ERB Hellas Funding Limited

Annual Report

For the period from 1 January 2019 to 31 March 2020

Company's registration number: 89637

Index to the Annual report

Declaration of the Directors responsible for financial reporting

Pursuant to Article 3 of Luxembourg's Transparency Law, the undersigned Stephen Langan, director of ERB Hellas Funding Limited ("the Company" or "the Issuer"), to the best of his knowledge, hereby declares that the financial statements for the period from 1 January 2019 to 31 March 2020 prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and that the Directors' Report includes a fair review of the development and performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that the Company is exposed to.

Stephen Langan

SL

Director

31 July 2020

Directors' Report

The directors submit their report and the audited financial statements of ERB Hellas Funding Limited ("the Company") for the period from 1 January 2019 to 31 March 2020.

a. **Business review and principal activities**

The Company was incorporated on 4 March 2005. It is a registered public company limited by shares, incorporated and domiciled in Jersey, Channel Islands. The registered number of the Company is 89637 and the registered address is 44 Esplanade, St. Helier, Jersey, JE4 9WG, Channel Islands.

The principal activity of the Company was to provide funding to its immediate Parent Company, Eurobank S.A. ("the Parent Company", "the Bank" or "the Group", see also note 14), a bank incorporated in Greece, by the issue of non-cumulative guaranteed, non-voting preferred securities. The preferred securities issued by the Company which were guaranteed on a subordinated basis by the Parent Company, were redeemed during the period from 1 January 2019 to 31 March 2020 (note 12). In June 2020, the Parent Company resolved the approval of the winding- up of the Company by a summary winding up as described below.

The loss for the period from 1 January 2019 to 31 March 2020 amounted to € 131 ths (2018: gain € 741 ths).

b. **Business environment, strategy and future outlook**

In April 2019, the Company decided to proceed with the redemption of all four series of the preferred securities issued. Accordingly, following a notice for redemption on 29 May 2019, 21 June 2019, 13 September 2019 and 23 January 2020, series C, B D and A preferred securities were redeemed on 9 July 2019, 2 August 2019, 29 October 2019 and 18 March 2020, respectively, via the repurchase, under the same terms, of the linked investment securities held by the Company and issued by the Parent Company (notes 11 and 12).

These financial statements have been prepared on a basis other than going concern, considering: a) the redemption of all four series of the preferred securities issued by the Company, (notes 11, 12) and b) the decision for the winding- up of the Company by a summary winding up. Specifically, in June 2020, the directors of the Company passed the following resolutions as a special resolution:

-that the Company be wound up by means of a summary winding up; and

-that the Directors be authorised to distribute any assets in specie on winding up.

The Company has made adequate provisions for the costs of winding up the business. Moreover, based on the Statement of Solvency of the Company, the Directors, having made full enquiry of the Company's affairs, are satisfied that the Company will be able to discharge its liabilities in full within six months after the commencement of the winding up.

c. **Principal risks and uncertainties**

The management of the Company's business and the execution of the Company's strategy are subject to a number of risks. All of the key business risks affecting the Company are set out in Note 3.

d. **Creditor payment policy**

The Company's policy concerning the payment of its creditors and service providers is to pay in accordance with its contractual and other legal obligations.

Directors' Report (continued)

e. Directors

The directors of the Company who were in office during the period and up to the date of signing the Financial Statements were as follows:

Stephen Langan

Cheryl Anne Heslop

None of the directors has or had any notifiable interest in the shares of the Company or the Group.

f. Parent Company

The immediate Parent Company as of 20 March 2020 is Eurobank S.A., a bank incorporated in Greece. The Parent Company's ownership is analysed further in Note 14.

g. Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Jersey) Law, 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Parent Company's website. Legislation in the Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report (continued)

h. Statement of disclosure of information to auditors

Each director in office at the date of the directors' report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

i. Independent Auditors

ERB Hellas Funding has appointed KPMG Channel Islands Limited as statutory auditor for the period from 1 January 2019 to 31 March 2020.

j. Secretary

The secretary of the Company who held office for the period from 1 January 2019 to 31 March 2020 and up to the date of signature of the report and financial statements was Intertrust SPV Services Limited.

The Directors' Report was approved by the Board of Directors on 31 July 2020 and was signed on its behalf by:

Company Secretary – Intertrust SPV Services Limited

31 July 2020

Independent Auditor's Report to the Members of ERB Hellas Funding Limited

Our opinion is unmodified

We have audited the financial statements of ERB Hellas Funding Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2020, the statements of comprehensive income, changes in equity and cash flows for the period from 1 January 2019 to 31 March 2020, and notes, comprising significant accounting policies and other explanatory information. These financial statements have been prepared on a basis other than going concern for the reason set out in Note 2.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 March 2020, and of the Company's financial performance and cash flows for the period from 1 January 2019 to 31 March 2020.
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of ERB Hellas Funding Limited (continued)

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

James Le Bailly

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants

Jersey

31 July 2020

Statement of Comprehensive Income

	Note	Period 1/1/2019-31/3/2020	Period 1/1/2018 - 31/12/2018
		€'000	€'000
Interest and similar income	5	**1,964**	3,035
Interest expense and similar charges	6	**(1,963)**	(3,033)
Net interest income		**1**	2
Net gains/(losses) from financial instruments designated at fair value	7	**0**	0
Impairment (losses)/reversal	11	-	822
Operating expenses	8	**(132)**	(83)
Profit/(loss) before income tax		**(131)**	741
Income tax expense	9	-	-
Net profit/(loss)		**(131)**	741
Other comprehensive income		-	-
Total comprehensive income/(loss)		**(131)**	741

The notes on pages 13 to 28 form an integral part of these financial statements.

Balance Sheet

	Note	31 March 2020 €'000	31 December 2018 €'000
Assets			
Deposits with banks	10	**722**	837
Investment securities at FVTPL	11	-	12,578
Investment securities at amortised cost	11	-	23,929
Total assets		**722**	37,344
Liabilites			
Preferred securities designated at fair value through profit or loss	12	-	12,578
Preferred securities at amortised cost	12	-	23,928
Other liabilities		**50**	35
Total liabilities		**50**	36,541
Equity			
Share capital	13	**510**	510
Share premium	13	**598**	598
Retained earnings/(losses)		**(436)**	(305)
Total equity		**672**	803
Total equity and liabilities		**722**	37,344

The financial statements on pages 9 to 28 were approved and authorized for issue by the Board of Directors on 31 July 2020 and signed on their behalf by:

Stephen Langan

SL

Director

The notes on pages 13 to 28 form an integral part of these financial statements.

Statement of Changes in Equity

	Share capital €'000	Share premium €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2018	310	-	(224)	86
Impact of adopting IFRS 9 at 1 January 2018 (note 2.12)	-	-	(822)	(822)
Balance at 1 January 2018, as restated	310	0	(1,046)	(736)
Profit	-	-	741	741
Total comprehensive income for the year ended 31 December 2018	-	-	741	741
Share capital increase	200	598	-	798
Balance at 31 December 2018	510	598	(305)	803
Balance at 1 January 2019	**510**	**598**	**(305)**	**803**
Loss	-	-	(131)	(131)
Total comprehensive loss for the period from 1 January 2019 to 31 March 2020	**-**	**-**	**(131)**	**(131)**
Balance at 31 March 2020	**510**	**598**	**(436)**	**672**

The notes on pages 13 to 28 form an integral part of these financial statements.

Cash Flow Statement

	Period 1/1/2019-31/3/2020	Period 1/1/2018 - 31/12/2018
	€'000	€'000
Cash flows from operating activities		
Interest and similar income received	**2,519**	2,540
Interest and similar charges paid	**(2,517)**	(2,538)
Cash payments to suppliers	**(117)**	(76)
Net decrease in investment securities	**43,154**	600
Net cash flows generated from operating activities	**43,039**	526
Repayment of preferred securities	**(43,154)**	(600)
Proceeds from share capital increase (net of expenses)	**-**	800
Net cash flows from financing activities	**(43,154)**	200
Net increase/(decrease) in cash and cash equivalents	**(115)**	726
Cash and cash equivalents at beginning of period	**837**	111
Cash and cash equivalents at end of period	**722**	837

The notes on pages 13 to 28 form an integral part of these financial statements.

Notes to the Financial Statements

1. General information

ERB Hellas Funding Limited ("the Company") is a Jersey-based public company. The Company is a subsidiary of Eurobank S.A. (the "Parent Company" or the "Bank", see also note 14) which operates mainly in Greece and Central and Southeastern Europe. The Company is a finance company, whose sole business was to raise debt for the Parent Company via preferred securities listed on various European Stock Exchanges, London, Frankfurt, Luxembourg and Euronext Amsterdam, purchased by institutional and private investors. Up to their redemption (note 12), the listed preferred securities outstanding were guaranteed by the Parent Company. ERB Hellas Funding Limited has no employees or audit committee.

2. Accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as endorsed and adopted by the European Union ("EU") and in particular with those standards and interpretations issued and effective as at the time of preparing these statements, and in accordance with the Companies (Jersey) Law 1991.

These financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value. During the period, all financial assets and liabilities at fair value through profit or loss have been fully redeemed.

The accounting policies used for the preparation of the financial statements have been consistently applied to the year 2018 and the period from 1 January 2019 to 31 March 2020, after taking into account the amendments in IFRSs described in sections 2.1.a, b and c.

The preparation of financial statements in conformity with IFRS requires the use of estimates and judgments 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.

The Company's presentation currency is the Euro (€) being the functional currency of the Company. Except as indicated, financial information presented in Euros has been rounded to the nearest thousand ('ths').

Going concern

These financial statements have been prepared on a basis other than going concern, considering that: a) all four series of the preferred securities issued by the Company have been redeemed (notes 11, 12) and b) in June 2020, according to the special resolution of the Company, the winding- up of the Company by a summary winding up as well as the distribution of any assets in specie on winding up were resolved.

On the basis of the analysis of the Company's liquidity and capital position, the directors have been satisfied that the Company will be in a position to discharge in full its liabilities.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New and amended standards and interpretations as of 1 January 2019

New standards, amendments to standards and new interpretations, as issued by the IASB and the IFRS Interpretations Committee (IC), which are effective from 1 January 2019 and have been endorsed and adopted by the EU, are not included in these Financial Statements since they are not relevant to the Company.

(b) New and amended standards and interpretations as of 1 January 2020

Amendments to existing standards, as issued by the IASB, which are effective from 1 January 2020 and have been endorsed by the EU and are relevant to the Company, are listed below, and had no impact on its financial statements for the period from 1 January 2019 to 31 March 2020:

- Amendments to the Conceptual Framework for Financial Reporting, including amendments to references to the Conceptual Framework in IFRS Standards
- Amendments to IAS 1 and IAS 8: Definition of Material

(c) New standards, amendments to standards and interpretations after 2020

Following the decision for the winding up of the Company during 2020 (see Directors' Report section b), New standards and amendments to existing standards, which are effective after 2020, are not relevant to the Company.

2.2 Interest income and expense

Interest income and expense are recognized in the statement of comprehensive income for all interest bearing financial instruments on an accrual basis, using the effective interest rate (EIR) 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR for financial instruments other than purchased or originated credit-impaired, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses.

The amortized cost of a financial asset or liability is the amount at which it is measured upon initial recognition minus principal repayments, plus or minus cumulative amortization using the EIR (as described above) and for financial assets it is adjusted for the expected credit loss allowance. The gross carrying amount of a financial asset is its amortized cost before adjusting for ECL allowance.

The Company calculates interest income and expense by applying the EIR to the gross carrying amount of non-impaired financial assets and to the amortized cost of financial liabilities respectively.

Interest income and expense is presented separately in the income statement for all interest bearing financial instruments within net interest income.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.3 Transactions in Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at each reporting date and exchange differences are recognised in the profit or loss. Exchange differences on financial assets and liabilities measured at fair value through profit or loss are reported as part of the fair value gain or loss.

Financial instruments

During the period from 1 January 2019 to 31 March 2020, all financial instruments with exemption of deposits with banks, have been fully redeemed. Hence, the following accounting policies were applied until the date of redemption of the financial instruments and for the comparative period presented.

2.4 Financial assets

Financial assets - Classification and measurement

The Company classifies financial assets based on the business model for managing those assets and their contractual cash flow characteristics. Accordingly, financial assets are classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income or fair value through profit or loss.

Purchases and sales of financial assets are recognized on trade date, which is the date the Company commits to purchase or sell the assets.

Financial Assets measured at Amortized Cost ('AC')

The Company classifies and measures a financial asset at AC only if both of the following conditions are met and is not designated as at fair value through profit or loss:

(a) The financial asset is held within a business model whose objective is to collect contractual cash flows (hold-to-collect business model) and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

These financial assets are recognized initially at fair value plus direct and incremental transaction costs, and are subsequently measured at amortized cost, using the effective interest rate (EIR) method.

Interest income, realized gains and losses on derecognition, and changes in expected credit losses from assets classified at AC, are included in the income statement.

Financial Assets measured at Fair Value through Other Comprehensive Income ('FVOCI')

The Company does not hold assets that are classified and measured at FVOCI neither on the reporting date nor on the comparative one.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.4 Financial assets (continued)

Financial Assets measured at Fair Value through Profit and Loss ("FVTPL")

The Company classifies and measures all other financial assets that are not classified at AC or FVOCI, at FVTPL. Accordingly, this measurement category includes debt securities that are held within the hold–to-collect (HTC) or hold-to-collect-and-sell models (HTCS), but fail the SPPI assessment. Derivative financial instruments are measured at FVTPL, unless they are designated and effective hedging instruments, in which case hedge accounting requirements under IAS 39 continue to apply.

Furthermore, a financial asset that meets the above conditions to be classified at AC or FVOCI, may be irrevocably designated by the Company at FVTPL at initial recognition, if doing so eliminates, or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets measured at FVTPL are initially recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in the income statement.

Business model and contractual characteristics assessment

Business model assessment

The business model assessment determines how the Company manages a group of assets to generate cash flows, 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.

The business model is determined by the Company consistently with the operating model, considering how financial assets are managed in order to generate cash flows, the objectives and how performance of each group of financial assets is monitored and reported and any available information on past sales and on future sales' strategy, where applicable.

The Company's business models may fall into three categories the hold-to-collect (HTC) business model, the hold-to-collect-and-sell business model (HTC&S) and other business models including financial assets which are managed and evaluated on a fair value basis, constituting a residual category for financial assets not meeting the criteria of the business models of HTC or HTC&S, while the collection of contractual cash flows may be incidental to achieving the business models' objective.

Cash flow characteristics assessment

For a financial instrument to be measured at AC or FVOCI, its contractual terms must give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding i.e. whether the contractual cash flows of the instrument are consistent with a basic lending arrangement meaning that the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin.

On the initial recognition of a financial asset, an assessment is performed of whether the 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 is considered to have failed the SPPI assessment and will be measured at FVTPL.

Following the Company's business model and cash flow characteristics assessments, its financial assets fall into the categories of HTC, which are measured at amortized cost and FVTPL where it is considered that the

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.4 Financial assets (continued)

financial asset has failed the SPPI test.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual cash flows expire, or the rights to receive those cash flows are transferred in an outright sale in which substantially all risks and rewards of ownership have been transferred. In addition, a financial asset is derecognized even if all the risks and rewards are neither transferred nor retained but the Company has transferred control of the asset. Control is transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to unrelated third party. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received (including any new asset obtained less any new liability assumed), is recognized in income statement.

2.5 Fair value measurement of financial instruments

Fair value of financial instruments 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company has elected to use mid-market pricing as a practical expedient for fair value measurements within a bid-ask spread. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price whereas in other cases the quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets is used and a day one gain or loss is recognised in the profit or loss. If the fair value is evidenced by a valuation technique that uses unobservable inputs, the financial instrument is initially measured at fair value adjusted to defer the difference between the fair value at initial recognition and the transaction price (day one gain or loss).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole (note 3).

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.6 Impairment of financial assets

The Company recognizes allowance for expected credit losses (ECL) that reflect changes in credit quality since initial recognition to financial assets that are measured at AC and FVOCI.

ECL are a probability-weighted average estimate of credit losses that reflects the time value of money. Upon initial recognition of the financial instruments in scope of the impairment policy, the Company records a loss allowance equal to 12-month ECL, being the ECL that result from default events that are possible within the next twelve months. Subsequently, for those financial instruments that have experienced a significant increase in credit risk (SICR) since initial recognition, a loss allowance equal to lifetime ECL is recognized, arising from default events that are possible over the expected life of the instrument.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. For all other financial assets subject to impairment, the general three-stage approach applies.

Definition of default

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that exposure have occurred:

- The borrower faces a significant difficulty in meeting his financial obligations.
- There has been a breach of contract, such as a default or past due event.
- The Company, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession(s) that the Company would not otherwise consider.
- There is a probability that the borrower will enter bankruptcy or other financial re-organization.

For debt securities, the Company determines the risk of default using an internal credit rating scale. The Company considers debt securities as credit impaired if the internal rating of the issuer/counterparty corresponds to a rating equivalent to "C" (Moody's rating scale) or the external rating of the issuer/counterparty at the reporting date is equivalent to "C" (Moody's rating scale) and the internal rating is not available.

Presentation of impairment allowance

For financial assets measured at amortized cost, impairment allowance is recognized as a loss allowance reducing the gross carrying amount of the financial assets in the balance sheet. The respective ECL/reversal for the above financial items is recognised within impairment losses/reversal.

Write-off of financial assets

Where the Company has no reasonable expectations of recovering a financial asset either in its entirety or a portion of it, the gross carrying amount of that instrument is reduced directly, partially or in full, against the impairment allowance. The amount written-off is considered as derecognized. Subsequent recoveries of amounts previously written off decrease the amount of the impairment losses in the income statement.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.7 Financial liabilities

Financial liabilities - Classification and measurement

The Company classifies its financial liabilities in the following categories: financial liabilities measured at amortized cost and financial liabilities measured at fair-value-through-profit-or-loss, which include those designated at fair-value-through-profit-or-loss upon initial recognition.

The Company may, at initial recognition, irrevocably designate financial liabilities at fair-value-through-profit-or-loss when one of the following criteria is met:

- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis; or
- the financial liability contains one or more embedded derivatives as components of a hybrid contract which significantly modify the cash flows that otherwise would be required by the contract.

Financial liabilities designated at FVTPL are initially recognized at fair value. Changes in fair value are recognized in the income statement, including the effects of changes in credit risk, in order to avoid an accounting mismatch.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

2.8 Cash and cash equivalents

Cash and cash equivalents include sight accounts deposits held with banks with original maturities of three months or less.

2.9 Related party transactions

Related parties of the Company include:

(a) the Parent Company and entities controlled, jointly controlled or significantly influenced by the Parent Company;

(b) an entity that has control over the Parent Company and entities controlled, jointly controlled or significantly influenced by this entity;

(c) an entity that has significant influence over the Parent Company and entities controlled or jointly controlled by this entity;

(d) members of key management personnel of the Company or its parents, their close family members and entities controlled or jointly controlled by the above mentioned persons.

Transactions of similar nature are disclosed on an aggregate basis. All transactions entered into with related parties are in the normal course of business and are conducted on an arm's length basis.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.10 Provisions

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at each reporting date, taking into account the risks and uncertainties surrounding the amount of such expenditure.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If, subsequently, it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.11 Share capital

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

Subject to the provisions of the Law and the Articles of Association, the Company may by ordinary resolution declare dividends which are recognised as a deduction in the Company's equity.

2.12 IFRS 9 'Financial Instruments' – Impact of adoption

The Company adopted IFRS 9 in the first half of 2018. The Standard's requirements were applied retrospectively by adjusting the Company's balance sheet on the date of transition on 1 January 2018. The effect on the carrying amounts of financial assets and liabilities at the date of transition to IFRS 9 was recognised as an adjustment to opening retained earnings as presented below.

The impact of transitioning to IFRS 9 amounted to € 822 ths, which was recognised as an opening balance adjustment at 1 January 2018 and it was attributed to the impairment for ECL of the investment securities held at amortised cost issued by the Parent Company.

The table below presents the impact to Retained earnings from the transition to IFRS 9 on 1 January 2018:

	IFRS 9 impact € ths
Retained earnings	
Closing balance under IAS 39	**(224)**
Remeasurement under IFRS 9 ECL impairment	**(822)**
Opening balance under IFRS 9	**(1,046)**

The impact of ECL impairment upon transition to IFRS 9 is further analyzed as follows: €54 ths for Series A, €128 ths for Series B and €640 ths for Series C.

Notes to the Financial Statements (continued)

3. Principal risks and uncertainties

The directors are responsible for the overall financial risk approach of the Company. In this regard, the directors coordinate all financial risk management activities closely with the Parent Company's risk managers to ensure that all significant financial risks are minimized. The directors have a financial risk management programme in place, the main objective of which is minimizing such risks, as follows:

(a) Credit Risk: The Company takes on exposure to credit risk, which is the risk that the counterparty will be unable to pay amounts in full when due. The aggregate carrying amount of deposits with banks, held with a Parent Company's subsidiary, approximates the Company's maximum exposure to credit risk. The Parent Company's rating according to Moody's as at 31 March 2020 was Caa1. The Company's credit risk is managed in coordination with the Parent Company.

(b) Interest rate risk: Following the redemption of all four series of preferred securities issued via the repurchase of the linked investment securities held by the Company and issued by the Parent Company, ERB Hellas Funding is not exposed to interest rate risk.

(c) Currency and liquidity risks: the Company is not exposed to material currency risk because most of its transactions are in euro. In addition the Company is not exposed to liquidity risk, considering that its sole financial asset i.e. a sight deposit with a subsidiary of the Parent Company (note 14), will be used to settle its obligations in full when they fall due.

Fair value of financial assets and liabilities

As of 31 March 2020, the Company carried no financial assets on its Balance sheet, other than a sight deposit within the Parent Company's group.

As of 31 December 2018, the Company's financial instruments carried at fair value or at amortized cost for which fair value is disclosed were categorised into the three levels of fair value hierarchy based on whether the inputs to their fair values are market observable or unobservable, as follows:

- Level 1 - Financial instruments measured based on quoted prices in active markets for identical financial instruments that an entity can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. None of the Company's financial instruments are categorised into Level 1 of the fair value hierarchy.

- Level 2 – Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as : (i) quoted prices for identical financial instruments in markets that are not active, or (ii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, credit spreads and implied volatilities obtained from internationally recognised market data providers and (iii) other unobservable inputs which are insignificant to the entire fair value measurement. The Company's financial instruments in their entirety are categorised into Level 2 of fair value hierarchy.

- Level 3 - Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). None of the Company's financial instruments are categorised into Level 3 of the fair value hierarchy.

As of 31 December 2018, the Company's financial instruments carried at fair value or at amortized cost were categorised into Level 2 of the fair value hierarchy based on the fact that: (i) the fair values of preferred

Notes to the Financial Statements (continued)

3. Principal risks and uncertainties (continued)

securities issued by the Company were determined using quotes for identical financial instruments in markets that were not active. In particular, they were fair valued using prices provided by Bloomberg and

(ii) The same prices applied to their linked investment securities which had the same terms.

As of 31 December 2018, the fair value hierarchy categorisation of the Company's financial assets and liabilities was as follows:

	2018				
	Level 1	Level 2	Level 3	Fair Value	Carrying amount
	€' 000	€' 000	€' 000	€' 000	€' 000
Investment securities at FVTPL (note 11)	-	12,578	-	12,578	12,578
Investment securities at amortised cost (note 11)	-	14,982	-	14,982	23,929
	-	27,560	-	27,560	36,507
Preferred securities designated at fair value (note 12)	-	12,578	-	12,578	12,578
Preferred securities at amortised cost (note 12)	-	14,982	-	14,982	23,928
	-	27,560	-	27,560	36,507

4. Critical accounting estimates and judgements in applying accounting policies

In the process of applying the Company's accounting policies, the directors make various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognised in the financial statements within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant area in which the Company makes judgments, estimates and assumptions in applying its accounting policies is set out below:

Fair value of financial instruments

As at 31 December 2018, the fair value of financial instruments that were not quoted in an active market was determined by using valuation techniques. In addition, for financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. In these cases, the fair values are estimated from observable data in respect of identical or similar financial instruments.

Given the uncertainty and subjectivity inherent in the estimation of fair value of financial instruments, changes in management assumptions and estimates could affect the reported fair values.

For the period ended 31 March 2020, no such significant estimation uncertainty exists following the redemption of all financial instruments.

Notes to the Financial Statements (continued)

5. Interest and similar income

	Period 1/1/2019 - 31/3/2020	Period 1/1/2018 - 31/12/2018
	€' 000	€' 000
Interest on financial assets designated at fair value through profit or loss	**1,329**	1,609
Interest on investment securities at amortised cost	**635**	1,426
	1,964	3,035

Interest and similar income for the period 1 January 2019 to 31 March 2020 consists of received interest of bonds' coupons.

In the year ended 31 December 2018, following the decision of the Company in April 2019 to redeem the preferred securities issued (note 11), unamortised discount of € 222 ths of the linked investment securities at cost was recognised in interest and similar income.

6. Interest expense and similar charges

	Period 1/1/2019 - 31/3/2020	Period 1/1/2018 - 31/12/2018
	€' 000	€' 000
Interest on preferred securities designated at fair value through profit or loss	**(1,329)**	(1,609)
Interest on preferred securities at amortised cost	**(634)**	(1,424)
	(1,963)	(3,033)

Interest expense and similar charges for the period from 1 January 2019 to 31 March 2020 consists of paid interest of preferred securities.

In the year ended 31 December 2018, following the decision of the Company in April 2019 to redeem the preferred securities issued (note 12), the unamortised discount of € 222 ths of the preferred securities at cost was recognised in interest expense and similar charges.

7. Net gains/(losses) from financial instruments designated at fair value

	Period 1/1/2019 - 31/3/2020	Period 1/1/2018 - 31/12/2018
	€' 000	€' 000
Changes in fair value of financial liabilities designated at fair value	**(7,201)**	(3,352)
Changes in fair value of financial assets designated at fair value	**7,201**	3,352
	0	0

Notes to the Financial Statements (continued)

8. Operating expenses

	Period 1/1/2019 - 31/3/2020 €' 000	Period 1/1/2018 - 31/12/2018 €' 000
Fees payable to the Company's auditor for the statutory audit of the Company's annual financial statements	(21)	(20)
Secretarial and administration services	(111)	(63)
	(132)	(83)

9. Income tax expense

The Company is liable to pay Jersey income tax at 0% (2018: 0%).

10. Deposits with banks

	31 March 2020 €'000	31 December 2018 €'000
Deposits with the Parent Company's Group	722	837
	722	837

The sight accounts are with Eurobank Private Bank Luxenbourg S.A. and have been considered as cash and cash equivalents for the purposes of the cash flow statement (note 2.8).

11. Investment securities

Investment securities designated at fair value through profit or loss

On 29 October 2019, series D of preferred securities, which were designated at fair value through profit or loss and had an outstanding nominal value of €19,500 ths, were redeemed, in accordance with their relevant terms (note 12). In that context, series D of the investment securities of equal nominal value, which were linked to the preferred securities, held by the Company at fair value through profit or loss and issued by the Parent Company, were repurchased by the Bank under the same terms on the abovementioned date. The investment securities' coupons of series D on the date of their redemption amounted to € 402 ths, while the total coupons received by the company during the period from 1 January 2019 to 31 March 2020 amounted to € 1,609 ths (1 January to 31 December 2018: € 1,609 ths).

Investment securities carried at amortised cost

On 9 July 2019, 2 August 2019 and 18 March 2020, series C, B and A of preferred securities, which were carried at amortised cost and had a nominal value of € 1,604 ths, € 3,704 ths and € 18,346 ths, respectively, were redeemed in accordance with their relevant terms (note 12). In that context, series C, B and A of the investment securities of equal nominal value, respectively, which were linked to the preferred securities, held by the Company at amortised cost and issued by the Parent Company, were repurchased by the Bank under the same terms on the abovementioned dates. The investment securities' coupons of series C, B and A on the dates of their redemption amounted to € 275 ths, € 18 ths and € 11 ths, respectively, while the total coupons received by the company during the period from 1 January 2019 to 31 March 2020 amounted to € 910 ths (1 January to 31 December 2018: € 931 ths).

Notes to the Financial Statements (continued)

11. Investment securities (continued)

As of 31 December 2018, considering the Company's decision in April 2019 to redeem the preferred securities issued, the cumulative ECL of € 713 ths was reversed, as no cash shortfall was expected in respect of these instruments and the unamortised discount of € 222 ths of the investment securities at cost was recognised in interest and similar income (note 5).

12. Preferred securities

In April 2019, the Board of Directors of ERB Hellas Funding decided to proceed with the redemption of all four series of the preferred securities issued. The relevant regulatory announcement of the company's intention was released on 23 April 2019.

Preferred securities designated at fair value through profit or loss

On 13 September 2019, a notice for the redemption of series D of preferred securities at their optional redemption price (i.e. their nominal amount plus accrued and unpaid preferred dividends until the date of redemption), was given to the holders. The aforementioned preferred securities were designated at at fair value through profit or loss and had an outstanding nominal value of €19,500 ths. Accordingly, the notes were redeemed on 29 October 2019, in accordance with their relevant terms (available in the Parent Company's website). Prior to their redemption, the preferred securities were listed on the London Stock Exchange. The accrued dividend of series D preferred securities on the date of redemption amounted to € 402 ths, while their non-cumulative dividends for the period from 1 January 2019 to 31 March 2020 amounted to € 1,609 ths (1 January to 31 December 2018: € 1,609 ths).

Preferred securities at amortised cost

On 29 May 2019, 21 June 2019 and 23 January 2020, a notice for the redemption of series C, B and A of preferred securities at their optional redemption price (i.e. their nominal amount plus accrued and unpaid preferred dividends until the date of redemption), was given to the holders. The aforementioned preferred securities were carried at amortised cost and had a nominal value of € 1,604 ths, €3,704 ths and € 18,346 ths, respectively. . Accordingly, the notes were redeemed on 9 July 2019, 2 August 2019 and on 18 March 2020, respectively, in accordance with their relevant terms (available in the Parent Company's website). Prior to their redemption the preferred securities were listed on various European Stock Exchanges, London, Frankfurt, Luxembourg and Euronext Amsterdam.

The accrued dividend of series C, B and A preferred securities on the date of their redemption amounted to € 275 ths, € 18 ths and € 11 ths, respectively, while their non-cumulative dividends for the period from 1 January 2019 to 31 March 2020 amounted to € 908 ths (1 January to 31 December 2018: € 929 ths).

13. Share capital

31 March 2020			31 December 2018		
Number of shares	**Ordinary share capital €'000**	**Share premium, net of expenses €'000**	Number of shares	Ordinary share capital €'000	Share premium, net of expenses €'000
510,000	**510**	**598**	510,000	510	598
510,000	**510**	**598**	510,000	510	598

Notes to the Financial Statements (continued)

13. Share capital (continued)

The holders of ordinary shares shall be entitled to receive notice of and attend and vote at any general meeting of shareholders of the Company. The holders are entitled to receive dividend from time to time as disclosed in note 2.11. No dividend shall exceed the amount recommended by the Directors. In accordance with the Articles of Association, the shares issued are subject to such rights and restrictions as the Company, by ordinary resolution, determine.

14. Related party transactions

The Company's results as of 31 March 2020 have been included in the consolidated financial statements of Eurobank Holdings S.A., its ultimate parent undertaking, which is incorporated in Greece.

As at 31 March 2020, the percentage of the ultimate Parent Company's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%.

The HFSF is considered to have significant influence over the ultimate Parent Company pursuant to the provisions of the Law 3864/2010, as in force, and the Relationship Framework Agreement (RFA) Eurobank Ergasias has entered into with the HFSF on 4 December 2015.

Further information in respect of the HFSF rights based on the aforementioned framework is provided in the section "Report of the Directors and Corporate Governance Statement" of the Annual Financial Report of the Parent Company for the year ended 31 December 2019.

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

The outstanding balances of the related party transactions and the related income and expenses are as follows:

	31 March 2020	31 December 2018
	Parent Company's Group [1]	Parent Company's Group
	€' 000	€' 000
Deposits with banks	**722**	837
Investment securities	-	36,507
Interest and similar income	**1,964**	3,035
Interest expense and similar charges	-	(6)

[1] Eurobank Private Bank Luxembourg S.A.

Emoluments of the Directors

Stephen Langan and Cheryl Anne Heslop are directors of certain subsidiaries of Intertrust Fiduciary Services (Jersey) Limited (former Elian Fiduciary Services (Jersey) Limited), including Intertrust SPV Services Limited (former Elian SPV Services Limited) which provides administrative services to the Company. The Company for

Notes to the Financial Statements (continued)

14. Related party transactions (continued)

the period ended 31 March 2020 recognised expenses amounting to € 19 ths relating to services provided by Intertrust entities.

Corporate transformation of the Parent Company

On 28 June 2019, the BoD of the Bank ("Demerged Entity") decided the initiation of the hive down process of the banking business sector of Eurobank and its transfer to a new company-credit institution that will be established ("the Beneficiary").

On 31 July 2019, the BoD of the Bank approved the Draft Demerger Deed and on 31 January 2020, the Bank's Extraordinary General Meeting (EGM) resolved, among others: a) the approval of the aforementioned demerger of Eurobank through the business banking sector's hive down and the establishment of a new company-credit institution under the corporate name "Eurobank S.A.", b) the approval of the Draft Demerger Deed as well as the Articles of Association of the Beneficiary, as they were approved by the Bank's BoD and c) the adjustment of the Articles of Association of the Demerged Entity which will cease to be a credit institution by amending its object and corporate name, as was also approved by the Bank's BoD.

On 20 March 2020, the demerger was approved by virtue of the decision of the Ministry of Development and Investments No 31847/20.03.2020, which has been registered on the same day in the General Commercial Registry.

Following the approval of the Demerger the following consequences occur:

a) the Demerged Entity (Eurobank Holdings) becomes the shareholder of the Beneficiary (Eurobank S.A.) by acquiring all the shares issued by the Beneficiary, and b) the Beneficiary substitutes the Demerged Entity, by way of universal succession, to all the transferred assets, including the shareholding of the Company and liabilities, as set out in the transformation balance sheet of the hived down sector (as at 30 June 2019) and formed up to 20 March 2020, day of the Demerger's completion.

Following the completion of the Demerger, the Beneficiary (Eurobank S.A.) became the immediate Parent Company of ERB Hellas Funding, while the Demerged entity (ultimate parent company) ceased to be a credit institution and maintained activities, assets and liabilities that are not related to main banking activities.

Further information is available in the regulatory announcement on the Parent Company's website (www.eurobank.gr) dated 20 March 2020.

15. Segmental reporting

The Company operates in one business segment i.e. providing funding to its immediate parent company, Eurobank Ergasias S.A. through the issue of preferred securities listed on various European Stock Exchanges.

No further disclosure in this regard is therefore deemed necessary.

16. Impact of Covid – 19

2020 had begun with positive medium-term prospects for the economy in Greece and the other countries where the Parent Company's parent Group has a substantial presence, however the coronavirus (covid-19) outbreak posed substantial uncertainties and risks for both macroeconomic environment and the ability of lots of businesses to operate under the restrictive measures adopted to contain the virus's expansion. The global economic slowdown from the coronavirus pandemic is mainly related with the disruption of trade and global supply chains and the risks that the local lockdowns in the majority of countries from mid-March 2020 create for the 2020 world growth and beyond. In response to the covid-19 outbreak, there has been a

Notes to the Financial Statements (continued)

16. Impact of Covid – 19 (continued)

monetary, fiscal and regulatory support to the economy and the banking system by both Greek Government and European authorities. The European and Greek economy are expected to rebound in the 2nd half of 2020, if the virus is contained. According to European Commission's summer economic forecasts (July 2020), the Greek economy is expected to contract by -9.0% in 2020 and then to rebound by 6.0% in 2021. The effects of covid-19 on the economic activity depend heavily on the timing of the curbing of its expansion, the nature and size of fiscal and monetary support measures, the virus' epidemiological behavior and the impact on consumer and investor behavior post-crisis in the second half of the year. In this context, the Parent Company is continuously monitoring the developments on the covid-19 front and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily to the support of its viable clients, the protection of its asset base quality, the resilience of its pre-provision profitability and the completion of its transformation plan. In addition, the Parent Company, under the extraordinary circumstances of the covid-19 pandemic, has proceeded with the successful implementation of its Business Continuity Plan to ensure that business is continued and critical operations are unimpededly performed and has taken all required measures to ensure the health and safety of its employees and customers.

As at 31 March 2020, the only asset of the Company is a sight deposit with a bank subsidiary of the Parent Company (note 10). Taking also into account the enhanced capital position of the Company, the Covid-19 pandemic is not expected to affect the liquidation process and its ability to discharge in full its liabilities.