportionally as the respective revenue is generated on an accountancy engagement basis.

Dividends are recognised as revenue when the legal right to receive payment is established, namely at the date they are approved.

Revenues and costs are shown at gross value in these financial statements. Amounts payable to and receivable from the same operators are shown net in the balance sheet when a right of set-off exists.

S Turnover

The turnover represents the amounts invoiced and to be invoiced, net of VAT and discounts, in relation to the goods and services provided to third parties.

T Operating expenses

The operating expenses are recognised in the period they refer to.

U Financial expenses

Financial expenses are recognized in the period to which they refer.

EUROBANK PROPERTY SERVICES SA

NOTES TO THE STAND-ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

5 CHANGES IN SHARE CAPITAL

In the financial year 2016 there were no changes in the share capital.

As at 31 December 2016 the shareholding structure was as follows:

	Number of shares (thousands)	<u>Amount</u> (RON)	<u>Percentage</u> (%)
EUROBANK Ergasias SA	43,808	438,080	80
EUROBANK Property Services Greece	10,952	10,952	20
Total	<u>54,760</u>	<u>547,600</u>	<u>100</u>
Net equity as at 31 December 2015			<u>2,688,012</u>
Profit for the year 2016			638,904
Corrections through retained earnings			-
Net equity as at 31 December 2016			<u>3,326,916</u>

6 INFORMATION REGARDING THE EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND OTHER KEY PERSONNEL

a) Remuneration of the members of the administrative, management and supervisory bodies

	<u>2015</u> (RON)	<u>2016</u> (RON)
<i>Salaries and benefits:</i>	<u>321,666</u>	<u>327,671</u>
	<u>31 December 2015</u> (RON)	<u>31 December 2016</u> (RON)
<i>Salaries payable as at the end of the period:</i>	<u>-</u>	<u>-</u>

EUROBANK PROPERTY SERVICES SA

NOTES TO THE STAND-ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

b) **Advances and loans to the members of the administrative, management and supervisory bodies**

	<u>2015</u> (RON)	<u>2016</u> (RON)
<i>Total advances and loans to:</i>		
Administrators	-	-
Directors	-	-
	<u>-</u>	<u>-</u>
	<u>31 December 2015</u> (RON)	<u>31 December 2016</u> (RON)
<i>Advances and loans as at the end of the period to:</i>		
Administrators	-	-
Directors	-	-
	<u>-</u>	<u>-</u>

c) **Employees**

The average number of employees during the year was the following:

	<u>2015</u>	<u>2016</u>
	<i>11</i>	<i>10</i>
Expenses with salaries and benefits	450,995	347,784

7 **OTHER INFORMATION**

a) **Information regarding the Company**

The head office of the company is located in Bucharest, 6A Dimitrie Pompeiu Boulevard, 3rd Floor, area 2, Romania. The Company is a Romanian legal entity and its legal form is that of an unlisted joint stock company.

- a) The Company carries out mainly consultancy and valuation activities regarding real estate transactions. The main activity area of the Company is "Other services provided mainly to enterprises" – CAEN Code 8299.
- b) The Company's activities are as follows: real estate agency, administration of immovable assets based on fees or agreements, business and management advisory activities, architecture related activities, engineering and related technical consultancy services, holdings management activities, purchase and sale of own real estate assets, lease and sublease of own or rented real estate assets.

EUROBANK PROPERTY SERVICES SA

NOTES TO THE STAND-ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

c) The parent company is Eurobank Ergasias S.A.

b) Information regarding the relationship of the Company with the subsidiaries, associated undertakings or other enterprises in which the Company holds strategic investments

As of 2007 the Company holds one share with Eliade Tower SA and one share with Retail Development SA, entities within the Group.

c) Methods used to express in local currency elements of assets and liabilities, revenues and expenses, originally expressed in foreign currency

The method used for measuring in local currency the patrimonial elements and the revenues and expenses recorded in foreign currency is disclosed in Note 6 b).

The main exchange rates used for translating into RON the balances recorded in foreign currency as at 31 December 2016 and 2015 were the following:

<u>Foreign Currency</u>	<u>Abbreviation</u>	<u>Exchange rate (RON / unit of foreign currency)</u>	
		<u>31 December 2015</u>	<u>31 December 2016</u>
US Dollar	USD	4.1477	4.3033
Euro	EUR	4.5245	4.5411

d) Receivables

	<u>2015</u>	<u>2016</u>
	<u>(RON)</u>	<u>(RON)</u>
Invoiced receivables	426,404	353,003
Invoices to be prepared	1,243,755	606,138
Other receivables	673	21,062
Total	1,670,832	980,203

Amounts to be collected from related parties are presented in note 7 m).

e) Turnover

The Company's income is mainly from transactions with related parties, as disclosed in note 7 m).

EUROBANK PROPERTY SERVICES SA

NOTES TO THE STAND-ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

f) Expenses for external services

Expenses for external services mainly consist of fees paid to sub-contractors for valuation and real estate intermediation services.

g) Events after the end of the reporting period

The Company did not register any relevant events after the end of the reporting period.

h) Exceptional revenue and expenses

The Company did not register exceptional revenue or expense in 2016.

i) Leasing and leaseback operations

The Company signed an operational leasing contract on 14.02.2014 for 2 cars with Business Lease Romania S.R.L. The duration of the contract is 57 months and the monthly rent totals EUR 438 for both cars.

On 10.06.2016, the Company signed another operational leasing contract for 1 car with Autotehnica Fleet Services SRL. The duration of the contract is 57 months and the monthly rent totals EUR 377.

j) Trade bills discounted until maturity date

The Company does not have any trade bills.

k) Contingent liabilities and commitments undertaken

The Company has the following commitments:

31 December 2016
(RON)

(i) Operating lease commitments where the Company is the lessee

139,907

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FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

l) Commitments received

31 December 2016
(RON)

Endorsements and collaterals received	-
Other guarantees received	-
Total	-

Endorsements and collateral received represent letters of guarantee and restricted bank deposits held with banks as performance guarantees from the Company's suppliers.

m) Related party transactions

Parties are considered to be related if one party has the ability to control the other party, to exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The nature of the related party relationships for those related parties with whom the Bank entered into significant transactions or had significant balances outstanding at 31 December 2015 is detailed below. Transactions were entered into with related parties during the course of business.

The Company included on the list of related parties:

- Bancpost SA – client, bank and supplier of the Company;
- ERB Leasing IFN SA – client of the Company;
- ERB IT Shared Services SA – client and supplier of the Company;
- ERB RETAIL Services S.A.- client;
- Eurolife ERB Asigurari Generale S.A. - client;
- Eurolife ERB Asigurari de Viata S.A. - client;
- IMO II Property Investments S.A. - client;
- IMO Property Investments București S.A.- client;
- Seferco Development S.A. – supplier and client;
- Eliade Tower S.A. - client;
- Retail Development S.A. -client
- EurobankErgasias SA – client;
- ERB New Europe Funding II BV – client;
- ERB Rom Consult – client;
- Eurobank Finance S.A. – client;
- Eurobank Private Bank Luxembourg – client;
- Eurobank Property Services Grecia – supplier;

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FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

(1) Sales of goods and services

	<u>2015</u> (RON)	<u>2016</u> (RON)
Sales of services		
<i>a) parent company</i>	1,778	-
<i>b) associates</i>	6,500,514	5,955,712
Total	<u>6,502,292</u>	<u>5,955,712</u>

There were no sales of goods towards related parties in 2015 or 2016.

(2) Purchases of goods and services

	<u>2015</u> (RON)	<u>2016</u> (RON)
Purchase of services		
- <i>associates</i>	594,044	179,766
Total	<u>594,044</u>	<u>179,766</u>

There were no purchases of goods towards related parties in 2015 or in 2016.

(3) Cash and cash equivalents

	<u>2015</u> (RON)	<u>2016</u> (RON)
Deposits and current accounts with related parties		
Deposits	1,000,000	1,500,000
Current accounts	971,373	1,202,343
Total	<u>1,971,373</u>	<u>2,702,343</u>
Cash in hand	3,484	3,348
Total cash and cash equivalents	<u>1,974,857</u>	<u>2,705,691</u>

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NOTES TO THE STAND-ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

(4) Balances arising from sales/purchases of goods/services

	<u>31 December 2015</u> (RON)	<u>31 December 2016</u> (RON)
Receivables		
<i>a) parent company</i>	2,205	-
<i>b) associates</i>	1,650,859	949,355
Total	<u>1,653,064</u>	<u>949,355</u>
Payables		
- <i>associates</i>	14,749	1,490
Total	<u>14,749</u>	<u>1,490</u>

(5) Borrowings from related parties

No borrowings from related parties were undertaken in either 2015 or 2016.

8 CONTINGENCIES

(a) Litigations

The Company is not currently subject to any litigation.

(b) Taxation

The Romanian taxation system is undergoing a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (currently, penalties determined by the duration of delay, plus 0.03% per day delay). In Romania, tax periods remain open for tax inspection for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated.

(c) Transfer pricing

Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to prepare and make available upon the written request of the Romanian Tax Authorities their transfer pricing documentation file. Failure to present the transfer pricing documentation file, or presenting an incomplete file, may lead to non-compliance penalties; additionally, notwithstanding the contents of the transfer pricing documentation, the tax

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authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments. The Company's management believes that the Company will not suffer losses in case of a fiscal inspection on the subject of transfer prices. However, the impact of any challenge by the tax authorities cannot be reliably estimated. It may be significant to the financial condition and/or the overall operations of the entity.

DIRECTOR GENERAL
NTOHLAS STEFANOS

Signature

ADMINISTRATOR
EFTHYMION KRITSAS

Signature

Unit's stamp

PREPARED BY,

BIG ACCOUNTING SRL

Authorised legal entity, CECCAR member

Signature

Registration no. with the professional body: A001018/5008