ERB NEW EUROPE FUNDING III LIMITED

Report and Financial Statements for the year ended 31 December 2017

ERB NEW EUROPE FUNDING III LIMITED

Report and financial statements
31 December 2017

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Board of Directors and Other Officers

Board of Directors

M. Louis
D. Shacallis
S. Psychogyios

Company Secretary

D. Shacallis

Independent auditors

PricewaterhouseCoopers Ltd
Julia House
3 Themistocles Dervis Street
1066 Nicosia
Cyprus

Registered office

41 Arch. Makariou III Avenue
1065 Nicosia
Cyprus

Management report

The Board of Directors presents its report together with the audited financial statements of ERB NEW EUROPE FUNDING III LIMITED (the "Company") for the year ended 31 December 2017.

Principal activities and nature of the operations of the Company

The principal activities of the Company are to invest into debt and equities securities and into portfolio of loans, both performing and non performing, granted to clients and originated by respective Eurobank Ergasias S.A. subsidiaries.

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

The main financial highlights for the year are as follows:

	2017	2016
	€	€
Operating (loss)/ profit	(2.421.116)	930
Impairment losses on loans and advances and other impairment losses	(918.835)	(1.854.631)
Loss from operations before taxation	(3.339.951)	(1.853.701)
Net loss for the year	(3.348.861)	(1.949.233)

	2017	2016
	€	€
Loans and advances to customers	(-)	30.203.818
Debt securities lending portfolio	(-)	106.916
Total assets	4.177.868	36.513.910

Business environment, strategy and future outlook

The Company's business strategy and activities are linked to those of Eurobank Ergasias S.A. (the "Bank" or "Parent entity").

The annual financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate, taking into consideration the following:

Macroeconomic environment

During 2020 and the first quarter of 2021, the outbreak of Covid-19 pandemic and the measures adopted to contain the virus expansion defined the economic environment in Greece and globally. More specifically, the Covid-19 pandemic posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including countywide and local lockdowns, adopted to contain the virus expansion.

Based on Hellenic Statistical Authority (ELSTAT) provisional data, the real GDP growth rate in 2020 registered a decrease of -8.2% on an annual basis, from 1.9% increase in 2019, mainly as a result of the drop in the final consumption expenditure and exports of services. Based on Eurostat data, the Euro-area real GDP growth rate figures were at -6.6% and 1.3% for 2020 and 2019 respectively. According to the European Commission (EC) winter economic forecasts (February 2021) the real GDP growth rate for 2021 and 2022 is expected at 3.5% and 5% respectively.

Management report (cont'd)

Based on ELSTAT data, the average unemployment rate stood at 16.3% in 2020 (2019: 17.3%). According to EC autumn economic forecasts (November 2020) the unemployment rate was expected at 17.5% and 16.7% for 2021 and 2022 respectively. On the fiscal front, according to the 2021 Budget forecasts, the primary balances for 2020 and 2021 are expected to register a deficit of 7.2% and 3.9% of GDP respectively, as a result of the fiscal support measures, while the gross public debt is expected at 208.1% and 199.6% of GDP for 2020 and 2021 respectively. The deviation from the Enhanced Surveillance (ES) primary surplus target of 3.5% of GDP for both 2020 and 2021 will not be considered a violation of Greece's commitments undertaken in the ES framework, as on 4 March 2020 Eurogroup decided that non-permanent deviations from the agreed fiscal paths of the member-states, due to unusual effects outside the control of their governments (i.e. the effects of the pandemic), are acceptable. According to the 15 March 2021 Eurogroup, the deviation from the ES target will continue in 2022, on a preliminary basis. The aforementioned primary balance and public debt forecasts might change significantly as a result of the actual size of the public sector's support measures and the reduction in tax revenues due to the Government's relevant moratoria and the decline of economic activity.

In response to the Covid-19 outbreak, there has been an unprecedented monetary, fiscal and regulatory support to the economy and the banking system by both Greek Government and European authorities. According to the 2021 Budget, the Greek government's planned total measures aiming to address the economic effects of the Covid-19 pandemic amount to €31.5 billion of which €23.9 billion correspond to 2020 and €7.6 billion to 2021 respectively including the cost of the ruling of the Council of State on pension cuts.

According to the Ministry of Finance as of 29 March 2021, the support measures are expected to further increase to €14.5 billion for 2021 and at €38.0 billion for 2020 and 2021. These measures include, among others: (a) the reduction of the private sector's social security contributions by 3 percentage points and the abolishment of the Special Solidarity levy for the private sector (only for 2021); the reduction of advanced income tax payment for firms and freelancers, (b) the payment by the government of the social security contributions for employees under labour suspension, (c) the suspension of VAT payments for firms affected by the Covid-19 pandemic, the social security and the tax related debt instalments for firms and freelancers, (d) the temporary economic support to wage earners under labour suspension, to seasonal employees (tourism sector), and to certain scientific sectors, (e) the Easter and Christmas bonus state contribution for employees under labour suspension; the employment subsidy under "synergasia" programme; the extension of the regular and long-term unemployment benefit, interest rates subsidies for firms that remained closed during the lock down period as well as mortgage loans subsidies to households and small businesses (Gefyra I and II). The public support for 2020 included also leverage provided by the banking system of €5.7 billion on top of the €2.6 billion of the Public Investment Budget for cash-collaterals and the co-financing of loans to small and medium size enterprises.
On top of the above, the European Council on 21 July 2020 agreed a recovery package amounting to € 750 billion under the EC's Next Generation EU framework in order to support the recovery and resilience of the member states' economies, out of which ca € 32 billion will be available for Greece, provisionally divided to € 19.4 billion in grants and € 12.7 billion in loans. The respective amount for the Multiannual Financial Framework 2021-2027 (MFF) is at € 1,100 billion, of which ca € 40 billion will be available for Greece. Furthermore the ECB, on 24 March 2020 established a temporary Pandemic Emergency Purchase Programme (PEPP) with a financial envelope of € 1,850 billion, as of mid-February 2021, out of which ca € 46 billion will be available for the purchase of Greek public and private sector securities. The PEPP came on top of the ECB liquidity measures of 12 March 2020 (additional Long Term Financing operations, more favourable terms for the Targeted Long Term Operations, new Asset Purchase Programme of € 120 billion).

Management report (cont'd)

In such an environment the Greek State managed to achieve continuous market access after the pandemic outbreak, from April to December 2020, with the issuance of four bonds of various maturities. On 27 January 2021, the PDMA issued a 10-year bond of €3.5bn at a yield of 0.807% and more recently, on 17 March 2021, issued a 30-year bond of €2.5bn at a yield of 1.956%.

Regarding the outlook for the next 12 months, the major macroeconomic risks and uncertainties in Greece mainly relate with the outbreak of Covid-19 pandemic and are as follows: (a) the evolution of the health crisis including the probability of the continuation of the pandemic well after the end of the first half of 2021, and its negative effect on the domestic, regional and / or global economy, (b) the progress on the vaccination programmes to contain effectively the virus expansion, (c) the actual size of the fiscal measures aiming to address the effect of the pandemic on the real economy and their effect on the long-term sustainability of the country's public debt, (d) the pace of the economy's recovery in 2021 and 2022, (e) the effective utilization of the NGEU and MFF funds and the attraction of new investments in the country, (f) the implementation of the reforms and privatizations' agenda in order to meet the ES targets and milestones, and (g) the geopolitical conditions in the near or in broader region.

Materialization of the above Covid-19 related and other risks would have potentially adverse effects on the fiscal planning of the Greek sovereign and on the liquidity, solvency and profitability of the Greek banking sector, as well as on the realization of their Non Performing Exposures (NPE's) reduction plans. The Eurobank Group ('Group') is continuously monitoring the developments on the Covid-19 front and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily on the support of its clients to overcome the challenging juncture, the mitigation of "cliff effects" post the moratoria expiration, the protection of its asset base and the resilience of its pre-provision profitability. In addition, the Group, under the extraordinary circumstances of the Covid-19 pandemic, has proceeded with the successful implementation of its Business Continuity Plan to ensure that business is continued and critical operations are unimpededly performed. In line with authorities' instructions and recommendations, the Group has taken all the required measures to ensure the health and safety of its employees and customers (e.g. implementation of teleworking, restrictions to business trips, and medical supplies for protective equipment).

Within this challenging external environment, the Group proceeded with the closing of the "Cairo" (sale of 20% of mezzanine/ 50.1% of junior Cairo securitizations' notes) and "Europe" (sale of 80% of Eurobank FPS) transactions in early June 2020, which signalled the completion of its accelerated NPE reduction plan announced in the fourth quarter of 2018. As a result the Group NPEs, following the derecognition of the Cairo securitised loan portfolio of € 7.2 billion (consisting primarily of NPEs) were reduced to € 5.7 billion (31 December 2019: € 13 billion) driving the NPE ratio to 14.0% (31 December 2019: 29.2%) and the NPE coverage ratio to 61.9% (31 December 2019: 55.3%). In accordance with the business update for the period 2021-2022, the Group aims to proceed with a new NPE securitization of circa € 3.3 billion. Taking also into account the impact of the Covid 19 pandemic, the NPE ratio is expected to decline further to circa 9% in 2021.

As at 31 December 2020 the Group's Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios stood at 16.3% (31 December 2019: 19.2%) and 13.9% (31 December 2019: 16.7%) respectively.

Management report (cont'd)

Eurobank Demerger

On 20.03.2020 Eurobank Ergasias S.A. announced that, following the decision of the Extraordinary General Meeting of its shareholders held on 31.01.2020 and after obtaining the necessary approvals by the competent Authorities, its demerger through sector's hive down and establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." ("Eurobank") was completed. Furthermore, on 23.03.2020 the amendment of its Articles of Association was announced, according to which its corporate name of Eurobank Ergasias S.A. was amended to "Eurobank Ergasias Services and Holdings S.A." ("Eurobank Holdings").

Following the above, Eurobank substitutes Eurobank Holdings, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector (as at 30.06.2019) and formed up to Demerger's completion on 20.03.2020.

Eurobank Holdings, Eurobank's sole shareholder, ceases to be a credit institution and maintains activities and assets and liabilities that are not related to main banking activities, but are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties. Eurobank Holdings continues to be listed on the Athens Stock Exchange with its shares trading under its new name starting from 24.03.2020.

Result

The Company's results for the year are set out on page 10. The net loss for the year is carried forward.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors at 31 December 2017 and at the date of this report are presented on page 1.

Changes in Group structure

There were no changes in the group structure of the Company during the year under review and the Company does not intend to proceed with any acquisitions or mergers.

Branches

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

Management report (cont'd)

Principal risks and uncertainties and use of financial instruments

The Company considers risk management to be a major process and a factor contributing to the stability of Company's performance. The financial risks which are managed and monitored are credit risk, market risk (including currency and interest rate risk) and liquidity risk. The Company's overall risk management objective is to minimize potential adverse effects on the Company's financial performance, financial position and cash flows. Detail information relating to risk management is set out in Note 4 of the financial statements.

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

The main financial highlights for the year are as follows:

	2017	2016
	€	€
Interest income	100.545	2.401.612
Interest expense	(2.310.635)	(4.868.470)
Operating expenses including impairment losses	(965.642)	(1.940.756)
Loss before income tax	(3.339.951)	(1.853.701)
Loss for the year	(3.348.861)	(1.949.233)
Cash at bank	4.177.868	5.529.104
Loans and advances to customers	(-)	30.203.818
Total assets	4.177.868	36.513.910
Equity	(87.941.730)	(84.592.869)

The company's loss for the year reached €3,35 million reporting a higher loss by 72% compared to 2016 results.

The company's total assets were decreased by 89% mainly due to the settlement of loans and advances to customers and the disposal of investments in subsidiaries.

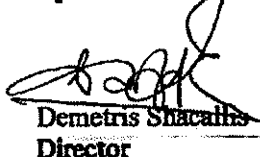
Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 22 to the financial statements.

Independent Auditors

The Independent Auditors, PricewaterhouseCoopers Ltd, 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



Demetris Shacallis
Director

Nicosia, 3 November 2021

Independent auditor's report

To the Members of ERB New Europe Funding III Limited

Report on the Audit of the Financial statements

Qualified Opinion

We have audited the financial statements of ERB New Europe Funding III Limited (the "Company"), which are presented in pages 10 to 51 and comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

We were not able to obtain sufficient and appropriate audit evidence of the comparative information with respect to the examination of Financial Risk Management disclosures as required by IFRS 7 and presented in Note 4, as well as the breakdown to various classes of Loans and Advances to customers as presented in Note 12 of the Company's financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

We draw attention to Note 2.2 to the financial statements which describes the uncertainties related to the impact of the COVID-19 pandemic on the broader economic and business environment as well as the Company's continuing reliance on the operational and financial support from its parent entity. Our opinion is not modified in respect of these matters.

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Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient and appropriate evidence of the comparative information with respect to the examination of Financial Risk Management disclosures as required by IFRS 7 and presented in Note 4, as well as the breakdown to various classes of Loans and Advances to customers as presented in Note 12 of the Company's financial statements. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of the Board of Directors 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report, except that the scope of our work was limited by the matters described in the Basis for Qualified opinion section of our report as considered necessary.

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 69 of the Auditors Law of 2017 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.

Nicos Stavrou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 3 November 2021

Statement of profit or loss
for the year ended 31 December 2017

	Note	2017 €	2016 €
Interest income	5	100.545	2.401.612
Interest expense	6	(2.310.635)	(4.868.470)
Net interest expense		(2.210.090)	(2.466.858)
Fee and commission income		(-)	6.279
Fee and commission expense	20	(438.569)	(114.125)
Net fee and commission expense		(438.569)	(107.846)
Gains less losses from investment securities	7	664	2.648.526
Loss from sale of investment in subsidiary	15	(124.410)	(-)
Net trading profit	8	398.096	13.233
Operating expenses	9	(46.807)	(86.125)
Operating (loss) / profit		(2.421.116)	930
Impairment losses on loans and advances	12	(914.763)	(1.714.649)
Other impairment losses		(4.072)	(139.982)
Loss before income tax		(3.339.951)	(1.853.701)
Income tax	10	(8.910)	(95.532)
Loss for the year		(3.348.861)	(1.949.233)

Statement of Comprehensive Income
for the year ended 31 December 2017

	2017 €	2016 €
Loss for the year	(3.348.861)	(1.949.233)
Items that may be reclassified subsequently to profit and loss:		
Available-for-sale financial assets (Note 13)		
Transfer to net loss due to disposal	(-)	(610.124)
Other comprehensive loss	(-)	(610.124)
Total comprehensive loss for the year	(3.348.861)	(2.559.357)

The notes on pages 14 to 51 form part of these financial statements.

Statement of Financial Position
at 31 December 2017

	Note	2017 €	2016 €
Assets			
Cash at bank	11	4.177.868	5.529.104
Loans and advances to customers	12	(-)	30.203.818
Available-for-sale financial assets	13	(-)	(-)
Debt securities lending portfolio	14	(-)	106.916
Investments in subsidiaries	15	(-)	670.000
Other assets	16	(-)	4.072
Total assets		4.177.868	36.513.910
Equity and liabilities			
Equity			
Ordinary share capital	17	1.100	1.100
Share premium	17	18.900	18.900
Other reserves	13	(-)	(-)
Accumulated Losses		(87.961.730)	(84.612.869)
Total equity		(87.941.730)	(84.592.869)
Liabilities			
Loans payable	18	91.670.787	120.959.824
Other liabilities	19	448.802	146.955
Current tax liabilities		9	(-)
Total liabilities		92.119.598	121.106.779
Total liabilities and equity		4.177.868	36.513.910

On 3/11/2021, the Board of Directors of ERB New Europe Funding III Limited authorized these financial statements for issue.

S. Psychogyios, Director

D. Shacallis, Director

The notes on pages 14 to 51 form part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2017

	Share capital	Share premium	Other reserves	Accumulated losses	Total
	€	€	€	€	€
Balance as at 01 January 2016	**1.100**	**18.900**	**610.124**	**(82.663.636)**	**(82.033.512)**
Comprehensive loss:					
Loss for the year	-	-	-	(1.949.233)	(1.949.233)
Other comprehensive loss for the year	-	-	(610.124)	-	(610.124)
Balance as at 01 January 2017	**1.100**	**18.900**	**-**	**(84.612.869)**	**(84.592.869)**
Comprehensive loss:					
Loss for the year	-	-	-	(3.348.861)	(3.348.861)
Other comprehensive loss for the year	-	-	-	-	-
Balance as at 31 December 2017	**1.100**	**18.900**	**-**	**(87.961.730)**	**(87.941.730)**

The notes on pages 14 to 51 form part of these financial statements.

Statement of Cash Flows
for the year ended 31 December 2017

	Note	2017 €	2016 €
Cash flows from operating activities			
Loss for the year before taxation		(3.339.951)	(1.853.701)
Adjustments for:			
Impairment losses on loans and advances	12	914.763	1.714.649
Other impairment losses		4.072	139.982
Loss from the sale of investments in subsidiaries	15	124.410	(-)
Amortisation of premium/ discount on AFS portfolio	13	(-)	615.681
Amortisation of premium/ discount & Inflation linked bonds adjustment on Debt securities lending portfolio	14	(23)	241.019
Accrued interest on AFS portfolio	13	(-)	1.051.871
Gains less loss from investment securities	7	(-)	(2.648.526)
Accrued interest on Debt securities lending portfolio	14	52	1.306.935
Cash (outflow) / inflow from operations before working capital changes		(2.296.677)	567.910
Net decrease in Loans and advances to customers		29.289.055	3.132.696
Net decrease in Other assets	16	(-)	9.925
Net increase in Other liabilities	19	301.847	93.764
Cash inflow from operations		27.294.225	3.804.295
Tax paid	10	(8.901)	(95.532)
Net cash inflow from operating activities		27.285.324	3.708.763
Cash flows from investing activities			
Redemptions of Available-for-sale financial assets	13	(-)	17.000.000
Proceeds from sale of Available-for-sale financial assets	13	(-)	55.250.390
Purchases of Debt securities lending portfolio	14	(-)	(-)
Proceeds from sale of Debt securities lending portfolio	14	106.887	836.605.270
Proceeds from sale of investments in subsidiaries	15	545.590	(-)
Net cash inflow from investing activities		652.477	908.855.660
Cash flows from financing activities			
Repayments of loans payable, net of proceeds	18	(29.289.037)	(910.801.676)
Net cash outflow from financing activities		(29.289.037)	(910.801.676)
Net (decrease) / increase in cash and cash equivalents		(1.351.236)	1.762.747
Cash and cash equivalents at beginning of the financial year		5.529.104	3.766.357
Cash and cash equivalents at end of year	11	4.177.868	5.529.104

For the purposes of the cash flow statement, cash and cash equivalents comprise exclusively by Cash at bank, which has less than 90 days' maturity.

As at 31 December 2017, the Company holds deposits with the Bank and other Group's subsidiaries amounting to Euro 2.863.304 (2016: Euro 2.323.339) and Euro 1.314.564 (2016: Euro 3.205.765) respectively. Eurobank's Local Currency LT credit rating was upgraded to "B+" from "B" on 27th April 2021, according to S&P Global Rating agency.

The notes on pages 14 to 51 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2017

1 General

ERB NEW EUROPE FUNDING III LIMITED (the "Company") was registered in Cyprus on 25 November 2010 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, 1065, Nicosia, Cyprus. As at 31 December 2016, the Bank owns indirectly 100% of ERB New Europe Funding III through its 100% subsidiary NEU Property Holdings Ltd.

Principal activities and nature of the operations of the Company

The principal activities of the Company are to invest into debt and equities securities and into portfolio of loans, both performing and non performing, granted to clients and originated by respective Bank's subsidiaries.

2 Principal accounting policies

The policies set out below have been consistently applied to the years 2017 and 2016, except as described below. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) issued by the IASB, as endorsed by the European Union (the 'EU') and the requirements of the Cyprus Companies Law, Cap.113.

On 20 March 2020, the demerger of "Eurobank Ergasias S.A." (Demerged Entity) through the banking sector's hive down and its transfer to a new credit institution that has been established under the corporate name "Eurobank S.A." (the Bank) was completed. Following the above, the corporate name of the Demerged Entity has been amended to "Eurobank Ergasias Services and Holdings S.A." (Eurobank Holdings)

The Company is not required by the Cyprus' Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company, Eurobank Ergasias Services and Holdings S.A. publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2017. The financial statements of Eurobank Ergasias Services and Holdings S.A. are available from its head office: 8 Othonos Street, 105 57 Athens, Greece, and from its website at www.eurobank.gr. (Note 2.4).

The policies set out below have been consistently applied to the years presented unless otherwise stated.

2.2 Going concern basis

The annual financial statements have been prepared on a going concern basis. In making their assessment at the Company's ability to continue as a going concern, the directors have taken into consideration the impact of the following factors directly related to the Parent entity's operations. The Company has shown negative capital for the period however the directors of the Company

Notes to the financial statements for the year ended 31 December 2017

2 Principal accounting policies (cont'd)

have the support of the Parent entity. The Parent entity has confirmed the continuing support so that to ensure that the Company will continue its operations in the foreseeable future.

Macroeconomic environment

During 2020 and the first quarter of 2021, the outbreak of Covid-19 pandemic and the measures adopted to contain the virus expansion defined the economic environment in Greece and globally. More specifically, the Covid-19 pandemic posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including countywide and local lockdowns, adopted to contain the virus expansion.

Based on Hellenic Statistical Authority (ELSTAT) provisional data, the real GDP growth rate in 2020 registered a decrease of -8.2% on an annual basis, from 1.9% increase in 2019, mainly as a result of the drop in the final consumption expenditure and exports of services. Based on Eurostat data, the Euro-area real GDP growth rate figures were at -6.6% and 1.3% for 2020 and 2019 respectively.

According to the European Commission (EC) winter economic forecasts (February 2021) the real GDP growth rate for 2021 and 2022 is expected at 3.5% and 5% respectively. Based on ELSTAT data, the average unemployment rate stood at 16.3% in 2020 (2019: 17.3%). According to EC autumn economic forecasts (November 2020) the unemployment rate was expected at 17.5% and 16.7% for 2021 and 2022 respectively. On the fiscal front, according to the 2021 Budget forecasts, the primary balances for 2020 and 2021 are expected to register a deficit of 7.2% and 3.9% of GDP respectively, as a result of the fiscal support measures, while the gross public debt is expected at 208.1% and 199.6% of GDP for 2020 and 2021 respectively. The deviation from the Enhanced Surveillance (ES) primary surplus target of 3.5% of GDP for both 2020 and 2021 will not be considered a violation of Greece's commitments undertaken in the ES framework, as on 4 March 2020 Eurogroup decided that non-permanent deviations from the agreed fiscal paths of the member-states, due to unusual effects outside the control of their governments (i.e. the effects of the pandemic), are acceptable. According to the 15 March 2021 Eurogroup, the deviation from the ES target will continue in 2022, on a preliminary basis. The aforementioned primary balance and public debt forecasts might change significantly as a result of the actual size of the public sector's support measures and the reduction in tax revenues due to the Government's relevant moratoria and the decline of economic activity.

In response to the Covid-19 outbreak, there has been an unprecedented monetary, fiscal and regulatory support to the economy and the banking system by both Greek Government and European authorities. According to the 2021 Budget, the Greek government's planned total measures aiming to address the economic effects of the Covid-19 pandemic amount to €31.5 billion of which €23.9 billion correspond to 2020 and €7.6 billion to 2021 respectively including the cost of the ruling of the Council of State on pension cuts.

According to the Ministry of Finance as of 29 March 2021, the support measures are expected to further increase to €14.5 billion for 2021 and at €38.0 billion for 2020 and 2021. These measures include, among others: (a) the reduction of the private sector's social security

Notes to the financial statements for the year ended 31 December 2017

2 Principal accounting policies (cont'd)

contributions by 3 percentage points and the abolishment of the Special Solidarity levy for the private sector (only for 2021); the reduction of advanced income tax payment for firms and freelancers, (b) the payment by the government of the social security contributions for

employees under labour suspension, (c) the suspension of VAT payments for firms affected by the Covid-19 pandemic, the social security and the tax related debt instalments for firms and freelancers, (d) the temporary economic support to wage earners under labour suspension, to seasonal employees (tourism sector), and to certain scientific sectors, (e) the Easter and Christmas bonus state contribution for employees under labour suspension; the employment subsidy under "synergasia" programme; the extension of the regular and long-term unemployment benefit, interest rates subsidies for firms that remained closed during the lock down period as well as mortgage loans subsidies to households and small businesses (Gefyra I and II). The public support for 2020 included also leverage provided by the banking system of €5.7 billion on top of the €2.6 billion of the Public Investment Budget for cash-collaterals and the co-financing of loans to small and medium size enterprises.

On top of the above, the European Council on 21 July 2020 agreed a recovery package amounting to € 750 billion under the EC's Next Generation EU framework in order to support the recovery and resilience of the member states' economies, out of which ca € 32 billion will be available for Greece, provisionally divided to € 19.4 billion in grants and € 12.7 billion in loans. The respective amount for the Multiannual Financial Framework 2021-2027 (MFF) is at € 1,100 billion, of which ca € 40 billion will be available for Greece. Furthermore the ECB, on 24 March 2020 established a temporary Pandemic Emergency Purchase Programme (PEPP) with a financial envelope of € 1,850 billion, as of mid-February 2021, out of which ca € 46 billion will be available for the purchase of Greek public and private sector securities. The PEPP came on top of the ECB liquidity measures of 12 March 2020 (additional Long Term Financing operations, more favourable terms for the Targeted Long Term Operations, new Asset Purchase Programme of € 120 billion).

In such an environment the Greek State managed to achieve continuous market access after the pandemic outbreak, from April to December 2020, with the issuance of four bonds of various maturities. On 27 January 2021, the PDMA issued a 10-year bond of €3.5bn at a yield of 0.807% and more recently, on 17 March 2021, issued a 30-year bond of €2.5bn at a yield of 1.956%.

Regarding the outlook for the next 12 months, the major macroeconomic risks and uncertainties in Greece mainly relate with the outbreak of Covid-19 pandemic and are as follows: (a) the evolution of the health crisis including the probability of the continuation of the pandemic well after the end of the first half of 2021, and its negative effect on the domestic, regional and / or global economy, (b) the progress on the vaccination programmes to contain effectively the virus expansion, (c) the actual size of the fiscal measures aiming to address the effect of the pandemic on the real economy and their effect on the long-term sustainability of the country's public debt, (d) the pace of the economy's recovery in 2021 and 2022, (e) the effective utilization of the NGEU and MFF funds and the attraction of new investments in the country, (f) the implementation of the reforms and privatizations' agenda in order to meet the ES targets and milestones, and (g) the geopolitical conditions ~~in the near or in~~ broader region.
Materialization of the above Covid-19 related and other risks would have potentially adverse effects on the fiscal planning of the Greek sovereign and on the liquidity, solvency and

2 Principal accounting policies (cont'd)

profitability of the Greek banking sector, as well as on the realization of their Non Performing Exposures (NPE's) reduction plans. The Eurobank Group ('Group') is continuously monitoring the developments on the Covid-19 front and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as

well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily on the support of its clients to overcome the challenging juncture, the mitigation of "cliff effects" post the moratoria expiration, the protection of its asset base and the resilience of its pre-provision profitability. In addition, the Group, under the extraordinary circumstances of the Covid-19 pandemic, has proceeded with the successful implementation of its Business Continuity Plan to ensure that business is continued and critical operations are unimpededly performed. In line with authorities' instructions and recommendations, the Group has taken all the required measures to ensure the health and safety of its employees and customers (e.g. implementation of teleworking, restrictions to business trips, and medical supplies for protective equipment).

Within this challenging external environment, the Group proceeded with the closing of the "Cairo" (sale of 20% of mezzanine/ 50.1% of junior Cairo securitizations' notes) and "Europe" (sale of 80% of Eurobank FPS) transactions in early June 2020, which signalled the completion of its accelerated NPE reduction plan announced in the fourth quarter of 2018. As a result the Group NPEs, following the derecognition of the Cairo securitised loan portfolio of € 7.2 billion (consisting primarily of NPEs) were reduced to € 5.7 billion (31 December 2019: € 13 billion) driving the NPE ratio to 14.0% (31 December 2019: 29.2%) and the NPE coverage ratio to 61.9% (31 December 2019: 55.3%). In accordance with the business update for the period 2021-2022, the Group aims to proceed with a new NPE securitization of circa € 3.3 billion. Taking also into account the impact of the Covid 19 pandemic, the NPE ratio is expected to decline further to circa 9% in 2021.

As at 31 December 2020 the Group's Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios stood at 16.3% (31 December 2019: 19.2%) and 13.9% (31 December 2019: 16.7%) respectively.

Eurobank Demerger

On 20.03.2020 Eurobank Ergasias S.A. announced that, following the decision of the Extraordinary General Meeting of its shareholders held on 31.01.2020 and after obtaining the necessary approvals by the competent Authorities, its demerger through sector's hive down and establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." ("Eurobank") was completed. Furthermore, on 23.03.2020 the amendment of its Articles of Association was announced, according to which its corporate name of Eurobank Ergasias S.A. was amended to "Eurobank Ergasias Services and Holdings S.A." ("Eurobank Holdings").

Following the above, Eurobank substitutes Eurobank Holdings, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector (as at 30.06.2019) and formed up to Demerger's completion on 20.03.2020.

2 Principal accounting policies (cont'd)

Eurobank Holdings, Eurobank's sole shareholder, ceases to be a credit institution and maintains activities, assets and liabilities that are not related to main banking activities, but are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties. Eurobank Holdings continues to be listed on the Athens Stock Exchange with its shares trading under its new name starting from 24.03.2020.

Liquidity risk
The gradual stabilization of the macroeconomic environment in Greece has enhanced Greece's credibility towards the international markets, improved the domestic economic sentiment and facilitated the return of deposits as well as the further relaxation of capital controls. The quick resolution of the uncertainty towards the post-program period will help further reinstating depositors' confidence, will accelerate the access to the markets for debt issuance and positively influence the financing of the economy.

As at 31 July 2018, Eurobank (the Bank) has managed to reduce its dependence on Eurosystem funding mainly through deposits inflows, assets deleveraging, increased market repos on Greek Government bonds and an asset backed securities issue.

Solvency risk
As at 31 December 2020 the Eurobank Group's Common Equity Tier 1 (CET1) ratio stood at 13.9% (31 December 2019: 16.7%), and the Eurobank S.A. Group's net profit attributable to shareholders for the period 20 March to 31 December 2020 amounted to € 247 million (31 December 2019: € 127 million).

As at 31 December 2020, the Group's deposits stood at € 47.3 billion and the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme at € 8 billion. The rise in high quality liquid assets of the Eurobank Holdings Group led the respective Liquidity Coverage ratio (LCR) to 124% (31 December 2019: 97%).

The Management, taking into consideration the above factors relating to the adequacy of the Group's capital position, has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

2.3 Adoption of new and revised International Financial Reporting Standards

During the year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company.

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Notes to the financial statements for the year ended 31 December 2017

2 Principal accounting policies (cont'd)

Standards and Interpretations effective for the current financial year

IAS 7 (Amendments) "Disclosure initiative"

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendment had no impact on the Company's financial statements.

IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses"

The amendment clarifies that (a) unrealized losses on debt instruments measured at fair value in the financial statements and at cost for tax purposes may give rise to a deductible temporary difference irrespective of whether the entity expects to recover the carrying amount of the debt instrument by sale or use, (b) estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences, (c) the estimate of probable future taxable profits may include the recovery of an asset for more than its carrying amount, if there is sufficient evidence that it is probable that this will be realized by the entity, and (d) a deferred tax asset is assessed in combination with all of the other deferred tax assets where the tax law does not restrict the sources of taxable profits against which the entity may make deductions on the reversal of that deductible temporary difference. Where restrictions apply, deferred tax assets are assessed in combination only with other deferred tax assets of the same type.

The adoption of the amendment had no impact on the Company's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 12 'Disclosure of Interests in Other Entities': It is clarified that the disclosure requirements in IFRS 12 apply to an entity's interest in a subsidiary, a joint venture or an associate classified as held for sale except for the requirement for summarized financial information.

The adoption of the amendment had no impact on the Company's financial statements.

Standards and Interpretations effective for subsequent periods

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Company is currently investigating the impact of IFRS 9 on its financial statements.

Notes to the financial statements for the year ended 31 December 2017

2 Principal accounting policies (cont'd)

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019)

The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Company is currently investigating the impact of IFRS 15 on its financial statements.

IFRIC 22 "Foreign currency transactions and advance consideration" (effective for annual periods beginning on or after 1 January 2018)

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts.

IFRS 2 "Classification and Measurement of Share-based Payment Transactions " (effective for annual periods beginning on or after 1 January 2018)

The amendment addresses (a) the measurement of cash-settled share-based payments, (b) the accounting for modifications of a share-based payment from cash-settled to equity-settled and c) the classification of share-based payments settled net of tax withholdings.

Specifically, the amendment clarifies that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments. It also clarifies that the liability of cash- settled share-based payment modified to equity-settled one is derecognized and the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted and any difference is recognized in profit or loss immediately.

Furthermore, a share-based payment net by withholding tax on the employee's behalf (a net settlement feature) is classified as equity settled in its entirety, provided it would have been classified as equity-settled had it not included the net settlement feature.

2 Principal accounting policies (cont'd)

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IAS 28 (Amendments) "Long term interests in associates and joint ventures" (effective for annual periods beginning on or after 1 January 2019)

The amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9.

IFRIC 23 "Uncertainty over income tax treatments" (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

IAS 19 (Amendments) "Plan amendment, curtailment or settlement" (effective for annual periods beginning on or after 1 January 2019)

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur.

IFRS 3 (Amendments) "Definition of a business" (effective for annual periods beginning on or after 1 January 2020)

The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

IAS 1 and IAS 8 (Amendments) "Definition of a material" (effective for annual periods beginning on or after 1 January 2020)

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS.

Notes to the financial statements for the year ended 31 December 2017

2 Principal accounting policies (cont'd)

IFRS 9, IAS 39 and IFRS 7 (Amendments) 'Interest rate benchmark reform' (effective for annual periods beginning on or after 1 January 2020)

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) 'Interest rate benchmark reform – Phase 2' (effective for annual periods beginning on or after 1 January 2021)

The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for the change in its hedging relationships and the information it should disclose.

IAS 37 (Amendment) 'Onerous Contracts – Cost of Fulfilling a Contract' (effective for annual periods beginning on or after 1 January 2022)

The amendment clarifies that 'costs to fulfil a contract' comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The amendment has not yet been endorsed by the EU.

IFRS 3 (Amendment) 'Reference to the Conceptual Framework' (effective for annual periods beginning on or after 1 January 2022)

The amendment updated the standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. The amendment has not yet been endorsed by the EU.

IAS 1 (Amendment) 'Classification of liabilities as current or non-current' (effective for annual periods beginning on or after 1 January 2023)

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has not yet been endorsed by the EU.

Notes to the financial statements for the year ended 31 December 2017

2 Principal accounting policies (cont'd)

Annual Improvements to IFRSs (2014 – 2016 Cycle) (effective for annual periods beginning on or after 1 January 2018)

IAS 28 "Investments in Associates and Joint Ventures"

It is clarified that venture capital organizations, mutual funds, unit trusts and similar entities are allowed to elect measuring their investments in associates or joint ventures at fair value through profit or loss.

Annual Improvements to IFRS (2015 – 2017 Cycle) (effective for annual periods beginning on or after 1 January 2019)

The amendments introduce key changes to four IFRSs following the publication of the results of the IASB's 2015-17 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

IFRS 3 "Business Combinations' and IFRS 11 'Joint Arrangements"

It is clarified how an entity accounts for increasing its interest in a joint operation that meets the definition of a business.

- If a party obtains control of a business that is a joint operation, then the transaction constitutes a business combination achieved in stages and the acquiring party remeasures the entire previously held interest in the assets and liabilities of the joint operation at fair value.
- If a party obtains joint control, then the previously held interest is not remeasured.

IAS 12 "Income taxes"

It is clarified that all income tax consequences of dividends, including payments on financial instruments classified as equity, should be recognized in profit or loss, other comprehensive income or equity, depending on where the originating transaction or event that generated distributable profits giving rise to the dividend, was recognized.

Annual Improvements to IFRS Standards 2018–2020 (effective for annual periods beginning on or after 1 January 2022)

The amendments set out below include changes to the following IFRS. The amendment has not yet been endorsed by the EU.

IFRS 9 'Financial instruments'

- The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

2 Principal accounting policies (cont'd)

IAS 23 "Borrowing costs"

It is clarified that any borrowing originally made to develop a qualifying asset should be treated as part of general borrowings when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

2.4 Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less any impairment losses. Subsidiaries are all entities controlled by the Company. The Company controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss 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. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount. The Company, which is a member of the Group controlled by the Bank, a listed entity in Greece, has used the exemption of IFRS10 "Consolidated 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 the Bank into which the results and financial position of the Company and all other subsidiaries are consolidated. This is also in compliance with the Cyprus Companies Law Cap.113.

2.5 Foreign currency translation

(1) **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.

(2) **Transactions and balances**
Foreign currency transactions that are transactions denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.6 Derivative financial instruments and hedging activities

Derivative financial instruments, including foreign exchange contracts, forward currency agreements and interest rate options (both written and purchased), currency and interest rate swaps and other derivative financial instruments are initially recognised in the balance sheet at fair value on the date on which the derivative contract is entered into and are subsequently re-

Notes to the financial statements for the year ended 31 December 2017

2 Principal accounting policies (cont'd)

measured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same

instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Certain derivatives, embedded in other financial instruments, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as hedges of the exposure to changes in the fair value of recognised assets or liabilities or unrecognised firm commitments (fair value hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity. The adjustment to the carrying amount of a hedged item for which the effective interest method is not used remains until the disposal of the equity security.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

2 Principal accounting policies (cont'd)

2.7 Interest income and expense

Interest income and expenses for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the income statement on an accruals basis, using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.8 Fee and commissions

Fees and commissions are generally recognised in the income statement on an accruals basis.

2.9 Financial assets and liabilities

2.9.1 Financial assets

The Company classifies its financial assets in the following IAS 39 categories: financial assets at fair-value-through-profit-or-loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company upon initial recognition designates as at fair-value-through-profit-or-loss and those that the Company upon initial recognition designates as available-for-sale. Securities classified in this category are presented in Investment Securities under Debt Securities Lending portfolio.

(ii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. The company does not hold such investments.

2 Principal accounting policies (cont'd)

(iii) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

(iv) Accounting treatment

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Loans originated by the Company are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets and financial assets at fair-value-through-profit-or-loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair-value-through profit-or-loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest rate method is recognised in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

2.9.2 Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Company retains a portion of the risks.

2.10 Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a

2 Principal accounting policies (cont'd)

result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in interest or principal payments;
c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
- adverse changes in the payment status of borrowers in the portfolio; or
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

(i) Assets carried at amortised cost

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held to maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

Notes to the financial statements for the year ended 31 December 2017

2 Principal accounting policies (cont'd)

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Company's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

Impairment charges relating to loans and advances to customers are classified in "impairment losses on loans and advances".

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

In case of equity and debt investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is

Notes to the financial statements for the year ended 31 December 2017

2 Principal accounting policies (cont'd)

(ii) Available-for-sale assets

removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

2.11 Financial liabilities

The Company measures its financial liabilities at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

2.12 Trade payables

Trade payables are initially recognised at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2.13 Securities lending

Securities lent to counterparties are retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless they are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

2.14 Taxation

(i) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense for the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the balance sheet and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

2 Principal accounting policies (cont'd)

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to items recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the income statement together with the deferred gain or loss.

2.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, 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.

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.17 Related party transactions

Related parties include associates, fellow subsidiaries, directors and key management personnel, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis. All transactions entered into with related parties are in the normal course of business and on an arm's length basis.

2.18 Cash and cash equivalents

Cash and cash equivalents include cash at bank with maturity of three months or less and bank overdrafts.

2.19 Share capital

Ordinary shares are classified as equity.

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

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share Capital.

3 Critical accounting estimates and judgments

In the process of applying the Company's accounting policies, the Company's management makes various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognized in the financial statements within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances

The Company reviews its loan portfolios to assess impairment continuously. In determining whether an impairment loss should be recorded in the statement of income, the Company makes judgments as to whether there is any observable data indicating there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience (see notes 4.2.1.).

(b) Initial recognition of acquisition of debt securities lending, held to maturity and available-for-sale portfolio from group entities

The Company acquired a portfolio of debt securities lending, held to maturity investments and available-for-sale from Group companies and at the same time the Bank provided a credit enhancement to the Company in the form of a lien arrangement in relation to these debt securities.

The consideration paid by the Company to group entities for the acquisition of these debt securities consisted of the fair value of the securities acquired as well as a consideration for the fair value of the financial guarantee provided by the ultimate Parent company in relation to these securities.

As both transactions, the acquisition of the debt securities from group companies and the provision of the financial guarantee by the Bank were entered into at the same time and in contemplation of one another, the management has concluded that it would be more appropriate on initial recognition to recognise the fair value of the financial guarantee as a single asset together with the underlying debt securities it relates to and classified as debt securities lending, held to maturity investments and available-for-sale portfolio as this would reflect the commercial substance of the transactions. As a result, the subsequent measurement of the financial guarantee forming part of these securities has been amortised on the same basis as the underlying debt securities it relates to and has been reported as an adjustment to interest income.

Had the two transactions not been treated as a single transaction, the Company would have recognised the debt securities and the financial guarantee as two separate assets and would have reported these separately. The debt securities would have been reported at their fair value on initial recognition and the financial guarantee would have been recognised as a prepayment

3 Critical accounting estimates and judgments (cont'd)

asset which would be amortised over the life of the guarantee which is equivalent to the expected life of the guaranteed debt instruments. The financial guarantee asset would be tested for impairment under IAS36 and the amortisation and potential impairment charges would be accounted for as a reduction of interest income. However, no P&L impact would have been reported for the period due to the presentation of two separated assets.

In May 2017, the Company transferred the whole DSL portfolio of €0,1 million book value to the Bank, with no significant impact in Company's capital position.

(c) Tax

The Company is subject to income tax in Cyprus. In order to establish the current and deferred tax, as presented in the Statement of Financial Position, significant assumptions are required. For specific transactions and calculations, the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax 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 income tax and deferred tax provisions in the period in which such determination is made.

4 Financial risk management

4.1 Use of financial instruments

By their nature the Company's activities are principally related to the use of financial instruments including derivatives.

4.2 Financial risk factors

The Company is exposed to a variety of financial risks: credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Company's financial performance, financial position and cash flows.

4.2.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are recognised for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Company's portfolio, could result in losses that are different from those provided for at the balance sheet date. Therefore, exposure to credit risk is carefully managed. Risk is minimised by adoption of appropriate procedures and controls for the evaluation of the quality of the credit facilities held.

(a) Credit risk measurement and management - investment securities and derivatives

The Company holds lien agreements issued by the Bank for several investment securities held, whereby the latter guarantees to the Company, that in case of any default by the issuer of the

4 Financial risk management (cont'd)

investment securities, the Company can set off the receivable amounts with the equivalent funds placed by Eurobank Private Bank Luxembourg. As a result, the Company considers that it is not exposed to any credit risk exposure in relation to the investment in securities as these are guaranteed by the Bank with cash balances in place to cover the entire carrying amount of these investment securities. All derivative financial instruments held by the Company are with the Bank, and as such the Company considers that these carry the credit risk of the Bank. Therefore, the Company does not have any specific policies in place to monitor this credit risk.

(b) Credit risk measurement – Loans and advances

Various credit rating systems are applied for the assessment and measurement of credit risk. These systems assign a specific rating to every borrower/counterparty which reflects the creditworthiness of the particular borrower and consequently the ability to repay funds on a timely manner. Credit rating takes under consideration various quantitative and qualitative factors. Rating systems are periodically reviewed and adapted to particular market conditions, products or borrowers.

Risk limit control and mitigation policies – Collateral

A range of policies and practices are employed to mitigate credit risk. The most traditional of these is the taking of security, which is common practice. The Company applies guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances to customers are:

- Cash deposits and other cash equivalents;
- Mortgages over residential properties;
- Charges over business assets such as accounts receivable;
- Charges over financial instruments such as debt securities and equities;
- Lien agreement from ultimate Parent company.

A specific part of the loan portfolio amounting to €25.9 million is guaranteed through Letters of Guarantee by the Bank. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

The size and concentration of the Company's exposure to credit risk can be obtained directly from the Statement of Financial Position and Notes of the financial statements which describe the analysis of the Company's loan portfolio and financial instruments.

In May 2017, the Company transferred the whole DSL portfolio of €0,1 million book value to the Bank, with no significant impact in Company's capital position.

In June 2017, the Company transferred at its Net Book Value, all Romanian loans portfolio of amount €28,6 million to ERB New Europe Funding II Ltd. with no significant impact in Company's capital position.

Notes to the financial statements for the year ended 31 December 2017

4 Financial risk management (cont'd)

4.2.1.1 Maximum exposure to credit risk before collateral held

	2017 €	2016 €
Cash at Bank	4.177.868	5.529.104
Loans and advances to customers:		
Mortgage loans	(-)	11.254.369
Small business	(-)	5.858.967
Corporate portfolio	(-)	43.031.102
Less: Provision for impairment losses	(-)	(29.940.620)
Debt securities lending portfolio	(-)	106.916
Other assets	(-)	4.072
	4.177.868	35.843.910

The above table represents the maximum credit risk exposure to the entity at 31 December 2017 and 2016, without taking account of any collateral held or other credit enhancements that do not qualify for offset in the entity's financial statements. The exposures set out above are based on net carrying amounts as reported in the statement of financial position.

4.2.1.2 Loans and advances to customers

Loans and advances are summarized as follows:

	2017 €	2016 €
Neither past due nor impaired	(-)	(-)
Past due but not impaired	(-)	(-)
Impaired:		
- collectively assessed	(-)	17.113.335
- individually assessed	(-)	43.031.103
Gross loans and advances	(-)	60.144.438
Less: Fair value adjustment and provision for impairment losses	(-)	(29.940.620)
Net loans and advances	(-)	30.203.818
Included in gross loans and advances are:		
Past due more than 90 days	(-)	60.144.438
Of which non-performing loans	(-)	60.144.438

Loans and advances to customers are classified as "neither past due nor impaired", "past due but not impaired" and "impaired". Loans are reported as "neither past due nor impaired" when no contractual payments are in arrears and there are no indications of impairment. "Past due but not impaired" category includes loans with contractual payments overdue by at least one day, but which are not impaired unless specific information indicates to the contrary. This is typically when loans are in arrears less than 90 days for consumer and small business exposures, and less than 180 days past due for mortgage and wholesale exposures. For loans in this category, although not considered impaired, the Company recognize a collective impairment provision. "Impaired" loans that are individually assessed comprise wholesale exposures as well as small business loans which carry an individual impairment provision. All other retail impaired exposures carry a collective impairment provision and they are in arrears for more than 90 days for consumer and small business exposures and 180 days for mortgage exposures.

Notes to the financial statements for the year ended 31 December 2017

4 Financial risk management (cont'd)

(a) Impaired loans and advances collectively assessed

The breakdown of the gross amount of collectively assessed loans and advances by class is as follows:

	31 December 2017				
	Mortgage	Small Business	Consumer	Corporate Portfolio	Total
	€	€	€	€	€
Collectively assessed loans	(-)	(-)	(-)	(-)	(-)

	31 December 2016				
	Mortgage	Small Business	Consumer	Corporate Portfolio	Total
	€	€	€	€	€
Collectively assessed loans	11.254.369	5.858.966	(-)	(-)	17.113.335

(b) Impaired loans and advances individually assessed

The breakdown of the gross amount of individually assessed loans and advances by class are as follows:

	31 December 2017				
	Mortgage	Small Business	Consumer	Corporate Portfolio	Total
	€	€	€	€	€
Individually assessed loans	(-)	(-)	(-)	(-)	(-)

	31 December 2016				
	Mortgage	Small Business	Consumer	Corporate Portfolio	Total
	€	€	€	€	€
Individually assessed loans	(-)	(-)	(-)	43.031.103	43.031.103

(c) Non-performing loans

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

	2017	2016
	€	€
Mortgage lending	(-)	11.254.369
Small business lending	(-)	5.858.966
Corporate portfolio lending	(-)	43.031.103
Total non-performing loans	**(-)**	**60.144.438**

Notes to the financial statements for the year ended 31 December 2017

4 Financial risk management (cont'd)

4.2.1.3 Debt securities

Below is an analysis of debt securities by rating agency designation:

As at 31 December 2017:

	Available for sale €	Debt securities lending €	Total €
Aaa	(-)	(-)	(-)
Aa1 to Aa3	(-)	(-)	(-)
A1 to A3	(-)	(-)	(-)
Lower than A3	(-)	(-)	(-)
Unrated	(-)	(-)	(-)
Total debt securities	(-)	(-)	(-)

As at 31 December 2016:

	Available for sale €	Debt securities lending €	Total €
Aaa	(-)	(-)	(-)
Aa1 to Aa3	(-)	(-)	(-)
A1 to A3	(-)	(-)	(-)
Lower than A3	(-)	100.034	100.034
Unrated	(-)	6.882	6.882
Total debt securities	(-)	106.916	106.916

4.2.1.4 Concentration of credit risk

(a) Geographical sectors

The following tables break down the Company's main credit exposure at their gross carrying amounts, as categorized by geographical region as at 31 December 2017 and 31 December 2016. For this table, the Company has allocated exposures to regions based on the country of domicile of its counterparties:

	31 December 2017				
	Greece €	Ukraine €	Romania €	Other countries €	Total €
Loans and advances to customers:					
Mortgage lending	(-)	(-)	(-)	(-)	(-)
Small business lending	(-)	(-)	(-)	(-)	(-)
Corporate portfolio lending	(-)	(-)	(-)	(-)	(-)
Debt securities lending portfolio	(-)	(-)	(-)	(-)	(-)
Other assets	(-)	(-)	(-)	(-)	(-)
Total concentration of credit risk – geographical sectors	(-)	(-)	(-)	(-)	(-)

4 Financial risk management (cont'd)

	31 December 2016				
	Greece	Ukraine	Romania	Other countries	Total
	€	€	€	€	€
Loans and advances to customers:					
Mortgage lending	(-)	(-)	**11.254.369**	(-)	**11.254.369**
Small business lending	(-)	(-)	**5.858.966**	(-)	**5.858.966**
Corporate portfolio lending	(-)	(-)	**43.031.103**	(-)	**43.031.103**
Debt securities lending portfolio	**106.916**	(-)	(-)	(-)	**106.916**
Other assets	**4.072**	(-)	(-)	(-)	**4.072**
Total concentration of credit risk – geographical sectors	**110.988**	(-)	**60.144.438**	(-)	**60.255.426**

(b) Industry sectors

The following tables break down the Company's main credit exposure at their gross carrying amounts, as categorized by the industry sectors of its counterparties as of 31 December 2017 and 31 December 2016.

	31 December 2017					
	Commerce and services	Private individuals	Manufacturing	Construction	Other	Total
	€	€	€	€	€	€
Loans and advances to customers:						
Mortgage lending	(-)	(-)	(-)	(-)	(-)	(-)
Small business lending	(-)	(-)	(-)	(-)	(-)	(-)
Corporate portfolio lending	(-)	(-)	(-)	(-)	(-)	(-)
Debt securities lending portfolio	(-)	(-)	(-)	(-)	(-)	(-)
Other assets	(-)	(-)	(-)	(-)	(-)	(-)
Total concentration of credit risk – industry sectors	(-)	(-)	(-)	(-)	(-)	(-)

	31 December 2016					
	Commerce and services	Private individuals	Manufacturing	Construction	Other	Total
	€	€	€	€	€	€
Loans and advances to customers:						
Mortgage lending	(-)	**11.254.369**	(-)	(-)	(-)	**11.254.369**
Small business lending	**459.232**	**5.069.788**	**199.619**	**125.109**	**5.668**	**5.858.966**
Corporate portfolio lending	**6.471.843**	(-)	**5.524.882**	**30.607.473**	**426.905**	**43.031.103**
Debt securities lending portfolio	(-)	(-)	(-)	(-)	**106.916**	**106.916**
Other assets	(-)	(-)	(-)	(-)	**4.072**	**4.072**
Total concentration of credit risk – industry sectors	**6.931.075**	**16.324.157**	**5.724.051**	**30.732.582**	**543.561**	**60.255.426**

4 Financial risk management (cont'd)

4.2.2 Market risk

The Company takes on exposure to market risks. Market risks arise from exposure on interest rate and currency products or combination of them, all of which are exposed to general and specific market movements. Specifically, the market risks the Company is exposed to are the following:

(a) Interest rate risk

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows. 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 movements arise. Limits are set on the level of mismatch of interest rate reprising that may be undertaken and exposures are monitored daily.

(b) Currency risk

The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Limits are set on the level of exposures which are monitored daily. FX exposure is generally reduced by obtaining funding in the currency of the asset acquired.

(c) Fair values

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available, the fair value of financial assets and liabilities is estimated using present value or other estimation and valuation techniques where all significant inputs are observable. These inputs are mainly related to interest rate curves, fx rates, equity prices, credit spreads and implied volatilities obtained from internationally recognised market data providers. The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. In addition, the fair values reported, may be materially different from the values actually realised upon sale or settlement.

Notes to the financial statements for the year ended 31 December 2017

4 Financial risk management (cont'd)

Financial instruments carried at fair value

All financial instruments that are measured at fair value are categorised in one of the three fair value hierarchy levels at year-end; based on whether the inputs to the fair values are observable or non-observable:
i) Level 1 – Quoted prices in active markets for identical assets and liabilities. Quoted prices must be readily and regularly available from an exchange or active index/market location and prices must represent actual and regularly occurring market transactions on an arm's length basis.
ii) Level 2 – Financial instruments measured using valuation techniques where all significant inputs are market observable.
iii) Level 3 – Financial instruments measured using valuation technique with significant non observable inputs.

Derivatives and available for sale securities are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then the fair values are estimated using valuation techniques.

Financial instruments not carried at fair value

In respect of loans and advances to customers, as of the reporting date, the Company expected to realize assets through collection over time. The following table presents the carrying amount and fair value of Debt Securities Lending and loans and advances to customers not carried at fair value analysed by the level in the fair value hierarchy categorization. For all of the other assets and liabilities, the fair value is substantially equivalent to their carrying value.

31 December 2017

	Level 1	Level 2	Level 3	Fair Value	Carrying Amount
	€	€	€	€	€
Loans & Advances to Customers	(-)	(-)	(-)	(-)	(-)
Debt Securities Lending Portfolio	(-)	(-)	(-)	(-)	(-)

31 December 2016

	Level 1	Level 2	Level 3	Fair Value	Carrying Amount
	€	€	€	€	€
Loans & Advances to Customers	(-)	(-)	29.350.633	29.350.633	30.203.818
Debt Securities Lending Portfolio	(-)	106.916	(-)	106.916	106.916

4 Financial risk management (cont'd)

4.2.3 Liquidity risk

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for a company in the financial services industry to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Company.

Maturity analysis of liabilities

The amounts disclosed in the table below are the contractual undiscounted cash flows for the period ended 31 December 2017 and 31 December 2016. Liabilities without contractual maturities are presented in the "less than 1 month" time bucket.

It should be noted that this table represents the worst case scenario since it is based on the assumption that all liabilities will be paid earlier than expected. The recent experience shows that even in a period of a systemic financial crisis the likelihood of such an event is remote. Additionally, these liabilities are towards related parties, which facilitates liquidity management and the avoidance of such an event.

31 December 2017

	Less than 1 month €	1-3 months €	3 months to 1 year €	Over 1 year €	Gross nominal (inflow)/ outflow €
Non-derivative liabilities:					
Loans payable	**11.823.769**	**79.847.018**	(-)	(-)	**91.670.787**
Other liabilities	**448.802**	(-)	(-)	(-)	**448.802**
Total non-derivative liabilities	**12.272.571**	**79.847.018**	(-)	(-)	**92.119.589**
Derivative financial instruments	(-)	(-)	(-)	(-)	(-)

31 December 2016

	Less than 1 month €	1-3 months €	3 months to 1 year €	Over 1 year €	Gross nominal (inflow)/ outflow €
Non-derivative liabilities:					
Loans payable	**42.869.831**	**78.089.993**	(-)	(-)	**120.959.824**
Other liabilities	**146.955**	(-)	(-)	(-)	**146.955**
Total non-derivative liabilities	**43.016.786**	**78.089.993**	(-)	(-)	**121.106.779**
Derivative financial instruments	(-)	(-)	(-)	(-)	(-)

4 Financial risk management (cont'd)

4.2.4 Capital 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.

The Company's policy is to maintain a capital base so as to support operations and sustain future development of the business as necessary. Capital consists of share capital, share premium and retained earnings. The Company is not regulated and hence not required to comply with any capital requirements.

4.2.5 Solvency risk

As at 31 December 2020 the Eurobank Group's Common Equity Tier 1 (CET1) ratio stood at 13.9% (31 December 2019: 16.7%), and the Eurobank S.A. Group's net profit attributable to shareholders for the period 20 March to 31 December 2020 amounted to € 247 million (31 December 2019: € 127 million).

As at 31 December 2020, the Group's deposits stood at € 47.3 billion and the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme at € 8 billion. The rise in high quality liquid assets of the Eurobank Holdings Group led the respective Liquidity Coverage ratio (LCR) to 124% (31 December 2019: 97%).

The Management, taking into consideration the above factors relating to the adequacy of the Group's capital position, has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

4.2.6 Financial instruments per category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2017	Loans and receivables €
Assets as per the statement of financial position:	
Cash at bank	**4.177.868**
	4.177.868

	€
Liabilities as per the statement of financial position:	**Financial liabilities at amortised cost**
Loans payable	**91.670.787**
Other liabilities	**448.802**
	92.119.589

4 Financial risk management (cont'd)

31 December 2016	Loans and receivables
Assets as per the statement of financial position:	€
Cash at bank	5.529.104
Loans and advances to customers	30.203.818
Debt securities lending portfolio	106.916
Other assets	4.072
	35.843.910

Liabilities as per the statement of financial position:	€ Financial liabilities at amortised cost
Loans payable	120.959.824
Other liabilities	146.955
	121.106.779

5 Interest income

	2017 €	2016 €
Interest from debt securities lending	23	2.263.696
Interest from loans and advances to customers	100.522	137.916
	100.545	2.401.612

6 Interest expense

	2017 €	2016 €
Interest on loans payable	(2.310.635)	(4.868.470)
	(2.310.635)	(4.868.470)

7 Gains less losses from investment securities

	2017 €	2016 €
Gains less losses from Available-for-sale financial assets	(-)	529.922
Gains less losses from Debt securities lending portfolio	664	2.118.604
	664	2.648.526

Notes to the financial statements for the year ended 31 December 2017

8 Net trading profit

	2017	2016
	€	€
Revaluation of foreign exchange positions	398.096	13.233
	398.096	13.233

9 Operating expenses

	2017	2016
	€	€
Auditors' remuneration for the statutory audit of annual accounts	(23.220)	(22.550)
Other expenses	(23.587)	(63.575)
	(46.807)	(86.125)

10 Taxation

	2017	2016
	€	€
Corporation tax – current year	9	25.127
Corporation tax – prior years	8.901	70.405
	8.910	95.532

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

	2017	2016
	€	€
Loss before tax	(3.339.951)	(1.853.701)
Tax calculated at the applicable tax rates	(417.494)	(231.713)
Tax effect of expenses not deductible for tax purposes	467.347	589.560
Tax effect of allowances and income not subject to tax	(49.845)	(332.720)
Corporation tax – prior years	8.901	70.405
10% additional charge	1	(-)
Tax charge	8.910	95.532

The corporation tax rate is 12,5%.

As from tax year 2012 brought forward losses of only five years may be utilized. Up to 31 December 2008, under certain conditions interest may be subject to special contribution for defense at the rate of 10%. In such cases, 50% of the same interest will be exempt from income tax thus having an effective tax rate burden of approximately 15%. From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defense at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

10 Taxation (cont'd)

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% as from 1 January 2012; reduced to 17% as from 1 January 2014. 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.

11 Cash at bank

As of 31.12.2017, the Cash at Bank balances of the company were with Eurobank Ergasias S.A. of amount €2.863.304, with Eurobank Cyprus Ltd of amount €926.566, and with Bancpost S.A. of amount €387.998.

12 Loans and advances to customers

The entire portfolio of Loans and advances to customers have been originated from the Group Subsidiaries, in Ukraine and Romania.

	2017 €	2016 €
Repayable:		
Within one year	(-)	38.341.475
More than one year	(-)	(-)
	(-)	38.341.475
Less: allowance for losses of loans and advances	(-)	(8.137.657)
	(-)	30.203.818

	2017 €	2016 €
By category:		
Mortgage loans - USD	(-)	930.077
Mortgage loans - CHF	(-)	5.743.821
Mortgage loans – EUR	(-)	449.526
Mortgage loans – RON	(-)	51.123
Small Business – USD	(-)	694.578
Small Business – CHF	(-)	651.302
Small Business – EUR	(-)	1.590.434
Small Business – RON	(-)	798.718
Consumer loans - USD	(-)	(-)
Corporate Portfolio - USD	(-)	201.232
Corporate Portfolio – EUR	(-)	23.246.553
Corporate Portfolio – RON	(-)	3.984.111
Gross loans and advances to customers	(-)	38.341.475
Less: Provision for impairment losses	(-)	(8.137.657)
	(-)	30.203.818

12 Loans and advances to customers (cont'd)

The movement of the provision for impairment losses on loans and advances by asset class is as follows:

2017	Mortgage	Small Business	Consumer loans	Corporate portfolio	Total
	€	€	€	€	€
Balance at 1 January	**4.242.703**	**395.369**	(-)	**3.499.585**	**8.137.657**
Impairment losses on loans and advances charged in the period	(-)	914.763	(-)	(-)	914.763
NPV Unwinding	52.988	115.826	(-)	104.576	273.390
Amounts written off	(-)	(-)	(-)	(-)	(-)
Amounts derecognized due to portfolio disposal	(4.295.691)	(1.425.958)	(-)	(3.604.161)	(9.325.810)
Foreign exchange differences	(-)	(-)	(-)	(-)	(-)
Balance at 31 December	(-)	(-)	(-)	(-)	(-)

2016	Mortgage	Small Business	Consumer loans	Corporate portfolio	Total
	€	€	€	€	€
Balance at 1 January	**51.041.598**	**26.209.671**	**101.314**	**2.182.971**	**79.535.554**
Impairment losses on loans and advances charged in the period	281.455	1.074.631	(-)	358.563	1.714.649
NPV Unwinding	118.361	460.032	(-)	249.526	827.919
Amounts written off	(46.987.745)	(26.988.172)	(101.314)	906.145	(73.171.086)
Foreign exchange differences	(210.966)	(360.793)	(-)	(197.620)	(769.379)
Balance at 31 December	4.242.703	395.369	(-)	3.499.585	8.137.657

13 Available-for-sale financial assets

	2017 €	2016 €
Issued by public organizations:		
-Germany	(-)	(-)
-Serbia	(-)	(-)
	(-)	(-)
Issued by other issuers:		
-Banks	(-)	(-)
-Other	(-)	(-)
	(-)	(-)
Total	(-)	(-)
Listed	(-)	(-)
Unlisted	(-)	(-)
	(-)	(-)
Equity	(-)	(-)
Debt	(-)	(-)
	(-)	(-)

The movement in the account is as follows:

	2017 €	2016 €
Net book value at 1 January	(-)	74.528.066
Additions	(-)	(-)
Disposals	(-)	(55.250.390)
Redemptions/Maturities	(-)	(17.000.000)
Interest & amortisation of premium/ discount	(-)	(615.681)
Accrued interest	(-)	(1.051.871)
Change in fair value due to hedging	(-)	(610.124)
Net book value at 31 December	(-)	(-)

Equity reserve: Revaluation of the available-for-sale investments

	2017 €	2016 €
Balance at 1 January	(-)	610.124
Net losses transferred to net profit	(-)	(610.124)
Balance at 31 December	(-)	(-)

In April 2016, the Company transferred DSL and AFS bond portfolios of approx. €890 million total book value to the Bank. The disposal had a positive impact in Company's capital position (gain of approx. €2,7 million). Cash proceeds received by the Company were utilized to repay an equal amount of loans payable to Eurobank Private Bank Luxembourg.

14 Debt securities lending portfolio

	2017 €	2016 €
Issued by public organizations:		
-Greece	(-)	(-)
-Romania	(-)	(-)
	(-)	(-)
Issued by other issuers:		
-Banks	(-)	106.916
-Other	(-)	(-)
	(-)	106.916
Total	(-)	106.916
Listed	(-)	(-)
Unlisted	(-)	106.916
	(-)	106.916
Equity	(-)	(-)
Debt	(-)	106.916
	(-)	106.916

The movement in the account is as follows:

	2017 €	2016 €
Net book value at 1 January	106.916	835.611.614
Additions	(-)	(-)
Disposals	(106.887)	(833.956.744)
Redemptions/ Maturities	(-)	(-)
Foreign exchange adjustments	(-)	(-)
Interest, amortization of premium/ discount	23	(241.019)
Accrued interest	(52)	(1.306.935)
Net book value at 31 December	(-)	106.916

Debt securities lending financial assets maturing after 1 year: €Nil (2016: €6.882)

In April 2016, the Company transferred DSL and AFS bond portfolios of approx. €890 million total book value to the Bank. The disposal had a positive impact in Company's capital position (gain of approx. €2,7 million). Cash proceeds received by the Company were utilized to repay an equal amount of loans payable to Eurobank Private Bank Luxembourg.

In May 2017, the Company transferred the whole DSL portfolio of €0,1 million book value to the Bank, with no significant impact in Company's capital position.

15 Investments in subsidiaries

	2017	2016
	€	€
Balance at 1 January	670.000	670.000
Disposals	(670.000)	(-)
Balance at 31 December	(-)	670.000

The entity acquired in February 2012, in the context of a group reorganization, a 100% shareholding of ERB Hellas (Cayman Islands) Ltd, a group related company incorporated in the Cayman Islands.

In July 2017, the Company sold to Eurobank Ergasias S.A. 100% shareholding of ERB Hellas (Cayman Islands) Ltd, a group related company incorporated in the Cayman Islands of €0,67 million Book Value, at a loss of €0,12 million.

16 Other assets

	2017	2016
	€	€
Other receivables	(-)	4.072
	(-)	4.072

17 Share capital

	Number of shares	Share capital	Share premium	Total
		€	€	€
Authorized				
At 31 December 2017 & 2016	90.000	90.000		90.000
Issued and fully paid				
At 1 January 2017 & 2016	1.100	1.100	18.900	20.000
At 31 December 2017 & 2016	1.100	1.100	18.900	20.000

18 Loans payable

	2017	2016
	€	€
Current borrowings		
Loans from related companies - Euro	81.570.016	105.623.132
Loans from related companies - USD	3.435.725	3.839.773
Loans from related companies - CHF	4.137.939	6.071.455
Loans from related companies – RON	2.527.107	5.425.464
	91.670.787	120.959.824

Borrowings are issued at variable rates. During the year 2017, the Company's interest rate on the loans payable was based on EURIBOR/ LIBOR plus a margin ranging from 0,57% to 2,25% (2016: from 0,57% to 2,25%).

19 Other liabilities

	2017	2016
	€	€
Other creditors	413.575	124.955
Accrued operating expenses	35.227	22.000
	448.802	146.955

20 Related party transactions

The Bank's shareholding structure

On 20 March 2020, Eurobank Ergasias S.A. ("Demerged Entity") announced that its demerger through the banking sector's hive down and the establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." ("Bank") was approved, while on 23 March 2020 the Demerged Entity was renamed to "Eurobank Ergasias Services and Holdings S.A." ("Eurobank Holdings").

As at 31 December 2020, the percentage of the Eurobank Holdings Company's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%. The HFSF is considered to have significant influence over Eurobank Holdings pursuant to the provisions of the Law 3864/2010, as in force, the Relationship Framework Agreement (RFA) the Demerged Entity has entered into with the HFSF on 4 December 2015 and the Tripartite Relationship Framework Agreement (TRFA) between the Bank, the Eurobank Holdings Company and the HFSF signed on 23 March 2020.

In addition, as of December 2019, Fairfax Financial Holdings Limited has obtained the required regulatory approvals in relation to the increase of its shareholding in the Demerged Entity, which arose from the merger of the latter with Grivalia Properties REIC in the same year. Accordingly, Fairfax group, which as at 31 December 2020 holds 31.27% in the Eurobank Holdings Company's share capital, is considered to have significant influence over the Eurobank Holdings Company.

(i) The following transactions were carried out with related parties:

	With the Bank		With the Group (other than the Bank)	
	2017	2016	2017	2016
	€	€	€	€
Cash at bank	2.863.304	2.323.339	1.314.564	3.205.765
Derivative financial instruments - assets	(-)	(-)	(-)	(-)
Debt securities lending portfolio	(-)	106.916	(-)	(-)
Other assets	(-)	(-)	(-)	(-)
Derivative financial instruments-liabilities	(-)	(-)	(-)	(-)
Other liabilities	(-)	(-)	(437.527)	(-)
Loans payable	(79.847.018)	(78.089.993)	(11.823.769)	(42.869.831)
Interest income	552	1.720.386	(-)	(-)
Interest expense	(-)	(-)	(552.449)	(2.868.570)
Fee and commission income	(-)	6.279	(-)	(-)
Fee and commission expense	(-)	(113.229)	(438.569)	(684)
Net trading loss	(-)	(-)	(-)	(-)

20 Related party transactions (cont'd)

(ii) Key management personnel

Key management personnel includes directors of the Company and their close family members. No transactions have taken place between the Company and key management personnel.

The ultimate parent entity which prepares the consolidated financial statements of the largest body of undertakings of which the Company forms part as a subsidiary undertaking, is the Bank, incorporated in Greece with registered office 8 Othonos Street, Athens 105 57, Greece. Its consolidated financial statements are available at the website www.eurobank.gr. The Bank is also the parent entity, which prepares the consolidated financial statement of the smallest body of undertakings of which the Company forms part as a subsidiary undertaking.

21 Contingent liabilities and commitments

The Company had no contingent liabilities or commitments as at 31 December 2017 and 31 December 2016.

22 Events after the reporting date

COVID-19 developments

During 2020 and the first quarter of 2021, the outbreak of Covid-19 pandemic and the measures adopted to contain the virus expansion defined the economic environment in Greece and globally. More specifically, the Covid-19 pandemic posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including countywide and local lockdowns, adopted to contain the virus expansion.

The extent to which COVID-19 impacts our business will depend on future developments, which are highly uncertain and cannot be predicted at this point in time.

We are closely monitoring the situation and its potential impact on our business and we do not expect a material one. The Company follows guidance from the local health authorities and adheres to the requirements and actions as implemented by the Cypriot government. The Company is proactively executing risk strategies to mitigate the potential adverse impact on the Company's employees and operations.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.