

# **ERB NEW EUROPE HOLDING B.V.**

Amsterdam, the Netherlands

**FINANCIAL STATEMENTS 2017**

**ERB NEW EUROPE HOLDING B.V.**

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# ERB NEW EUROPE HOLDING B.V.

## Report of the Managing Directors

In accordance with the Articles of Association of ERB New Europe Holding B.V., The Board of Managing Directors herewith submits the Annual Report of ERB New Europe Holding B.V. (the Company) for the year ended 31 December 2017.

### Key Activities

ERB New Europe Holding B.V. was incorporated on July 2, 2003 and has its registered and office address at Herengracht 500, Amsterdam, the Netherlands. The Company is incorporated in The Netherlands and is wholly owned by Eurobank Ergasias S.A. ("the Bank and / or the Group") in Greece. On November 1, 2012 the Company changed its name to ERB New Europe Holding B.V. (former name: EFG New Europe Holding B.V.).

ERB New Europe Holding B.V. is part of and acts as a holding Company for investments within Eurobank Ergasias S.A. Group. The Company's objectives are:

- a. to incorporate, to participate in, and to conduct the management of other companies and enterprises;
- b. to render administrative, technical, financial, economic or managerial services to other companies, persons and enterprises;
- c. to acquire, to dispose of, to manage and to commercialise moveable and immoveable property and other goods, including patents, trademark rights, licenses, permits and other industrial property rights;
- d. to borrow and to lend money, to act as surety or guarantor in any other manner, and to bind itself solely and jointly or otherwise in addition to or on behalf of others.

### Position of Eurobank Group

#### Macroeconomic environment

In 2018, Greece's real GDP is expected to grow by 1.9%, according to the May 2018 forecast by European Commission (2017: 1.4%, according to the Hellenic Statistical Authority's (ELSTAT) data). The unemployment rate in May 2018 was 19.5%, based on ELSTAT data (31 December 2017: 20.8%). On the fiscal front, Greece's primary surplus in 2017 was at 4.2% of GDP, according to Medium Term Fiscal Strategy 2019-2022, outperforming the respective 2017 Third Economic Adjustment Program (TEAP) target of 1.75% of GDP. The TEAP primary surplus target for the period 2018 - 2022 is expected at 3.5% of GDP each year.

The fourth and final review of the TEAP for Greece was concluded successfully in the 21 June 2018 Eurogroup, after the implementation of a series of prerequisite reforms. The Greek Government has built up a cash buffer of around € 24 bn so far, out of the European Stability Mechanism (ESM) loan disbursements, GGBs issuances and other sources, in order to facilitate the country's access to the international markets. This buffer suffices for covering the sovereign financial needs for around 22 months after the end of the program. Following the expiration of the TEAP on 20 August 2018, Greece has entered into enhanced post program surveillance under EU Regulation 472/2013, which foresees quarterly reviews by the competent committees of the institutions (EC/ECB/ESM/IMF). The post program surveillance's main purpose is to safeguard financial stability, and continue the process of implementation of structural reforms aiming, among others, to boost domestic growth, jobs creation and to modernize the public sector. The decisive implementation of the reforms agreed in the context both of the TEAP and in the post program period surveillance, the implementation of medium term debt relief measures in accordance with 21 June 2018 Eurogroup decisions, the mobilization of European Union (EU) funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model will improve the confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment.

The main risks and uncertainties stemming from the macroeconomic environment are associated with (a) the adherence to established reforms and the possible delays in the implementation of the reforms' agenda in order to meet the targets and milestones for the post program surveillance of the country, (b) the impact on the level of economic activity and on the attraction of direct investments from the fiscal and social security-related measures agreed under the reviews of the TEAP, (c) the ability to attract new investments in the country, (d) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (e) the possible slow pace of deposits inflows and/ or possible delays in the effective management of non-performing exposures (NPEs) as a result of the macroeconomic conditions in Greece and (f) the geopolitical conditions in the near or in broader region and the external shocks from a slowdown in the regional and/ or global economy.

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**Position of Eurobank Group (continued)**

**Liquidity risk**

The gradual stabilisation 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**

On 5 May 2018, the ECB announced the results of the Stress Test (ST) for the four Greek systemic banks, including Eurobank. Based on feedback received by the Single Supervisory Mechanism (SSM), the ST outcome pointed to no capital shortfall and no capital plan needed for the Bank as a result of the exercise. Going forward, the prime target remains the active management of NPEs, with the aim to substantially reduce their stock in accordance with the Bank's operational targets and taking advantage of the Group's internal infrastructure, the important legislative changes and the external partnerships that have taken or are expected to take place.

The Group's Common Equity Tier 1 (CET1) ratio stood at 14.8% at 30 June 2018 (31 December 2017: 17.9%, 2016: 17.3%), and the net profit attributable to shareholders amounted to € 36 million for the period ended 30 June 2018 (31 December 2017: € 115 million, 2016: € 61 million).

The Management taking into consideration the above factors relating to the adequacy of the Group's capital position, as also evidenced by the performance to the ST, the outperformance of NPEs reduction targets and its anticipated continued access to Eurosystem funding over the foreseeable future, has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

**Risk Management**

The Managing Board utilises a risk management policy and receives regular reports to enable prompt identification of financial risk so that appropriate actions may be taken. The Company employs written policy and procedures that sets out specific guidelines to manage credit risk, interest rate risk, foreign currency risk and liquidity risk. For a further analysis we refer to note 5 in the Notes to the balance sheet and Statement of Comprehensive income of this report.

## ERB NEW EUROPE HOLDING B.V.

### Report of the Managing Directors

#### Credit Rating of Eurobank Group

The parent company's (Eurobank Ergasias Group) long term rating was 'B-' at June 2018 (2016: CCC+, 2015: SD) according to the Standard & Poor's credit rating.

#### Outlook

There were no changes in the nature of the activities of the Company in 2017 and no changes are expected in 2018.

#### Current year results

During the year under review the Company recorded a profit of EUR 90,012,852. The profit was mainly driven by dividends received from its investments. In the previous financial year (2016) a profit recorded amounted EUR 11,740,695.

#### Related parties

As of November 2015, the percentage of the Bank's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 2.38%. The HFSF is considered to have significant influence over the Bank pursuant to the provisions of the Law 3864/2010, as in force, and the Relationship Framework Agreement (RFA) the Bank has entered into with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014.

#### Operations in Ukraine classified as held for sale

In March 2014, management committed to a plan to sell the Group's operations in Ukraine (including Public J.S.C. Universal Bank and ERB Property Services Ukraine LLC). The sale was considered probable, therefore, the Group's and therefore Company's operations in Ukraine were classified as a disposal group held for sale.

In September 2016, the Group disposed of ERB Property Services Ukraine LLC and in December 2016, Eurobank and TAS group concluded on the acquisition of Universal Bank by the latter, after all regulatory approvals were obtained. The resulting loss on disposal from operations in Ukraine amounted to EUR 0,1 million (note 9).

#### Operations in Romania classified as held for sale

On 15 September 2017, Eurobank announced that has entered into negotiations with Banca Transilvania with regards to the potential sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group). The sale was considered highly probable, therefore the Romanian disposal group was classified as held for sale in the Company's financial statements. On 24 November 2017, the Bank announced that it has reached an agreement with Banca Transilvania to sell the shares in Romanian disposal group. On 03/04/2018, the Group disposed the Romanian disposal Group, after all regulatory approvals were obtained and the Company received a cash consideration amounting to €56,4 million.

#### Post balance sheet events

In February 2018, the reduction of Bancpost S.A. share capital by decreasing the nominal value per share was completed and resulted in the decrease of NEH's holding to the company by € 2.7 million.

On 09 January 2018, the Company distributed the interim dividend amounting to €37,87million to its sole shareholder, Eurobank Ergasias S.A.

On 4 April 2018, the Bank announced the completion of the sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group) to Banca Transilvania.

According to the tax audit assessment communicated to Bancpost S.A. within July 2018, following the completion of the tax audit for the years 2011-2015, the additional taxes to be paid amount in total to € 40 million, approximately. The said taxes result from the imposition of additional withholding taxes of € 30 million (including surcharges of € 10 million) and additional corporate income tax of € 10 million deriving from both the disallowance for tax deduction of certain expenses and the recognition of deemed taxable income. According to the SPA, the Purchaser could claim, subject to certain limitations on the total claim, from the Seller the tax liabilities that will be assessed by a tax authority as a result of a Tax audit covering all tax matters in respect of all open (non-expired) taxable periods of Bancpost S.A. until the completion of the transaction. In respect of the above, Eurobank has recognized a provision of € 15 million in the income statement. The Group is in communication with Bancpost S.A. and BT, which are in the process of challenging the tax audit assessment.

In addition, in July and August 2018, the Romanian National Authority for Consumer Protection (ANPC) has imposed two fines on Bancpost S.A. in connection with complaints raised by certain Bancpost S.A. lending clients. The cases related to portfolios of performing loans which were assigned by Bancpost S.A. to ERB New Europe Funding II B.V. (NEF II) (an SPV in the Netherlands controlled by Eurobank) in 2008. The ANPC has imposed fines on Bancpost S.A. totalling € 68 thousand, as it challenged the capacity of NEF II to acquire the loan receivables from Bancpost S.A. and of certain alleged breaches of consumer protection laws. Furthermore, the ANPC concluded that payments by the consumers such as interests, fees, penalties in relation to all loans assigned to NEF II were illegally cashed in by NEF II for a period of ten years and should be reimbursed by Bancpost S.A. The SPA provides for an indemnity in respect of losses incurred from claims made against the Purchaser or Bancpost S.A. in relation to loans and receivables of the above perimeter. Bancpost S.A. is in the process of challenging the ANPC minutes.

#### Other events

In May & October 2017, the Company received a dividends of EUR 24,7 million by its subsidiary ERB Retail Services IFN SA and Eurobank Bulgaria A.D. of EUR 13,16 million, following the latter's General Shareholder Meeting which took place on 27 April 2017 and 06 October 2017 respectively.

The Company received EUR 0,7 million as a liquidation product by its wholly owned subsidiary ERB Asset Fin DOO Beograd following its liquidation during 2017.

In December 2017, the Company received a dividend of EUR 50 million by its subsidiary Eurobank Cyprus Ltd.

No other material subsequent events, affecting the financial statements, have occurred to date.

## **ERB NEW EUROPE HOLDING B.V.**

### **Report of the Managing Directors**

#### **Future developments**

The Company's business strategy and activities are linked to those of Eurobank Ergasias S.A., which is the direct shareholder of the Company.

The assessment by the directors of the Company's ongoing business model is closely associated with the business decisions and operations of the Parent Company and its subsidiaries. On the basis of the analysis of the Company's profitability, capitalisation and funding structure, the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future.

Amsterdam, February 7, 2019

#### **Managing Directors**

ERB New Europe Holding B.V.

Chamber of Commerce number: 34192535

C. Koukoutsaki

S. Psychogios

L.P. Elstershamis

R. Wemmi

## ERB NEW EUROPE HOLDING B.V.

### Income Statement for the period ended December 31, 2017 (in EUR)

	Note	31/12/2017	31/12/2016
<b>Income and Expenses</b>			
Interest income	16	2.086	1.589
Interest expense	16	-1.047.090	-1.029.492
Impairment reversal on investments in subsidiaries and associates	7, 8	9.570.376	16.205.353
Dividend income	16	63.156.031	--
Gain on disposal and liquidation of investments	7	721.696	--
Currency exchange result		-473.578	101.743
General and administrative expenses		-124.362	-132.775
<b>Operating Profit</b>		71.805.158	15.146.418
<b>Profit before taxation</b>		71.805.158	15.146.418
Corporate income tax credit	15	--	216.359
<b>Profit for the year from continuing operations</b>		71.805.158	15.362.777
Profit/(Loss) for the year from discontinued operations	9	18.207.694	-3.622.082
<b>Profit for the year</b>		90.012.852	11.740.695
<b>Other comprehensive income:</b>			
Available for sale securities		--	407.575
<b>Total comprehensive income for the year</b>		90.012.852	12.148.270

The notes to the accounts on pages 9 to 28 form an integral part of these financial statements.

## ERB NEW EUROPE HOLDING B.V.

**Balance Sheet as at December 31, 2017**  
(In EUR, before appropriation of results)

<b>ASSETS</b>	<b>Notes</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>Non-current assets</b>			
Investments in subsidiaries	7	273.432.005	309.547.230
Investments in associates	8	464.014.842	466.745.081
Assets of disposal group classified as held for sale	9	42.204.383	--
		779.651.230	776.292.311
<b>Current assets</b>			
Trade and other receivables	10	800.029	849.373
Cash and cash equivalents	11	134.579.027	48.203.843
		135.379.056	49.053.216
<b>TOTAL ASSETS</b>		<b>915.030.286</b>	<b>825.345.527</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Ordinary shares	5.2	767.728.500	802.808.000
Share premium		8.904	4.157
Accumulated Losses, excluding the result for the current year		-24.661.369	-34.017.669
Total comprehensive income for the year		90.012.852	12.148.270
<b>TOTAL EQUITY</b>		<b>833.088.888</b>	<b>780.942.758</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Loan payable	13	43.813.750	43.813.750
Trade and other payables	14	38.127.649	589.019
		81.941.398	44.402.769
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>		<b>915.030.286</b>	<b>825.345.527</b>

The notes to the accounts on pages 9 to 28 form an integral part of these financial statements.



## ERB NEW EUROPE HOLDING B.V.

### Cash Flow Statement for the period ended December 31, 2017 (in EUR)

	Notes	2017	2016
<b>Cash flow from (continuing) operating activities</b>			
(Application of Indirect Method)			
Profit / (Loss) before tax for the year		71.805.158	15.146.418
Adjustments for:			
Impairment reversal / loss on investments in subsidiaries and associates	7, 8	-9.570.375	-16.205.353
Gain on disposal and liquidation of investments	10	-721.696	--
Dividend income		-63.156.031	--
Unrealised foreign exchange (loss) / gain		440.124	-118.492
Interest income		-2.086	-1.589
Interest expense		1.047.090	1.029.492
		<b>-157.816</b>	<b>-149.524</b>
Net decrease in trade and Other receivables	10	49.346	20.384
Net (decrease) / increase in trade and Other payables	14	-328.094	454.632
		<b>-436.564</b>	<b>325.491</b>
<b>Cash (used in) / generated from continuing operations</b>			
Interest paid		-1.047.090	-1.029.492
Tax received	15	--	649.058
		<b>-1.483.654</b>	<b>-54.942</b>
<b>Net cash used in continuing operating activities</b>			
<b>Cash flows from continuing investing activities</b>			
Interest received	16	2.086	1.589
Acquisition / liquidation of interests in subsidiaries	7	633.267	--
Acquisition of interests in associaties	8	-2	--
Dividends from subsidiaries/associaties	16	63.156.031	--
Capital reduction from investments	10	--	407.573
		<b>63.791.382</b>	<b>409.162</b>
<b>Net cash generated from continuing investing activities</b>			
<b>Net increase in cash equivalents from continuing operating activities</b>			
		<b>62.307.728</b>	<b>354.220</b>
Net cash generated / (used in) discontinued investing activities	9, 10	24.507.576	-405.268
		<b>86.815.304</b>	<b>-51.048</b>
<b>Net increase / (decrease) in cash equivalents</b>			
Cash and cash equivalents at the beginning of the year	11	48.203.843	48.152.598
Cash and cash equivalents at the end of the year	11	134.579.027	48.203.843
Effect of exchange rate fluctuations on cash held		-440.120	102.293
<b>Movement in cash</b>		<b>-86.815.304</b>	<b>51.048</b>

The notes to the accounts on pages 9 to 28 form an integral part of these financial statements.

## ERB NEW EUROPE HOLDING B.V.

### Statement of Changes in equity for the period ended December 31, 2017 (in EUR)

	Ordinary Shares	Share premium	Retained earnings	Total equity
Balance as at January 1, 2016	802.808.000	4.157	-34.017.669	768.794.488
Share capital / premium decrease (note 5)	--	--	--	--
Dividend payable	--	--	--	--
Profit for the period	--	--	11.740.695	11.740.695
Other Comprehensive income for the year	--	--	407.575	407.575
Balance as at December 31, 2016	<u>802.808.000</u>	<u>4.157</u>	<u>-21.869.399</u>	<u>780.942.758</u>
Balance as at January 1, 2017	802.808.000	4.157	-21.869.399	780.942.758
Share capital / premium decrease (note 5)	-35.079.500	4.747	35.074.753	--
Dividend payable	--	--	-37.866.723	-37.866.723
Profit for the period	--	--	90.012.852	90.012.852
Balance as at December 31, 2017	<u>767.728.500</u>	<u>8.904</u>	<u>65.351.484</u>	<u>833.088.888</u>

The notes to the accounts on pages 9 to 28 form an integral part of these financial statements.

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 1 GENERAL

ERB New Europe Holding B.V. (the Company) is a Dutch private company with limited liability, incorporated in Amsterdam on July 2, 2003 under name Cayne Management Group B.V. On March 13, 2007 Eurobank Ergasias S.A. (the Parent) acquired all shares in the capital of the Company and on May 10, 2007 the Company changed its name to EFG New Europe Holding B.V. On November 1, 2012 the Company changed its name to ERB New Europe Holding B.V. The Company mainly acts as an intermediate holding and finance company and currently has its office address at Herengracht 500, Amsterdam, the Netherlands. The Company's Chamber of Commerce number is 34192535.

### 2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below:

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as endorsed by the European Union (EU), and in particular with those IFRSs and IFRS Interpretation Committee's (IC) interpretations, issued and effective or issued and early adopted as at the time of preparing these statements.

The financial statements are prepared under the historical cost convention and ongoing concern basis.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

#### 2.1.1 New and amended standards and interpretations

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 with changes in presentation in the current year.

##### Amendments to standards adopted by the Company

The following amendments to standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2017:

##### IAS 7, Amendment-Disclosure Initiative

The amendment requires disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The disclosure requirements also apply to changes in financial assets, such as assets that hedge liabilities arising from financing activities, if cash flows from those financial assets were or future cash flows will be, included in cash flows from financing activities. The adoption of the amendment is not expected to impact 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.

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### New standards and amendments to standards not yet adopted by the Company

A number of new standards, amendments to existing standards and interpretations are effective after 2017, as they have not yet been endorsed by the European Union or have not been early applied by the Company. Those that may be relevant to the Company are set out below:

#### IAS 28, Amendment – Long Term Interests in Associates and Joint Ventures (effective 1 January 2019, not yet endorsed by EU)

The amendment clarifies that IFRS 9 'Financial Instruments' including its impairment requirements, applies to long term interests in associates or joint ventures that form part of the entity's net investment in the associate or joint venture but are not accounted for using equity accounting.

According to the amendment, any adjustments to the carrying amount of long term interests resulting from the application of IAS 28 should not be considered when applying the IFRS 9 requirements which apply to long term interests before applying the loss allocation and impairment requirements of IAS 28.

The adoption of the amendment is not expected to impact the Company's financial statements.

#### IAS 40, Amendment-Transfers of Investment Property (effective 1 January 2019)

The amendment clarifies that a transfer of property, including property under construction or development, into or out of investment property should be made only when there has been a change in use of the property. Such a change in use occurs when the property meets, or ceases to meet, the definition of investment property and should be supported by evidence.

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

#### Annual Improvements to IFRSs 2014-2016 Cycle (effective 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.

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

#### Annual Improvements to IFRSs 2015-2017 Cycle (effective 1 January 2019, not yet endorsed by EU)

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 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.
- 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.

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

#### IFRIC 22, Foreign Currency Transactions and Advance Consideration (effective 1 January 2018, not yet endorsed by EU)

IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions that involve an advance payment or receipt. The interpretation clarifies that in this case, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date of the advance consideration, i.e. when the entity initially recognized the non-monetary asset (prepayment asset) or non-monetary liability (deferred income liability) arising from the advance consideration. If there are multiple payments or receipts in advance, the entity must determine a date of transaction for each payment or receipt.

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

#### IFRIC 23, Uncertainty over Income Tax Treatments (effective 1 January 2019, not yet endorsed by EU)

The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over income tax treatments. In such a circumstance, recognition and measurement of current or deferred tax asset or liability according to IAS 12 is based on taxable profit (tax loss), tax bases, unused tax losses and tax credits and tax rates determined applying IFRIC 23.

According to the interpretation, each uncertain tax treatment is considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty and the entity should assume that a tax authority with the right to examine tax treatments will examine them and will have full knowledge of all relevant information. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, it should determine its accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, the effect of the uncertainty in its income tax accounting should be reflected in the period in which that determination is made, using the method that best predicts the resolution of the uncertainty (ie the most likely amount or the expected value method).

Judgments and estimates made for the recognition and measurement of the effect of uncertain tax treatments should be reassessed whenever circumstances change or new information that affects those judgments arise (eg actions by the tax authority, evidence that it has taken a particular position in connection with a similar item or the expiry of its right to examine a particular tax treatment).

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

#### 2.1.2 IFRS 9 'Financial Instruments'

##### IFRS 9, Financial Instruments (effective 1 January 2018)

In July 2014, the IASB published the final version of IFRS 9 'Financial Instruments' which replaces IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised requirements on the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### Classification and measurement

IFRS 9 applies a new classification and measurement approach for all types of financial assets that reflects the entity's business model for managing the assets and their contractual cash flow characteristics. IFRS 9 requires financial assets to be classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available for sale.

Financial assets will be measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principle and interest (SPPI). Financial assets will be measured at FVOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principle and interest. All other financial assets will be classified at FVTPL.

An entity may at initial recognition, designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. Furthermore, on initial recognition of an equity instrument that is not held for trading, an entity may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard are no longer bifurcated. Instead, the hybrid financial instrument is assessed for classification as a whole.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at FVTPL, gains or losses attributable to changes in own credit risk shall be presented in OCI and shall not be subsequently transferred to profit or loss unless such a presentation would create or enlarge an accounting mismatch. Under IAS 39, all fair value changes of liabilities designated at FVTPL are recognized in profit or loss unless this would create or enlarge an accounting mismatch.

#### Business model assessment

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect contractual cash flows from the asset, to realize cash flows from the sale of assets, or both to collect contractual cash flows and cash flows from the sale of assets. Financial assets that are held for trading or that are managed on a fair value basis will be measured at FVTPL.

The Company's approach is to perform the business model assessment consistently with its operating model and the information provided to key management personnel. In making the above assessment the Company will consider a number of factors including:

- the stated policies and objectives for each portfolio;
- how the performance of each portfolio is evaluated and reported;
- the risks associated with the performance of the business model and how those risks are managed;
- how managers are compensated; and
- past experience on how the cash flows from those portfolios were collected, expectations about future sales activity and how the Company's stated objective for managing the financial assets is achieved.

#### SPPI assessment

In assessing whether the contractual cash flows are solely payments of principle and interest, the Company will consider whether the contractual terms of the instrument are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin. This will include an assessment of whether a financial asset contains a contractual term that could change the amount or timing of contractual cash flows in a way that it would not be consistent with the above condition. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset will be measured at FVTPL.

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### Impairment of financial assets

IFRS 9 introduces an expected credit loss (ECL) model that replaces the incurred loss model in IAS 39. The new requirements eliminate the threshold in IAS 39 that required a credit event to have occurred before credit losses were recognized and will apply to a broader population of financial instruments compared to IAS 39. The measurement of ECL will require the use of complex models and significant judgment about future economic conditions and credit behavior.

The new impairment model will apply to financial assets that are not measured at FVTPL, including loans, lease receivables, debt securities, financial guarantee contracts and loan commitments issued. No impairment loss will be recognized on equity investments.

The new standard uses a 'three stage approach' that will reflect changes in credit quality since initial recognition. At each reporting date, a loss allowance equal to 12-month ECL will be recognized for debt investment securities that are determined to have a low credit risk at the reporting date, and for all other financial assets for which there is no significant increase in credit risk since initial recognition. 12-month ECL are the portion of ECL that result from default events that are possible within the next 12 months after the reporting date. For financial assets that have experienced a significant increase in credit risk since initial recognition where no specific loss event has been identified, a loss allowance equal to lifetime expected credit losses will be recognized. The loss allowance for purchased or originated credit impaired financial assets will always be measured at an amount equal to lifetime ECL. Financial assets where 12-month ECL are recognized are considered to be in 'stage-1', financial assets which have experienced a significant increase in credit risk are in 'stage-2' and financial assets that are credit impaired are in 'stage-3'.

The measurement of expected credit losses will be a probability-weighted average amount that will reflect the time value of money. In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions should be considered. The new impairment model is expected to result in a higher loss allowance for the Company compared to IAS 39.

The implementation of IFRS9 is not expected to have a significant impact on the Company's financial statements.

#### Transition

The new requirements of IFRS 9 will be applied retrospectively by adjusting the Company's balance sheet on the date of transition on 1 January 2018. The Company intends to apply the exemption not to restate comparative figures for prior periods, therefore the Company's 2017 comparatives will be presented on an IAS 39 basis.

Moreover, the following assessments will have to be made on the basis of facts and circumstances that exist at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designations of certain financial assets and liabilities as measured at FVTPL; and
- the designation of certain investments in equity instruments not held-for-trading as at FVOCI.

#### Prior year comparison

The accounting policies have been consistently applied to the years presented. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

#### Foreign currencies

All monetary investments and liabilities denominated in currencies other than EUR have been translated at the rates of exchange prevailing on balance sheet date. All transactions in foreign currencies have been translated into EUR at rates of exchange approximating those prevailing on the dates of the transaction. Unless otherwise indicated, any resulting exchange differences are included in the Statement of Comprehensive income. Income and expenses are translated at the rates of date of transaction.

The Company's presentation currency is the EUR being the functional currency of the parent company. Except as indicated, financial information presented in EUR has been rounded to the nearest million.

#### Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity when it is exposed to, 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. The investments in subsidiaries are accounted for at cost less any accumulated impairment losses. The Company determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount to the profit and loss. For the further explanation please see page 19 'Subsidiaries'.

#### Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for at cost less any accumulated impairment losses. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount to the profit and loss.

#### Investment securities

Under investment securities (Available for Sale) are classified all investments over which the Company has neither significant influence nor control, generally accompanying a shareholding of below 20% of the voting rights. Investment securities are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Gains and losses arising from changes in the fair value of the investment securities are recognised directly in equity, until the financial investment is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset (debt and equity securities). If any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognised in profit and loss, is removed from equity in profit and loss.

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset. For loan and receivables, 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 discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through the use of allowance account and the amount of the loss shall be recognised in the profit and loss.

#### Trade and other receivables

Trade and other receivables are amounts due from customers in the ordinary course of business and its value is assumed to be a close approximation of their fair value. Trade and other receivables are included in the current assets if collection is expected in one year or less. If not, they are presented as non-current assets.

#### Loans and payables (borrowings)

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate.

#### Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Borrowings and trade and other payables are classified as current liabilities if payment is due to one year or less. If not, they are presented as non-current liabilities.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less, that is readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Provisions

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is likely to require an outflow of resources and the extent of which can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligation at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### Interest income and expenses

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

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

#### De-recognition of financial assets and liabilities

A financial asset is derecognised when the contractual cash flows of the loan expire, or the Company transfers its rights to receive those cash flows in an outright sale in which substantially all the risk and rewards of ownership have been transferred. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

#### Non-current assets classified as held for sale

Non-current assets are classified as held for sale when the carrying amount is to be recovered through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

### 3 PRINCIPLES OF DETERMINATION OF RESULT

#### General

Result is determined as the difference between dividend/investment income and interest income on loans granted and interest expense from loans issued and other charges for the year. Income from transactions is recognised in the year in which it is realised.

### 4 CONSOLIDATION

The company has not prepared consolidated annual accounts for the year ended 31 December 2017. No consolidation is performed as the Company decided to apply the exemption for consolidation as is permitted under Article 408, Title 9 Book 2 of The Netherlands Civil Code. A copy of the consolidated financial statements of the parent company Eurobank Ergasias S.A. will be filed with the Chamber of Commerce in Amsterdam, The Netherlands. Eurobank's Financial Statements can be found at [www.eurobank.gr](http://www.eurobank.gr).



## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 5 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of risks. Exposure to credit, interest rate, currency and liquidity risk arises in the normal course of the Company's business. The Company's overall risk management policy focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The management considers there is no significant concentration of the following risks at the balance sheet date.  
The procedures for assessing the risk are also shown below:

#### Credit Rating of Eurobank Group

The Company holds a large current account with Eurobank Ergasias Group (the parent company) which amounts to EUR 130,087,969 as at 31/12/2017. The parent company's (Eurobank Ergasias Group) long term rating was 'B-' at June 2018 (2016: CCC+, 2015: SD) according to the Standard & Poor's credit rating.

Since Eurobank Ergasias S.A. is the ultimate parent entity of the Company, the Company doesn't have any specific policy in place to monitor the risk.

#### Interest rate risk

The interest rates applied for the year 2017 were EURIBOR plus 2.55% till 1 October 2017. From 2 October 2017 the interest rate applied was EURIBOR plus 2.00%. Effective from 28 March 2017 in the event of EURIBOR is less than zero, then shall be deemed to be zero.

The Company analyses its interest rate exposure on a dynamic basis and simulated a scenario based upon which the Company calculates the impact of an interest rate shift on the Company's profit and loss account.

The excess of cash which the Company currently has is invested in short-term deposits, which bear a fixed interest rate for the period. Due to the fact that the deposits are agreed for a short-term period only, the risk is considered minimal.

#### Foreign currency risk

The Company holds several financial investments in foreign currencies. It holds bank accounts in Serbian Dinars, which have an immaterial amount in aggregate. In addition, the Company holds bank accounts in United States Dollars which is disclosed in note 11 of these financial statements. Moreover, the Company has other intercompany loans receivable in USD as disclosed in note 10 of these financial statements. Any resulting exchange differences on the items mentioned above, are included in the Statement of Comprehensive income. Foreign currency risk is continued monitored by the management and is regarded manageable.

ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company also holds several participations in Eastern Europe Countries as disclosed in notes 7 and 8 of these financial statements for which there is no foreign currency risk for the Company's profit and loss account as it uses the historical cost for the valuation of its participations.

As at 31 December 2017	CCY	Amount in CCY	Less than 1 year		Over 1 year	
			Amount in EUR	Amount in CCY	Amount in EUR	
Trade and other receivables	USD	429.624	358.231	--	--	
Cash and cash equivalents	UAH	--	--	--	--	
Cash and cash equivalents	RSD	64.041	541	--	--	
Cash and cash equivalents	USD	3.573.044	2.979.275	--	--	
Cash and cash equivalents	CHF	--	--	--	--	

  

As at 31 December 2016	CCY	Amount in CCY	Less than 1 year		Over 1 year	
			Amount in EUR	Amount in CCY	Amount in EUR	
Trade and other receivables	USD	429.625	407.576	--	--	
Cash and cash equivalents	UAH	87	3	--	--	
Cash and cash equivalents	RSD	64.041	519	--	--	
Cash and cash equivalents	USD	3.795.482	3.600.685	--	--	
Cash and cash equivalents	CHF	54.869	51.094	--	--	

Based on an analysis of the Company's foreign currency risk and the materiality of the balances, the impact on the profit and loss account by a increase/decrease in USD rate of 10%, would cause a maximum increase/decrease of EUR 300,376 and 367,126 respectively. By comparing this same analysis on the Company's 2016 balances a shift of 10% of the USD rate, would have caused a maximum increase/decrease of EUR 360,743 and 440,909 respectively.

Foreign currency risk is continued monitored by the management and is regarded manageable.

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 5.1 Liquidity risk

Management considers liquidity risk to be minimal at this stage. The Company has a significant cash position as at year end. The Company acts as a holding company and day-to-day cash flows are limited.

The table below analyses the Company's financial liabilities into relevant groupings based on the remaining period at the balance sheet to the contractual maturity date.

	Less than 1 month	Between 1 to 3 months	Between 3 to 12 months	Over 12 months
<b>As at 31 December 2017</b>				
<b>Liabilities:</b>				
Loan payable	43.813.750	--	--	--
Trade and other payables	37.866.723	260.925	--	--
<b>As at 31 December 2016</b>				
<b>Liabilities:</b>				
Loan payable	43.813.750	--	--	--
Trade and other payables	--	589.019	--	--

#### 5.2 Capital management

The Company actively manages capital base to cover risk inherent to the business. The Company's objectives, when managing capital are:

- To provide an adequate level of capital so as to enable the Company to continue its operations as a going concern
- To maintain a strong capital base to support the development of its business

The Company is not required to comply with any capital requirements set by the regulators. There have been no material changes in the Company's management of capital during the year.

The capital of the Company is presented below:

	31 December 2017	31 December 2016
Issued and paid-up capital	767.728.500	802.808.000
Share premium	8.904	4.157
Retained Earnings	-24.661.369	-34.017.669
Total comprehensive income for the year	90.012.852	12.148.270
<b>Total equity</b>	<b>833.088.888</b>	<b>780.942.758</b>

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
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### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price). When a quoted price for an identical asset or liability is not observable, fair value is measured using valuation techniques that are appropriate in the circumstances, and maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

#### Financial instruments not carried at fair value

The carrying amounts of loan granted to subsidiary undertakings, trade payables, trade receivables and cash and cash equivalents are assumed to approximate their fair values.

### 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### Impairment of investments

The Company follows the guidance of IAS36 to determine when an investment is impaired. An impairment loss is recognised for the amount by which the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs of disposal and its value in use. When an investment is impaired, the loss regarding this impairment is recognised in the profit and loss.

An impairment loss recognised in prior periods for an investment shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount which cannot be higher than the acquisition cost. That increase is a reversal of an impairment loss and is recognised immediately in profit or loss.

### 7 INVESTMENTS IN SUBSIDIARIES

The movements in the investments in subsidiaries are as follows:

	<u>2017</u>	<u>2016</u>
Opening balance as at January 1,	309.547.231	576.326.728
Additions	88.427	--
Transfer to the assets held for sale and discontinued operations	(35.635.511)	--
Transfer to Associates	--	(266.025.135)
Reversal of impairment loss / (Impairment loss)	(568.142)	(754.362)
Balance as at December 31,	<u>273.432.005</u>	<u>309.547.231</u>

The impairment of the subsidiaries is based on the latest available management estimates on the recoverable amount.

**ERB NEW EUROPE HOLDING B.V.**

Notes to the Financial Statements as at December 31, 2017  
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**7 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

The Company has shares in the following Subsidiaries which are part of the Eurobank Ergasias Group:

<u>Name</u>	<u>Ownership and voting rights</u>	<u>Cost price in euro 2017</u>	<u>Cost price in euro 2016</u>
<b>1 ERB Retail Services IFN SA Romania</b>			
Opening balance	99,1500%	25.745.943	25.745.943
Additions	0,1703%	88.317	--
Transfer to the assets held for sale	-99,3203%	(25.834.260)	--
Closing balance	--	--	<u>25.745.943</u>
In 04 August 2017 the Company acquired from Bancpost (ERB Group subsidiary) the 0.1703% of ERB Retail Services IFN S.A for a cash consideration of €88.3k.			
<b>2 Eurobank Cyprus Limited Cyprus</b>			
Opening balance	100%	257.454.482	257.454.482
Closing balance	100%	<u>257.454.482</u>	<u>257.454.482</u>
<b>3 ERB Leasing IFN SA Romania</b>			
Opening balance	97,640%	9.801.142	9.801.142
Additions (Share capital increase)	0,001%	109	--
Transfer to the assets held for sale	-97,641%	(9.801.251)	--
Closing balance	--	--	<u>9.801.142</u>
<b>4 ERB Asset Fin DOO Beograd Serbia</b>			
Opening balance	100%	--	754.362
Impairment loss	--	--	(754.362)
Closing balance	--	--	<u>--</u>
Subsidiary ERB Asset Fin DOO Beograd was liquidated in 2017. Proceedings from the liquidation to the Shareholder (NEH) amounted to € 721.696.			
<b>5 ERB New Europe Funding II B.V. The Netherlands</b>			
Opening balance	100%	12.000.200	12.000.200
Closing balance	100%	<u>12.000.200</u>	<u>12.000.200</u>

ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

7 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Ownership and voting rights	Cost price in euro 2017	Cost price in euro 2016
<b>6 Eurobank Bulgaria AD</b>			
Bulgaria			
Opening balance	--	--	266.025.135
Transfer to Associates	--	--	(266.025.135)
Closing balance	--	--	--
During 2016, in the context of the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (Postbank), Company's participation in Postbank decreased from 54.27% to 43.85% (reclassified to associate, note 8) following a debt to equity conversion in favor of Eurobank.			
<b>7 Eurobank Finance SA</b>			
Romania			
Opening balance	80,36%	559.384	559.384
Closing balance	80,36%	559.384	559.384
<b>8 ERB IT Shared Services S.A.</b>			
Romania			
Opening balance	98,90%	3.986.080	3.986.080
(Impairment loss) / Reversal of impairment loss	--	(568.142)	--
Closing balance	98,90%	3.417.938	3.986.080
<b>9 Bulgarian Retail Services A.D.</b>			
Bulgaria			
Opening balance	--	--	--
Acquisition	99,999%	1	--
Closing balance	99,999%	1	--

In 22 December 2017 the Company acquired from Eurobank Household Lending (ERB Group Subsidiary) the 99,999% of Bulgarian Retail Services A.D. for a cash consideration of 1 Euro.

8 INVESTMENTS IN ASSOCIATES

The movements in the investments in associates are as follows:

	Cost price in euro 2017	Cost price in euro 2016
Opening balance as at January 1,	466.745.080	186.760.226
Additions	2	--
Transfer from Subsidiaries	--	266.025.135
Transfer to the assets held for sale and discontinued operations	(12.868.758)	--
Reversal of impairment loss / (Impairment loss)	10.138.518	13.959.719
Balance as at December 31,	464.014.842	466.745.080

The impairment is based on the latest available management estimate on the recoverable amount.

The Company has shares in the following Associates:

Name	Ownership and voting rights	Cost price in euro 2017	Cost price in euro 2016
<b>1 Eurobank A.D. Beograd</b>			
Serbia			
Opening balance	42,74%	179.680.681	170.381.468
Reversal of impairment loss	--	6.773.568	9.299.213
Closing balance	42,74%	186.454.249	179.680.681

The reversal of impairment for 2017 is based on the latest available management estimate on the recoverable amount. During 2017 Eurobank A.D. Beograd Serbia has managed to achieve a net profit of € 19 million and increase its total equity to an amount of € 439 million. Profitable performance has continued during 2018, a fact that has been also taken into consideration for the estimation of the recoverable amount.

**ERB NEW EUROPE HOLDING B.V.**

Notes to the Financial Statements as at December 31, 2017  
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**8 INVESTMENTS IN ASSOCIATES (CONTINUED)**

<u>Name</u>	<u>Ownership and voting rights</u>	<u>Cost price in euro 2017</u>	<u>Cost price in euro 2016</u>
<b>2 ERB Leasing A.D. Beograd Serbia</b>			
Opening balance	48,63%	510.000	510.000
Movements	-15,64%	(245.101)	--
Closing balance	32,99%	264.899	510.000

During 2017, Company's participation in ERB Leasing AD Beograd decreased from 48,63% to 32,99% following a share capital increase, in favor of Eurobank

**3 Bancpost SA Romania**

Opening balance	5,37%	12.868.758	15.868.758
Transfer to the assets held for sale	-5,37%	(12.868.758)	--
Reversal of impairment loss / (Impairment loss)	--	--	(3.000.000)
Closing balance	--	--	12.868.758

The impairment is based on the latest available management estimate on the recoverable amount.

**4 Eurobank Bulgaria AD Bulgaria**

Opening balance	43,85%	273.685.637	--
Transfer from Subsidiaries	--	--	266.025.135
Reversal of impairment loss / (Impairment loss)	--	3.610.051	7.660.502
Closing balance	43,85%	277.295.688	273.685.637

The reversal of impairment for 2017 is based on the latest available management estimate on the recoverable amount. During 2017 Eurobank Bulgaria A.D. has managed to achieve a net profit of € 70 million and increase its total equity to an amount of € 632 million. Profitable performance has continued during 2018, a fact that has been also taken into consideration for the estimation of the recoverable amount.

**5 IMO Property Investments Bucuresti S.A. Romania**

Opening balance	0,000%	--	--
Acquisition	0,001%	1	--
Closing balance	0,001%	1	--

In 02 November 2017 the Company acquired from CEH Balkan Holdings Ltd (ERB Group subsidiary) the 0,001% of IMO Property Investments Bucuresti S.A for a cash consideration of 1 Euro.

**6 IMO II Property Investments S.A. Romania**

Opening balance	0,0000%	--	--
Acquisition	0,0001%	1	--
Closing balance	0,0001%	1	--

In 02 November 2017 the Company acquired from CEH Balkan Holdings (ERB Group Subsidiary) Ltd the 0,0001% of IMO II Property Investments S.A for a cash consideration of 1 Euro.

**ERB NEW EUROPE HOLDING B.V.**

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

**9 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

**Group Operations in Romania**

The Company has shares in the following Investments held for sale:

	<b>Ownership and voting rights</b>	<b>Cost price in EUR 2017</b>	<b>Cost price in EUR 2016</b>
<b>1 Bancpost SA Romania</b>			
Opening balance	0,00%	--	--
Transfer from associates	5,37%	12.868.758	--
Impairment loss	--	(2.400.000)	--
Closing balance	5,37%	10.468.758	--
<b>2 ERB Retail Services IFN SA Romania</b>			
Opening balance	--	--	--
Transfer from subsidiaries	99,3203%	25.834.260	--
Closing balance	99,3203%	25.834.260	--
<b>3 ERB Leasing IFN SA Romania</b>			
Opening balance	0,000%	--	--
Transfer from subsidiaries	97,641%	9.801.251	--
Additions	0,001%	109	--
Impairment loss	--	(3.000.000)	--
Closing balance	97,642%	6.801.360	--

On 15 September 2017, Eurobank announced that has entered into negotiations with Banca Transilvania with regards to the potential sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group). The sale was considered highly probable; therefore the Romanian disposal group was classified as held for sale in the Company's financial statements.

Following the classification of the disposal group as held for sale, in accordance with IFRS5, management has measured it at the lower of its carrying amount and the fair value less costs to sell. The determination of fair value less costs to sell was determined based on the terms of the aforementioned agreement with BT. In the above context the Group is closely monitoring the developments of all the related issues and is in the process of analyzing the potential implications that may affect its legal rights and obligations, including those arising under the SPA with BT (see also "Post balance sheet events", Note 20).

On 24 November 2017, the Bank announced that it has reached an agreement with Banca Transilvania to sell the shares in Romanian disposal group. On 03 April 2018, the Group disposed the Romanian disposal Group, after all regulatory approvals were obtained.

The consideration is subject to adjustments following the finalization of the completion statements of Romanian disposal group and the fulfillment of certain conditionalities as per the aforementioned agreement with BT. Based on the above:

- \* an impairment loss of € 5,4 million has been recognized from measuring the Company's holding in Bancpost and ERB Leasing IFN at the lower of their carrying amount and fair value less estimated costs to sell
- \* no impairment loss has been recognized for the Company's holding in ERB Retail Services IFN since fair value less estimated costs to sell is higher than its carrying amount by € 14,3 million.

	<b>2017</b>	<b>2016</b>
Impairment loss on investments in subsidiaries and associates	(5.400.000)	(3.000.000)
Other income / expenses	(1.102.998)	--
Dividend income	24.710.692	--
Net (loss)/profit from discontinued operations	18.207.694	(3.000.000)

**Group Operations in Ukraine**

The Company has shares in the following Investments held for sale:

	<b>Ownership and voting rights</b>	<b>Cost price in EUR 2017</b>	<b>Cost price in EUR 2016</b>
<b>1 Public J.S.C. Universal Bank Ukraine</b>			
Opening balance	--	--	--
Additions	--	--	22.470
Impairment loss	--	--	(22.470)
Closing balance	--	--	--
<b>2 ERB Property Services Ukraine LLC Ukraine</b>			
Opening balance	--	--	--
Additions	--	--	217.787
Disposal of investments	--	--	(217.787)
Closing balance	--	--	--

In February 2016, the Company participated in ERB Property Services Ukraine LLC share capital increase with an amount of UAH 6.319 million (€0.2 mil) through the utilization of existing debt provided by the Group.

In September 2016, the Group disposed of ERB Property Services Ukraine LLC and in December 2016, Eurobank and TAS group concluded on the acquisition of Universal Bank by the latter, after all regulatory approvals were obtained. The resulting loss on disposal from operations in Ukraine amounted to EUR 0,1 million.

	<b>2017</b>	<b>2016</b>
Interest income	--	36.129
Impairment loss on investments in subsidiaries	--	(22.470)
Other income/expenses	--	(507.954)
Loss on disposal and liquidation of investments	--	(127.787)
Net (loss)/profit from discontinued operations	--	(622.082)



ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

10 TRADE AND OTHER RECEIVABLES

As at December 31, 2017, this item can be detailed as follows:

Name	CCY	Amount in CCY	2017	2016
EFG International Bermuda Ltd			1	1
EFG Investment II (UK)	USD	429.624	358.231	407.575
* Income tax receivable			441.797	441.797
			800.029	849.373

\* Note 15 of the financial statements provides a detailed breakdown of the Income tax receivable.

11 CASH AND CASH EQUIVALENTS

Cash at banks

As at December 31, 2017, this item can be detailed as follows:

Description	CCY	Amount		2017	2016
		in CCY	Rate		
Current accounts	USD	3.573.044	0,83382	2.979.275	3.600.685
Current accounts	UAH	--	--	--	3
Current accounts	RSD	64.041	0,00844	541	519
Current accounts	CHF	--	--	--	51.094
Current accounts	EUR	131.599.212	1,0000	131.599.212	44.551.543
				134.579.027	48.203.844

All Cash and Cash equivalents is at free disposal of the Company.

12 EQUITY

The Company's authorised share capital amounts to EUR 1,000,000,000 and consists of 1,000,000 ordinary shares with a nominal value of 1,000 each. On 29 June 2015 the nominal value of the ordinary shares has been decreased from the original nominal value of EUR 1,000 with EUR 55.52 each, resulting in the new nominal value of EUR 944.48 per share. In order to decrease the negative reserve, the Company made a set off on 29 June 2015 of the share premium for the amount of EUR 401.027.926 against the negative reserve of EUR 448.215.769 which was in the books as at 29 June 2015. The remainder repayment of the negative reserve has been facilitated by decreasing the nominal value of the shares. As at December 31, 2016, 850,000 shares were issued and fully paid-up. As at 18 September 2017 the Share Capital of the Company was decreased by the total amount of EUR 35.079.500 from EUR 802.808.000 to 767.728.500, by decreasing the nominal value of each share in the capital of the Company from EUR 944.48 to EUR 903.21. As at 31 December, 2017, 850,000 shares were issued and fully paid-up (as at 31 December, 2016, 850,000 shares were issued and fully paid-up). For the movements in the Equity we refer to the Statement of changes in Equity on page 8 of this report.

**ERB NEW EUROPE HOLDING B.V.**

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

**13 LOAN PAYABLE**

As at December 31, 2017, the Company's outstanding borrowings are detailed as follows:

<u>Name</u>	<u>Description</u>	<u>CCY</u>	<u>2017</u>	<u>2016</u>
Eurobank Private Bank Luxembourg S.A.	Loan	EUR	43.813.750	43.813.750
Eurobank Private Bank Luxembourg S.A.	Interest	EUR	--	--
			<u>43.813.750</u>	<u>43.813.750</u>

The interest rates applied for the year 2017 were EURIBOR plus 2,55% till 1 October 2017. From 2 October 2017 the interest rate applied was EURIBOR plus 2,00%. Effective from 28 March 2017 in the event of EURIBOR is less than zero, then shall be deemed to be zero.

**14 TRADE AND OTHER PAYABLES**

As at December 31, 2017, this item can be detailed as follows:

<u>Name</u>	<u>Description</u>	<u>2017</u>	<u>2016</u>
Eurobank Ergasias S.A.	Dividend to be paid	37.866.723	--
Trade and other payables	General and admin. expenses	260.925	589.019
		<u>38.127.649</u>	<u>589.019</u>

**15 CORPORATE INCOME TAX CREDIT**

For the year ended December 31, 2017, this item can be detailed as follows:

	<u>2017</u>
Profit for the year	90.012.852
- Realized result participation due to sale	-540.804
- Unrealized Negative result from foreign participations	5.968.142
- Unrealized Positive result from foreign participations	-10.383.619
- Unrealized impairment result	245.103
Fiscal profit computation	85.301.674
- Participation exemption*	(86.944.617)
Add: Non-deductible expenses:	
- Liquidation loss	(540.804)
<b>Taxable amount</b>	<b>(2.183.747)</b>
Corporate Income Tax paid during 2017	--
Corporate Income Tax received from previous years	--
<b>Corporate Income Tax position 2017</b>	<b>--</b>

The nominal Corporate income tax rate in the Netherlands is 20% for the first EUR 200,000 and the remaining taxable result 25%.

\*The participation exemption applies to dividends received from subsidiaries/associates and sale of subsidiaries/associates.

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 15 CORPORATE INCOME TAXES CREDIT (CONTINUED)

The movements in the Corporate Income tax receivable / (payable) are as follows:

	2017	2016
Opening balance	441,797	860,462
Tax carry back refund	--	75,109
Payments made/ (receipts) during the year relating to previous years	--	(649,058)
Withholding tax on interest (reclaimable)	--	155,284
<b>Balance as at December 31, 2017</b>	<b>441,797</b>	<b>441,797</b>

The Company has fiscal tax loss available to carry forward as at 31 December 2017 amounting to € 8,419,819. No relevant deferred tax asset has been recognised since management does not expect that the Company will have adequate future taxable profits.

### 16 RELATED PARTY TRANSACTIONS

As of November 2015, the percentage of the Bank's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 2.38%. The HFSF is considered to have significant influence over the Bank pursuant to the provisions of the Law 3864/2010, as in force, and the Relationship Framework Agreement (RFA) the Bank has entered into with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014.

The dividend income from discontinued operations amounting to €24,710,692 million by its subsidiary ERB Retail Services IFN S.A.

On 31 December 2017, the Company had a dividend payable amounting to €37,866,723 million to its sole shareholder, Eurobank Ergasias S.A.

ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

16 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Cash and cash equivalents (Eurobank Ergasias S.A.)

Description	Closing balance	
	2017	2016
Current accounts held with subsidiaries / associates	3.123.514	2.890.423
Current accounts held with shareholder / parent entity	131.455.513	44.640.915
	<u>134.579.027</u>	<u>47.531.338</u>

(b) Loan payable (Eurobank Private Bank Luxembourg S.A.)

Description	Closing balance	
	2017	2016
Loan payable	43.813.750	43.813.750
	<u>43.813.750</u>	<u>43.813.750</u>

(c) General and administrative expenses

Description	Closing balance	
	2017	2016
Dividend payable (Eurobank Ergasias S.A.)	37.866.723	--
	<u>37.866.723</u>	<u>--</u>

(d) Financial income and expenses

Description	Closing balance	
	2017	2016
Interest (loss) Income on subordinated loan with subsidiary (Public J.S.C. Universal Bank, Ukraine)	(800)	36.129
Interest income on deposit account held with shareholder (Eurobank Ergasias S.A.)	2.885	1.589
Dividend income from continuing operations (Eurobank Cyprus Ltd.)	50.000.000	--
Dividend income from continuing operations (Eurobank Bulgaria A.D.)	13.156.031	--
Dividend income from discontinued operations (ERB Retail Services IFN SA)	24.710.692	--
Interest expense on loan payable to group company (Eurobank Private Bank Luxembourg S.A.)	(1.047.090)	(1.029.492)
	<u>86.821.718</u>	<u>(991.774)</u>

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 17 OTHER INFORMATION ON GENERAL AND ADMINISTRATIVE EXPENSES

During the year under review the Company did not have any employees. Hence, it did not pay any wages and related social security contributions.

The audit fees of EUR 16,000 (2016: EUR 15,000) comprises the fees of external independent auditor PricewaterhouseCoopers Accountants N.V. for the statutory audit of the financial statements. The external independent auditor has not charged any fees relating to other assurance related services, tax, consulting or any other consulting services.

### 18 CONTINGENT LIABILITIES, LITIGATIONS AND COMMITMENTS

No contingent liabilities, litigations or commitments that would affect the financial statements of the entity are outstanding as at December 31, 2017 (2016: nil). No off balance sheet contractual commitments or obligations, affecting the financial statements, have occurred to date.

### 19 DIRECTORS

During the year under review, the Company had four Managing Directors, who received no remuneration during the current or the previous financial year. The Company has no Supervisory Directors.

### 20 OTHER INFORMATION

#### POSITION OF EUROBANK GROUP

##### Macroeconomic environment

In 2018, Greece's real GDP is expected to grow by 1.9%, according to the May 2018 forecast by European Commission (2017: 1.4%, according to the Hellenic Statistical Authority's (ELSTAT) data). The unemployment rate in May 2018 was 19.5%, based on ELSTAT data (31 December 2017: 20.8%). On the fiscal front, Greece's primary surplus in 2017 was at 4.2% of GDP, according to Medium Term Fiscal Strategy 2019-2022, outperforming the respective 2017 Third Economic Adjustment Program (TEAP) target of 1.75% of GDP. The TEAP primary surplus target for the period 2018 - 2022 is expected at 3.5% of GDP each year.

The fourth and final review of the TEAP for Greece was concluded successfully in the 21 June 2018 Eurogroup, after the implementation of a series of prerequisite reforms. The Greek Government has built up a cash buffer of around € 24 bn so far, out of the European Stability Mechanism (ESM) loan disbursements, GGBs issuances and other sources, in order to facilitate the country's access to the international markets. This buffer suffices for covering the sovereign financial needs for around 22 months after the end of the program. Following the expiration of the TEAP on 20 August 2018, Greece has entered into enhanced post program surveillance under EU Regulation 472/2013, which foresees quarterly reviews by the competent committees of the institutions (EC/ECB/ESM/IMF). The post program surveillance's main purpose is to safeguard financial stability, and continue the process of implementation of structural reforms aiming, among others, to boost domestic growth, jobs creation and to modernize the public sector. The decisive implementation of the reforms agreed in the context both of the TEAP and in the post program period surveillance, the implementation of medium term debt relief measures in accordance with 21 June 2018 Eurogroup decisions, the mobilization of European Union (EU) funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model will improve the confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment.

The main risks and uncertainties stemming from the macroeconomic environment are associated with (a) the adherence to established reforms and the possible delays in the implementation of the reforms' agenda in order to meet the targets and milestones for the post program surveillance of the country, (b) the impact on the level of economic activity and on the attraction of direct investments from the fiscal and social security-related measures agreed under the reviews of the TEAP, (c) the ability to attract new investments in the country, (d) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (e) the possible slow pace of deposits inflows and/or possible delays in the effective management of non-performing exposures (NPEs) as a result of the macroeconomic conditions in Greece and (f) the geopolitical conditions in the near or in broader region and the external shocks from a slowdown in the regional and/or global economy.

##### Liquidity risk

The gradual stabilisation 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

On 5 May 2018, the ECB announced the results of the Stress Test (ST) for the four Greek systemic banks, including Eurobank. Based on feedback received by the Single Supervisory Mechanism (SSM), the ST outcome pointed to no capital shortfall and no capital plan needed for the Bank as a result of the exercise. Going forward, the prime target remains the active management of NPEs, with the aim to substantially reduce their stock in accordance with the Bank's operational targets and taking advantage of the Group's internal infrastructure, the important legislative changes and the external partnerships that have taken or are expected to take place.

The Group's Common Equity Tier 1 (CET1) ratio stood at 14.8% at 30 June 2018 (31 December 2017: 17.9 %, 2016: 17.3%), and the net profit attributable to shareholders amounted to € 36 million for the period ended 30 June 2018 (31 December 2017: € 115 million, 2016: € 61 million).

The Management taking into consideration the above factors relating to the adequacy of the Group's capital position, as also evidenced by the performance to the ST, the outperformance of NPEs reduction targets and its anticipated continued access to Eurosystem funding over the foreseeable future, has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

## ERB NEW EUROPE HOLDING B.V.

Notes to the Financial Statements as at December 31, 2017  
(in EUR)

### 20 OTHER INFORMATION (CONTINUED)

#### Operations in Ukraine classified as held for sale

In March 2014, management committed to a plan to sell the Group's operations in Ukraine (including Public J.S.C. Universal Bank and ERB Property Services Ukraine LLC). The sale was considered probable, therefore, the Group's and therefore Company's operations in Ukraine were classified as a disposal group held for sale. In September 2016, the Group disposed of ERB Property Services Ukraine LLC and in December 2016, Eurobank and TAS group concluded on the acquisition of Universal Bank by the latter, after all regulatory approvals were obtained. The resulting loss on disposal from operations in Ukraine amounted to EUR 0,1 million (note 9).

#### Operations in Romania classified as held for sale

On 15 September 2017, Eurobank announced that has entered into negotiations with Banca Transilvania with regards to the potential sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group). The sale was considered highly probable, therefore the Romanian disposal group was classified as held for sale in the Company's financial statements. On 24 November 2017, the Bank announced that it has reached an agreement with Banca Transilvania to sell the shares in Romanian disposal group. On 03/04/2018, the Group disposed the Romanian disposal Group, after all regulatory approvals were obtained and the Company received a cash consideration amounting to €56,4 million.

#### Post balance sheet events

In February 2018, the reduction of Bancpost S.A. share capital by decreasing the nominal value per share was completed and resulted in the decrease of NEF's holding to the company by EUR 2,7 million.

On 9 January 2018, the Company distributed the interim dividend amounting to EUR 37,87 million to its sole shareholder, Eurobank Ergasias S.A.

On 4 April 2018, the Bank announced the completion of the sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group) to Banca Transilvania.

According to the tax audit assessment communicated to Bancpost S.A. within July 2018, following the completion of the tax audit for the years 2011-2015, the additional taxes to be paid amount in total to € 40 million, approximately. The said taxes result from the imposition of additional withholding taxes of € 30 million (including surcharges of € 10 million) and additional corporate income tax of € 10 million deriving from both the disallowance for tax deduction of certain expenses and the recognition of deemed taxable income. According to the SPA, the Purchaser could claim, subject to certain limitations on the total claim, from the Seller the tax liabilities that will be assessed by a tax authority as a result of a Tax audit covering all tax matters in respect of all open (non-expired) taxable periods of Bancpost S.A. until the completion of the transaction. In respect of the above, Eurobank has recognized a provision of € 15 million in the income statement. The Group is in communication with Bancpost S.A. and BT, which are in the process of challenging the tax audit assessment.

In addition, in July and August 2018, the Romanian National Authority for Consumer Protection (ANPC) has imposed two fines on Bancpost S.A. in connection with complaints raised by certain Bancpost S.A. lending clients. The cases related to portfolios of performing loans which were assigned by Bancpost S.A. to ERB New Europe Funding II B.V. (NEF II) (an SPV in the Netherlands controlled by Eurobank) in 2008. The ANPC has imposed fines on Bancpost S.A. totalling € 68 thousand, as it challenged the capacity of NEF II to acquire the loan receivables from Bancpost S.A. and of certain alleged breaches of consumer protection laws. Furthermore, the ANPC concluded that payments by the consumers such as interests, fees, penalties in relation to all loans assigned to NEF II were illegally cashed in by NEF II for a period of ten years and should be reimbursed by Bancpost S.A. The SPA provides for an indemnity in respect of losses incurred from claims made against the Purchaser or Bancpost S.A. in relation to loans and receivables of the above perimeter. Bancpost S.A. is in the process of challenging the ANPC minutes.

#### Other events

In May & October 2017, the Company received a dividends of EUR 24,7 million by its subsidiary ERB Retail Services IFN SA and Eurobank Bulgaria A.D. of EUR 13,16 million, following the latter's General Shareholder Meeting which took place on 27 April 2017 and 06 October 2017 respectively.

The Company received EUR 0,7 million as a liquidation product by its wholly owned subsidiary ERB Asset Fin DOO Beograd following its liquidation during 2017.

In December 2017, the Company received a dividend of EUR 50 million by its subsidiary Eurobank Cyprus Ltd.

No other material subsequent events, affecting the financial statements, have occurred to date.

#### Appropriation of result

The profit sustained by the Company during the year under review will be credited to the retained earnings. This proposed appropriation of the result has not been reflected in these financial statements and is subject to the approval of the General Meeting of Shareholders.

#### The Board of Managing Directors,

C. Koukoutsaki

S. Psychogios

L.P. Elstershamis

R. Werni

Amsterdam, February 7, 2019

## ERB NEW EUROPE HOLDING B.V.

### Other Information

#### **Statutory provision regarding appropriation of Result**

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been cleared, the unappropriated results are at the disposal of the shareholder in accordance with the Company's Articles of Association.

Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholders' equity exceeds the amount of the issued capital and the legal reserves.

#### **Independent Auditor's report**

Reference is made to the independent auditor's report hereinafter.



## *Independent auditor's report*

To: the general meeting of ERB New Europe Holding B.V.

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### *Report on the financial statements 2017*

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#### *Our opinion*

In our opinion, ERB New Europe Holding B.V.'s financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its result for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements 2017 of ERB New Europe Holding B.V., Amsterdam ('the Company').

The financial statements comprise:

- the statement of financial position as at 31 December 2017;
- the following statements for 2017: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

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#### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

VA5DCMDTK5J3-766482292-42

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### *Independence*

We are independent of ERB New Europe Holding B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands.

Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

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### *Report on the other information included in the annual report*

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In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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### *Responsibilities for the financial statements and the audit*

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#### *Responsibilities of the board of directors*

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements 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 should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.



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### ***Our responsibilities for the audit of the financial statements***

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 8 February 2019  
PricewaterhouseCoopers Accountants N.V.



M.P.A. Corver RA



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## ***Appendix to our auditor's report on the financial statements 2017 of ERB New Europe Holding B.V.***

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In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. 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. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.