ERB PROPERTY SERVICES SOFIA AD
ANNUAL DIRECTORS' REPORT
ANNUAL FINANCIAL STATEMENTS
REPORT OF THE INDEPENDENT AUDITOR
31 DECEMBER 2013

CONTENTS

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Independent auditor's report

To Shareholders of the ERB Property Services Sofia AD

Report on the Financial Statements

We have audited the accompanying financial statements of "ERB Property Services Sofia" AD which comprise the balance sheet as of 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the "ERB Property Services Sofia" AD as of 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

We are required by the Accounting Act to express an opinion whether the Annual Report is consistent with the annual financial statements of the Company.

In our opinion, the Annual Report set out on pages 1 to 7, is consistent with the accompanying financial statements of the Company as of 31 December 2013.

Milka Damianova
Registered Auditor

Stefan Weiblen
PricewaterhouseCoopers Audit OOD

Специализирано одиторско предприятие
София
Рег. №085
"ПрайсуотърхаусКупърс Одит" ООД

16 May 2014
Sofia, Bulgaria

The Directors present the report and the financial statements prepared in accordance with International Financial Reporting Standards (IFRS), adopted by EU. These financial statements have been audited by PricewaterhouseCoopers Audit OOD.

BUSINESS DESCRIPTION

The Company was registered on 2 September 2005. The Company's principal activities include evaluation and intermediary services of operations with real estates, management of real estates, technical and consulting services, architectural and engineering explorations. The address of its registered office is as follows: 260 Okolovrasten pat Str, 1766 Sofia, Bulgaria.
The Company's corporate name was amended on 26 March 2013 from " EFG Property Services Sofia" AD to "ERB Property Services Sofia" AD, following Extraordinary General Meeting's resolution on 18 January 2013.

BUSINESS OVERVIEW

The main aspects for development for the current year include:

- Rendering intermediary services to Eurobank Bulgaria AD for development of its branch network;
- Active offering of agency services related with real estates;
- Development of an evaluation department responsible for appraisals in favour of Eurobank Bulgaria AD and reviewing of appraisals prepared by subcontractors;
- Introducing of reforms in order to optimize the procedure of evaluation; and
- Offering of consulting services to potential investors in real estates.

CAPITAL STRUCTURE

The share capital of the Company amounts to BGN 150,000, split in 150,000 individual shares with nominal value of BGN 1 each. 80 % of the share capital is owned by Eurobank Ergasias S.A. and 20 % of the share capital is owned by Lamda Development S.A.

MANAGEMENT

In accordance with The Commercial Act of Bulgaria the company has one-tier management system with managerial posts, as follows: General Meeting of shareholders and Board of Directors.
On 31 December 2013 the members of the Board of Directors were:
Theodoros Karakasis –Chairman of the Board of Directors;
Dimitrios Andritsos – Deputy Chairman of the Board of Directors and Executive Director;
Georgios Vasilantonakis - Member of the Board of Directors and Executive Director;
Zizimos Danilatos - Member of the Board of Directors;
Petia Dimitrova - Member of the Board of Directors;
Ioannis Stournaras - Member of the Board of Directors;
Iordan Souvandjiev - Member of the Board of Directors.

MANAGEMENT (CONTINUED)

Information on the activity of the Board of Directors of the Company during 2013 pursuant to Art. 247, Para 2 of The Commercial Act of Bulgaria:

Remunerations received generally by the members of the Board of Directors during 2013:

In 2013 the members of the Board of Directors didn't receive remunerations from the Company in their capacity of the members of the Board of Directors.

The shares in the Company or the Company's bonds that the members of the Board of Directors have acquired, possessed or transferred during 2013:

No member of the Board of Directors has owned or transferred shares or bonds of the Company.

Rights of the members of the Board of Directors to acquire shares and bonds of the Company:

No member of the Board of Directors holds special rights of acquisition of shares or bonds of the Company.

The participation of the members of the Board of Directors into commercial companies as:

Partners with unlimited liability:
None

Partners/Shareholders holding more than 25 per cent of the capital of another company:
None

Participants in the management of other companies or cooperatives as procurators, managers or members of the Boards:

Theodoros Karakasis

- Eurobank Bulgaria AD, (Bulgaria) –Chairman of the Supervisory Board
- ERB Leasing EAD (former name EFG Leasing EAD date of change 1.02.2013), (Bulgaria) - Member of the Board of Directors
- Bancpost S.A. (Romania) – Deputy Chairman of the Board of Directors
- ERB Retail Services IFN S.A.(Romania)- Member of the Board of Directors
- ERB Leasing IFN S.A.(Romania)- Member of the Board of Directors
- Eurobank Property Services S.A.(Romania) – Chairman of the Board of Directors
- Eurobank a.d. Beograd (Serbia) – Chairman of the Management Board
- ERB Property Services d.o.o. Beograd (Serbia)- Chairman of the Supervisory Board

MANAGEMENT (CONTINUED)

Participants in the management of other companies or cooperatives as procurators, managers or members of the Board of Directors (continued):

Theodoros Karakasis (continued)

- Eurobank Ergasias S.A. (Greece) – Advisor
- Greek-Serbian Chamber of Commerce – Deputy Chairman of the Board of Directors
- Hellenic-Romanian Chamber of Commerce and Industry – Member and Secretary General of the Board of Directors (until December 2013)
- CEH Balkan Holdings Limited – Member of the Board of Directors
- Bulgarian Retail Services AD (Bulgaria) – Chairman of the Board of Directors (effective as of 19.07.2013)
- ERB New Europe Finding B.V, (The Netherlands) – Managing Director (effective as of 01.02.2013)
- ERB New Europe Finding II, (The Netherlands) – Managing Director (effective as of 01.02.2013)

Dimitrios Andritsos

- Eurobank Property Services S.A. (Greece) – Chief Executive Officer
- Eurobank Property Services S.A.(Romania) – Deputy Chairman of the Board of Directors
- ERB Property Services d.o.o. Beograd (Serbia) - Member of the Supervisory Board
- IMO Property Investments Bucuresti S.A. (Romania) - Member of the Board of Directors
- IMO Property Investments A.D. Beograd (Serbia) - Member of the Supervisory Board
- IMO Property Investments Sofia EAD - Member of the Board of Directors
- IMO – II Property Investments S.A. (Romania) – Member of the Board of Directors
- ERB Property Services Ukraine Ltd. (Ukraine) – Deputy General Director
- Propindex S.A. (Гърция) – Member of the Board of Directors

Georgios Vasilantonakis

- Eurobank Property Services S.A.(Romania) – Member of the Board of Directors (until 05.08.2013)
- ERB Property Services d.o.o. Beograd (Serbia) - Member of the Supervisory Board
- ERB Property Services Ukraine LCC (Ukraine) –Member of the Board of Directors

MANAGEMENT (CONTINUED)

Participants in the management of other companies or cooperatives as procurators, managers or members of the Board of Directors (continued):

Zizimos Danilatos

- ERB Property Services d.o.o. Beograd (Serbia) – Member of the Supervisory Board
- LAMDA Development Romania Srl (Romania) - Executive Director
- Robies Proprietati Imobiliare SrL(Romania) - Executive Director
- LAMDA Development Sofia EOOD (Bulgaria) - Executive Director
- TIHI EOOD (Bulgaria) - Executive Director
- GLS OOD (Bulgaria) - Executive Director
- LAMDA Development Beograd DOO (Serbia) - Executive Director
- Property Development Beograd DOO (Serbia) – Deputy Chairman of the Board of Directors
- Property Investments DOO (Serbia) – Deputy Chairman of the Board of Directors
- LAMDA Development Montenegro DOO (Montenegro) - Executive Director
- S.L. Imobilia DOO Zagreb (Croatia) - Executive Director
- LAMDA Erga Anaptixis S.A. – Chief Executive Director and Legal representative
- Lamda Estate Development SA - Legal Representative
- Lamda Domi SA - Deputy Chairman of the BoD
- LD Trading SA - Legal Representative
- Lamda Prime Properties SA - Chairman of the BoD
- Lamda Properties Development - Executive Director / 5% Shareholder
- Kronos Parking SA - BoD Member
- Lamda Waste Management SA - BoD Member
- GEAKAT SA - Vice Chairman of the BoD
- PYLAIA SA - BoD Member
- Lamda Flisvos Holding SA - BoD Member
- Lamda Akinita SA - BoD Member
- Lamda Dogus Marina Investments SA - Legal Representative

Participants in the management of other companies or cooperatives as procurators, managers or members of the Board of Directors (continued):

Petia Dimitrova

- Eurobank Bulgaria AD, (Bulgaria) – Chairperson of the Management Board and Chief Executive Officer
- Bulgarian Retails Services AD (Bulgaria) – Chairperson of the Board of Directors and Executive Director (until 19.07.2013)
- IMO Property Investments Sofia EAD (Bulgaria) - Member of the Board of Directors and Executive Director (until 4.02.2013)
- IMO Rila EAD (Bulgaria) - Deputy Chairperson of the Board of Directors and Executive Director (until 24.06.2013)
- IMO Central Office EAD (Bulgaria) - Deputy Chairperson of the Board of Directors and Executive Director (until 6.06.2013)
- IMO 03 EAD (Bulgaria) - Member of the Board of Directors and Executive Director (until 7.06.2013)
- ERB Leasing EAD, (former name EFG Leasing EAD date of change 1.02.2013), Bulgaria – Member of the Board of Directors (until 1.02.2013)
- AmCham Bulgaria (American Chamber of Commerce in Bulgaria) – Member of the Board of Directors
- Bulgarian Business Leaders Forum (BBLF) – Member of the Board of Directors
- State-owned enterprise Communicative construction and rehabilitation (Bulgaria) – Member of the Board of Directors (until 3.04.2013)
- Confederation of Employers & Industrialists in Bulgaria, Bulgaria – Member of the Management Board (effective as of 5.12.2013).

Ioannis Stournaras

- Eurobank Property Services S.A. (Greece) – Member of the Board of Directors (until 29.11.2013)
- Eurobank Property Services S.A.(Romania) – Member of the Board of Directors (affective as of 2.08.2013)
- ERB Property Services Ukraine LCC (Ukraine) – Member of the Board of Directors

Iordan Souvandjiev

- Eurobank Bulgaria AD, (Bulgaria) – Member of the Management Board
- IMO Property Investments Sofia EAD (Bulgaria) – Deputy Chairman of the Board of Directors and Executive Director
- IMO Central Office EAD (Bulgaria) - Deputy Chairman of the Board of Directors and Executive Director

Participants in the management of other companies or cooperatives as procurators, managers or members of the Board of Directors (continued):

- IMO Rila EAD (Bulgaria) - Deputy Chairman of the Board of Directors and Executive Director

Contracts under article 240b of The Commercial Act of Bulgaria, entered into in 2013:

The Company has not entered into contracts in the sense of Article 240b, paragraph 1 of The Commercial Act of Bulgaria during 2013.

ORGANIZATIONAL STRUCTURE

The Company consists of three divisions: Administration, Appraisal Division and Agency Division. The total number of the personnel at 31 December 2013 is 13 (2012: 12).

OBJECTIVES OF THE COMPANY FOR 2014

The objectives of the Company for the coming year cover:

- Improve the delivery speed of the assigned valuations of movable and immovable assets from the business units of Eurobank Bulgaria;
- Assistance to Eurobank Bulgaria for rents renegotiation of the bank branches to reduce their operational cost;
- Expanding the network of appraisers in the country, with a focus on professional and moral-ethical qualities of the candidates;
- Provision of professional services related to acquired and managed by the IMO Property Investment (a related party company from Eurobank Group) properties for sales or renting;
- Provision of professional services in the real estate sector and expanded number of new clients including: valuation, agency, advisory services, market analysis and preparation of indexes.

Director's responsibilities

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the state of affairs of the company as at the year end and of the profit or loss and cash flows for the year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2013.

Director's responsibilities (continued)

The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the management:

Dimitrios Andritsos
Executive Director
ERB Property Services Sofia AD
7 May 2014
Sofia, Bulgaria

ERB PROPERTY SERVICES SOFIA AD
BALANCE SHEET
31 DECEMBER 2013

(All amounts are in Bulgarian leva thousands)	Notes	As at 31 December 2013	2012
ASSETS			
Non-current assets			
Equipment	5	4	4
Intangible assets	6	82	20
Deferred tax asset	8	3	1
		89	**25**
Current assets			
Trade receivables	7,9	247	277
Other receivables	10	26	110
Cash and cash equivalents	7,11	104	309
Deposits in bank	11	3,414	3,208
		3,791	**3,904**
Total assets		**3,880**	**3,929**
EQUITY			
Share capital	12	150	150
Other reserves	12	15	15
Retained earnings		3,617	3,589
Total equity		**3,782**	**3,754**
LIABILITIES			
Current liabilities			
Trade payables	13	56	150
Other payables	14	42	25
Total current liabilities		**98**	**175**
Total equity and liabilities		**3,880**	**3,929**

The financial statements on page 8 to 41 have been approved on 7 May 2014 and signed as follows:

Executive Director
Dimitrios Andritsos

Financial Manager
Yordanka Karapetrova

София
SOFIA
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И АР БИ Пропърти Сървисиз София АД * ERB Property Services Sofia AD *

Initialled for identification purposes in reference to the auditor's report:

Milka Damianova
Registered auditor
Sofia, Bulgaria
16 May 2014

Stefan Weiblen
PricewaterhouseCoopers Audit OOD
16 May 2014

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №085
"ПрайсуотърхаусКупърс Одит" ООД

ERB PROPERTY SERVICES SOFIA AD
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2013

(All amounts are in Bulgarian leva thousands)		**Year ended 31 December**	
	Notes	**2013**	**2012**
Revenue	15	1,447	1,507
Consumables used	16	(9)	(8)
Expenses for external services	17	(1,114)	(1,101)
Employee benefits expense	18	(386)	(362)
Depreciation and amortisation	5,6	(20)	(11)
Other expenses	19	(15)	(29)
Operating loss		**(97)**	**(4)**
Financial gain, net	20	126	141
Profit before income tax		**29**	**137**
Income tax expense	21	(1)	(20)
Profit for the year		**28**	**117**
Total comprehensive income for the year		**28**	**117**

The financial statements on page 8 to 41 have been approved on 7 May 2014 and signed as follows:

Executive Director
Dimitrios Andritsos

ЕРБ ПРОПЪРТИ СЪРВИСЕЗ СОФИЯ АД
СОФИЯ
SOFIA
3
ERB Property Services Sofia AD

Financial Manager
Yordanka Karapetrova

Initialled for identification purposes in reference to the auditor's report:

Milka Damianova
Registered auditor
Sofia, Bulgaria
16 May 2014

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №085
"ПрайсуотърхаусКупърс Одит" ООД

Stefan Weiblen
PricewaterhouseCoopers Audit OOD
16 May 2014

(All amounts are in Bulgarian leva thousand)

	Note	Share capital	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2012		150	15	3,472	**3,637**
Profit for the year		-		117	**117**
Balance as at 31 December 2012	12	**150**	**15**	**3,589**	**3,754**
Balance as at 1 January 2013		150	15	3,589	**3,754**
Profit for the year		-	-	28	**28**
Balance as at 31 December 2013	12	**150**	**15**	**3,617**	**3,782**

The financial statements on page 8 to 41 have been approved on 7 May 2014 and signed as follows:

Executive Director
Dimitrios Andritsos

Financial Manager
Yordanka Karapetrova

Initialled for identification purposes in reference to the auditor's report:

Milka Damianova
Registered auditor
Sofia, Bulgaria
16 May 2014

Stefan Weiblen
PricewaterhouseCoopers Audit OOD
16 May 2014

ERB PROPERTY SERVICES SOFIA AD
CASH FLOW STATEMENT
31 DECEMBER 2013

(All amounts are in Bulgarian leva thousands)		**Year ended 31 December**	
	Note	**2013**	**2012**
Cash flow from operating activities			
Cash receipts from customers		1,795	1,537
Cash payments to employees and suppliers		(1,917)	(1,741)
Deposit in Bank		(206)	(54)
Net cash flows used in operating activities		**(328)**	**(258)**
Cash flows from investing activities			
Purchases of property, plant and equipment	5,6	(4)	(15)
Interest received		127	143
Net cash from investing activities		**123**	**128**
Net decrease in cash		**(205)**	**(130)**
Cash at beginning of the year		309	439
Cash at end of the year	11	**104**	**309**

The financial statements on page 8 to 41 ~~have~~ been approved on 7 May 2014 and signed as follows:

Executive Director
Dimitrios Andritsos

Financial Manager
Yordanka Karapetrova

Initialled for identification purposes in reference to the auditor's report:

Milka Damianova
Registered auditor
Sofia, Bulgaria
16 May 2014

Stefan Weiblen
PricewaterhouseCoopers Audit OOD
16 May 2014

1. General information

ERB PROPERTY SERVICES SOFIA AD is a joint stock company and is registered under c.c. 9762/2005 in the trade register of the Sofia City Court. The company is domiciled in the Republic of Bulgaria. The address of its registered office is 270, Okolovrasten pat Str., Sofia 1766.

The Company's principal activities include appraisal services primarily with related parties (Note 24).

ERB PROPERTY SERVICES SOFIA AD is owned by Eurobank Ergasias S.A. with 80% of the share capital and by Lamda Development S.A. with 20 % of the share capital.
The Company's ultimate parent is Hellenic Financial Stability Fund.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of ERB Proprety Services Sofia AD 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 IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.
The policies set out below have been consistently applied to the years 2013 and 2012, except as described below. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Impact of the economic crisis and situation in Greece
Greece entered into a new funding and restructuring programme with the European Commission, the ECB and the Eurozone member-states as agreed in the Eurogroup meeting of 21 February 2012. The programme aimed at bringing the country's public debt-to-GDP ratio below 120,0% by 2020.

The new funding and reform programme improved the country's financial position and outlook, via the reduction of public debt and its servicing costs from 2012 onwards.

On the back of these developments, and after the implementation/legislation of a long list of structural reforms and fiscal austerity measures for 2013-16 by the Greek Government, the Eurogroup reached on 26 November 2012 an agreement on a set of new measures for the reduction of Greek public debt to 124,0% of GDP by 2020 and 110,0% of GDP in 2022. This debt path is consistent with the debt sustainability required by the IMF.

2. Company background and significant accounting policies (continued)
2.1 Basis of preparation (continued)

Position of the Group

Greek sovereign debt exchange programme
On 21 February 2012 the Euro-area finance ministers agreed on a bailout programme for Greece, including financial assistance from the Official Sector and a voluntary debt exchange agreed with the Private Sector forgiving 53,5% of the face value of Greek debt. All exchanged bonds were derecognised and the new Greek government bonds (nGGBs) recognised at fair value, based on market quotes at the date of recognition.

Following the Eurogroup's decisions on 27 November 2012 and as part of debt reduction measures, the Greek State announced on 3 December 2012 an invitation to eligible holders of nGGBs to submit offers to exchange such securities for six months zero coupon notes to be issued by the European Financial Stability Fund (EFSF). Under its participation to the Greek state's debt buyback program, the Eurobank Ergasias Group submitted for exchange the 100% of its nGGBs portfolio of total face value €2,3 billion.

Recapitalization Framework and Process
Given the severity of the impact of the Greek Government Bond exchange programme (PSI+), on 21 February 2012 the Euro Area finance ministers allocated a total of €50 billion of the second support programme for Greece specifically for the recapitalisation of the Greek banking system. These funds were directed to the Hellenic Financial Stability Fund (HFSF) whose mandate has been extended and enhanced accordingly. €39 billion of these funds were remitted to Greece in 2012 and the final €11 billion in 2013.

Recapitalisation of Eurobank Ergasias S.A.
The Bank of Greece, after assessing the business plan and the capital needs of Eurobank Ergasias S.A. has concluded on 19 April 2012 that Eurobank Ergasias S.A. is a viable bank and, on 8 November 2012, notified Eurobank Ergasias S.A. that its Tier I capital should increase by €5.839 million. Eurobank Ergasias S.A., the HFSF and the European Financial Stability Facility (EFSF) signed on 28 May 2012, on 21 December 2012 and on 30 April 2013 a trilateral presubscription agreement (PSA) for the advance to Eurobank Ergasias S.A. of EFSF notes of face value of €3.970 million, €1.341 million and €528 million, respectively, (total €5.839 million), as advance payment of its participation in the share capital increase of Eurobank Ergasias S.A..

On 7 April 2013, the relevant regulatory authorities, with the consent of the management of both banks, decided that National Bank of Greece S.A. (NBG) and Eurobank Ergasias S.A. will be independently recapitalised in full. As a consequence, the merger process of the two Banks was suspended. Following the above decision, the Board of Directors of Eurobank Ergasias S.A. evaluated the specificities of the exercise in relation with the attraction of capital from private investors and, in particular, the uncertainty regarding the completion or not of the merger with NBG, and the ensuing inability of properly assessing the investment proposal, as well as the absence of tens of thousands of Eurobank Ergasias S.A.'s traditional shareholders who were substituted, due to the recent Voluntary Tender Offer, by NBG's stake of approximately 85% in Eurobank Ergasias S.A.'s capital. As a consequence, the Board of Directors of Eurobank Ergasias S.A. proposed to the Extraordinary General Meeting on 30 April 2013 that the share capital increase of €5.839 million be fully subscribed by the HFSF.

2 Company background and significant accounting policies (continued)
2.1 Basis of preparation (continued)

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

On 28 March 2013, the BoG issued an Executive Committee Act (13/28.03.2013) bringing the limit for the Core Tier I capital to 9% of Risk Weighted Assets and for Equity Core Tier I to 6%, effective from 31 March 2013. According to the new definition of Core Tier I capital, AFS reserve is fully recognised, while deferred tax asset's recognition is limited to 20% of Core Tier I capital. On 23 December 2013, the BoG issued an Executive Committee Act (36/23.12.2013) lifting the aforementioned limitation related to the deferred tax asset's recognition, effective from 31 December 2013. As at 31 December 2013, the Core Tier I ratio stood at 10.4% and proforma with the completion of transaction with Fairfax Financial Holdings Limited (increase of Fairfax's participation in Eurobank Properties S.A. through share capital increase) and the implementation of Basel II IRB credit risk methodology to New Hellenic Postbank's mortgage portfolio at 11,3%.

On 14 November 2013, Eurobank Ergasias S.A. announced the initiation of the process to raise approximately € 2 bn through a capital increase. On 14 January 2014, Eurobank Ergasias S.A. and HFSF announced that the transaction timetable will be adjusted to allow for the finalization of the assessment of forward looking capital needs of the Greek banking sector and the new recapitalization framework. The BoG, following the assessment of Eurobank's capital needs, concluded on 6 March 2014 and notified Eurobank that its Core Tier I capital should increase by € 2,945 million. Eurobank Ergasias S.A. with its letter to BoG on 24 March 2014, submitted its capital enhancement plan whereby revised its capital actions providing for an additional positive impact on regulatory capital of € 81 million and stated that it intends to cover the remaining capital needs of € 2,864 million through a share capital increase, which constitutes a step towards further strengthening Eurobank's capital position and enhances Eurobank.'s ability to support the Greek economy. The proposed capital increase will be effected through a marketed equity offering.

On 12 April 2014, the Extraordinary General Meeting approved the share capital increase of Eurobank Ergasias S.A., by €2,864m. The new shares are to be offered through an international private placement.

On 15 April 2014, Eurobank Ergasias S.A. announced that, following the approval by Hellenic Financial Stability Fund, has signed an agreement with a group of international Investors in relation to its capital increase; under the terms of such agreement, the specific Investors agreed to commit to subscribe for newly issued ordinary shares of Eurobank at a price of Euro 0.30 per newly issued ordinary share. The aggregated commitments of the said Investors amount to approximately €1,332 million (representing approximately 46.5% of the share capital Increase).

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

2 Company background and significant accounting policies (continued)
2.1 Basis of preparation (continued)

Related party transactions - Eurobank Ergasias S.A. shareholding structure

EFG Group was the controlling shareholder of the Eurobank Ergasias S.A., holding 44.70% of the Eurobank's ordinary shares and voting rights until 23 July 2012. In May 2013, following its full subscription in Eurobank's recapitalisation of € 5,839 million, the HFSF became the controlling shareholder and a related party of Eurobank. On 19 June 2013, HFSF acquired 3,789,317,358 Eurobank's ordinary shares with voting rights, representing 98.56% of its ordinary share capital. Following the issuance of 205,804,664 new ordinary shares in July, as resolved at the Annual General Meeting of the Shareholders on 27 June 2013, the percentage of the voting rights held in Eurobank by HFSF decreased to 93.55%. Following the share capital increase approved by the Extraordinary General Meeting of 26 August 2013, the controlling percentage of HFSF increases to 95.23%.

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

Eurobank Ergasias Group regards other Greek Banks controlled, jointly controlled or significantly influenced by HFSF, within the context of the Greek Banks' recapitalization, as well as the members of key management personnel of HFSF, as related parties. Eurobank Ergasias Group's transactions with HFSF's related Greek banks are made in the ordinary course of business, are carried out on market terms, are not influenced by the HFSF as the controlling shareholder of the Bank and are not included in the related party transactions presented.

National Bank of Greece S.A. Voluntary Tender Offer (VTO) and merger

On 15 February 2013, the National Bank of Greece SA (NBG) acquired 84.35% of Eurobank's voting shares following the completion of a Voluntary Tender Offer (VTO) launched on 11 January 2013. The VTO would have been followed by the merger of the two banks, the process of which initiated on 19 March 2013.

On 28 March 2013, BoG sent letters to all viable banks, including Eurobank Ergasias S.A. and NGB, stating that each bank should proceed with its recapitalization by the end of April 2013 and requesting them to proceed with the relevant necessary actions. On 7 April 2013, as the joint banks' request for the extension of the recapitalization process up to 20 June 2013 was not granted, the relevant regulatory authorities with the consent of the management of both banks decided that the Eurobank and NBG will be independently recapitalized in full. As a consequence, the merger process of the two banks was suspended.
In this respect, the Extraordinary General Meeting of shareholders of Eurobank Ergasias S.A., convened on 30 April 2013, decided the increase of the Eurobank's ordinary share capital, in order to raise € 5,839 million, subscribed by way of contribution in kind from HFSF, in accordance with Law 3864/2010 and Act of Cabinet 38/9.11.2012. As a result of the above mentioned share capital increase of the Bank, the percentage of the voting rights held by NBG as at 30 September 2013 was reduced below 5%.

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) The following new standards and amendments to existing standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), applied from 1 January 2013:

IAS 1, Amendment - Presentation of Items of Other Comprehensive Income
The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The adoption of the amendments did not have impact on the presentation of other comprehensive income in the Company's financial statements.

IAS 12, Amendment - Deferred tax: Recovery of Underlying Assets
The amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when investment property is measured using the fair value model in IAS 40 "Investment Property". The amendment has no impact on the Company's financial statements.

IAS 19, Amendment - Employee Benefits
The amendments have been applied by the Company retrospectively. As a result, the opening consolidated balance sheet as of 1 January 2012 and the comparative figures have been accordingly restated.
The amendment has no impact on the Company's financial statements.

2. Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

IFRS 7, Amendment - Disclosures, Offsetting Financial Assets and Financial Liabilities

The amendment requires disclosure of the effect or potential effect of netting arrangements on an entity's financial position. In particular, it requires information about all recognised financial instruments that are set off, according to IAS 32 "Financial Instruments: Presentation", as well as about those recognised financial instruments that, although they are not set off under IAS 32 "Financial Instruments: Presentation", are subject to an enforceable master netting arrangement or similar agreement.

The amendment has no impact on the Company's financial statements.

IFRS 13, Fair value measurement

IFRS 13 establishes a single framework for measuring fair value, provides a revised definition of fair value and introduces more comprehensive disclosure requirements on fair value measurement. The disclosure requirements of IFRS 13 do not require comparative information to be provided for periods prior to initial application (1 January 2013). There was no material impact on the financial statements of the Company from the prospective adoption of the measurement requirements of IFRS 13.

Annual Improvements to IFRSs 2009–2011 Cycle

Improvements to IFRSs comprise amendments to a number of standards aiming to clarify:

- the requirements for comparative information in IAS 1 "Presentation of Financial Statements";
- when certain types of equipment are classified as property, plant and equipment in IAS 16 "Property Plant and Equipment";
- the accounting for the tax effect of distributions to holders of equity instruments in IAS 32 "Financial Instruments: Presentation"; and
- interim financial reporting requirements regarding total segment assets and liabilities in IAS 34 "Interim Financial Reporting"

The above improvements to IFRSs did not have a material impact on the Company's financial statements.

(b) A number of new standards, amendments and interpretations to existing standards are effective after 2013, as they have not yet been endorsed for use in 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 19, Amendment- Defined Benefit Plans: Employee Contributions (effective 1 January 2015, not yet endorsed by EU)

The amendment clarifies the accounting for post- employment benefit plans where employees or third parties are required to make contributions which do not vary with the length of employee service, for example, employee contributions calculated according to a fixed percentage of salary. The amendment allows these contributions to be deducted from pension expense in the year in

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

IAS 19, Amendment- Defined Benefit Plans: Employee Contributions (effective 1 January 2015, not yet endorsed by EU) (continued)

which the related employee service is delivered, instead of attributing them to periods of employee service.
The adoption of the amendment is not expected to have a material impact on the Company's financial statements.

IAS 27, Amendment - Separate Financial Statements (effective 1 January 2014)
The amendment is issued concurrently with IFRS 10 Consolidated Financial Statements and together they supersede IAS 27 'Consolidated and Separate Financial Statements'. The amendment prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
The adoption of the amendment is not expected to have any impact on the Company's financial statements.

IAS 28, Amendment - Investments in Associates and Joint Ventures (effective 1 January 2014)
The amendment replaces IAS 28 'Investments in Associates', prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
The adoption of the amendment is not expected to have a material impact on the Company's financial statements.

IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
The amendment clarifies the requirements for offsetting financial assets and financial liabilities.
The adoption of the amendment is not expected to have a material impact on the Company's financial statements.

IAS 36, Amendment - Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
The amendments restrict the requirement to disclose the recoverable amount of an asset or cash generating unit only to periods in which an impairment loss has been recognized or reverses.
They also include detailed disclosure requirements applicable when an asset or cash generating unit's recoverable amount has been determined on the basis of fair value less costs of disposal.
The adoption of the amendment is not expected to have a material impact on the Company's financial statements.

IAS 39, Amendment - Novation of derivatives and continuation of hedge accounting (effective 1 January 2014)
The amendment provides relief from discontinuing hedge accounting when, as a result of laws and regulations, a derivative designated as a hedging instrument is novated to effect clearing with a central counterparty and specific criteria are met.
The adoption of the amendment is not expected to have a material impact on the Company's financial statements.

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

IFRS 9, Financial Instruments (effective date to be determined by IASB)
IFRS 9, Financial instruments, is a new standard for financial instruments that is ultimately intended to replace current IAS 39 Financial Instruments: Recognition and Measurement in its entirety.

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. It requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment which is not held for trading, in other comprehensive income, with only dividend income generally recognized in profit or loss.

IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities, as well as derecognition requirements, IFRS 9 requires that, in cases where a financial liability is designated as at fair value through profit or loss, the part of a fair value change due to the reporting entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Fair value changes attributable to a financial liability's credit risk are not subsequently reclassified in profit or loss. According to IAS 39 which currently applies, the amount of the change in the fair value of the financial liability designated as fair value through profit or loss is recognized in profit or loss.

Based on IFRS 9 and IFRS 7 Amendments, Mandatory Effective Date and Transition Disclosures, issued in December 2011, entities were required to apply IFRS 9 for annual periods beginning on or after January 1, 2015, with earlier application permitted. Additionally, IFRS 9 should be applied to all financial instruments outstanding as of the effective date, as if the classification and measurement under IFRS 9 had always been applied, but comparative periods do not need to be restated.
IFRS 9 was amended in November 2013 with IFRS 9 Financial Instruments: Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 to include a new general hedge accounting model that will better reflect reporting entities' risk management activities in the financial statements and some related amendments to IAS 39 and IFRS 7. The amendments also allow entities to early adopt the provision in IFRS 9 as issued in 2010, related to the presentation of changes in an entity's own credit risk within other comprehensive income without applying the other requirements of IFRS 9 at the same time. In addition, the January 1 2015 mandatory effective date is removed and a new mandatory effective date will be set upon completion of the impairment phase of the accounting for financial instruments.
Entities that adopt IFRS 9 as amended in November 2013 can choose an accounting policy of either adopting the new IFRS 9 hedge accounting model now or continuing to apply the hedge accounting model in IAS 39 for the time being.
As IFRS 9 is an ongoing IASB project, which has not yet been finalized, it remains impractical to quantify its effect, as at the date of the publication of these consolidated financial statements.

2. Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

IFRS 10, Consolidated Financial Statements (effective 1 January 2014)
IFRS 10 replaces the part of IAS 27 'Consolidated and Separate Financial Statements' that deals with consolidated financial statements and SIC 12 'Consolidation-Special Purpose Entities'. Under IFRS 10, there is a new definition of control, providing a single basis for consolidation for all entities. This basis is built on the concept of power over the investee, variability of returns from the involvement with the investee and their linkage, replacing thus focus on legal control or exposure to risks and rewards, depending on the nature of the entity.
The adoption of this standard is not expected to have impact on the Company's financial statements.

IFRS 11, Joint Arrangements (effective 1 January 2014)
IFRS 11 replaces IAS 31 'Interests in Joint Ventures' and SIC-13 'Jointly Controlled Entities- Non – monetary Contributions by Venturers'. Under IFRS 11, there are only two types of joint arrangements, joint operations and joint ventures and their type is determined by focusing on the rights and obligations of the arrangement, rather than its legal form. The equity method of accounting is now mandatory for joint ventures. The option to use the proportionate consolidation method to account for joint ventures, which is not applied by the Company, is no longer allowed.
The adoption of this standard is not expected to have impact on the Company's financial statements.

IFRS 12, Disclosure of Interests in Other Entities (effective 1 January 2014)
IFRS 12 specifies the disclosures required to enable users of financial statements to evaluate the nature of and risks associated with the reporting entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.
The adoption of the standard is not expected to have any impact on the Company's financial statements.
IFRS 10, 11 and 12 Amendments - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (effective 1 January 2014)
The amendments clarify the transition guidance in IFRS 10 and provide additional transition relief in IFRS 10, 11 and 12, requiring adjusted comparative information to be limited only to the preceding comparative period. In addition, for disclosures related to unconsolidated structured entities, the requirement to present comparative information for periods before IFRS 12 is first applied, is removed.

IFRS 10, 12 and IAS 27 Amendments - Investment Entities (effective 1 January 2014)
The amendments require that 'investment entities', as defined below, account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss. The only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. Under the amendments an 'Investment entity' is an entity that:
(a) obtains funds from one or more investors for the purpose of providing those investors with investment management services;
(b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

IFRS 10, 12 and IAS 27 Amendments - Investment Entities (effective 1 January 2014) (continued)

(c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The amendments also set out disclosure requirements for investment entities.

- The adoption of the amendments is not expected to affect Company's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle (effective 1 January 2015, not yet endorsed by EU)

The amendments introduce key changes to seven IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- Definition of vesting condition in IFRS 2 "Share – based Payment";
- Accounting for contingent consideration in a business combination in IFRS 3 "Business Combinations";
- Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets in IFRS 8 "Operating Segment";
- Short-term receivables and payables in IFRS 13 "Fair Value Measurement";
- Revaluation method—proportionate restatement of accumulated depreciation in IAS 16 "Property, Plant and Equipment";
- Key management personnel in IAS 24 "Related Party Disclosures"; and

Revaluation method—proportionate restatement of accumulated amortization in IAS 38 "Intangible Assets";

Annual Improvements to IFRSs 2011-2013 Cycle (effective 1 January 2015, not yet endorsed by EU)

The amendments introduce key changes to four IFRSs following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- Scope exceptions for joint ventures in IFRS 3 "Business Combinations";
- Scope of portfolio exception in IFRS 13 "Fair Value Measurement";
- Clarifying the interrelationship between IFRS 3 "Business Combinations" and IAS 40 "Investment Property" when classifying property as investment property or owner-occupied property in IAS 40; and

Meaning of "effective IFRSs" in IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRIC 21, Levies (effective 1 January 2014, not yet endorsed by EU)

IFRIC 21 Levies clarifies that an entity recognizes a liability for a levy that is not income tax when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, for example a specified level of revenue, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

IFRIC 21, Levies (effective 1 January 2014, not yet endorsed by EU) (continued)

The adoption of the interpretation is not expected to have a material impact on the Company's financial statements.

The financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and of financial assets and financial liabilities (including derivative instruments) at fair-value-through-profit-or-loss.

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 and 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 Group's presentation currency is the Euro (€) being the functional currency of the parent company. Except as indicated, financial information presented in Euro has been rounded to the nearest million.

2.2 Comparatives

The accompanying financial statements of the Company include comparative information for one prior year (period).

Where necessary, comparative data is reclassified (and restated) in order to achieve compatibility in view of the current year presentation changes.

2.3 Functional currency and recognition of exchange differences

The functional and presentation currency of the Company is the Bulgarian Lev. Starting from 1 July 1997 the Bulgarian Lev was fixed under the Bulgarian National Bank Act to the German Mark at the ratio of BGN 1: DEM 1, and with the introduction of the Euro as the official currency of the European Union, it was fixed to the Euro at a ratio of BGN 1.95583: EUR 1.

Upon its initial recognition, a foreign currency transaction is recorded in the functional currency whereas the exchange rate to BGN at the date of the transaction or operation is applied to the foreign currency amount. Cash and cash equivalents, receivables and payables, as monetary reporting items, denominated in foreign currency, are recorded in the functional currency by applying the exchange rate as quoted by the Bulgarian National Bank (BNB) for the last working day of the respective month. At 31 December, these amounts are presented in BGN at the closing exchange rate of BNB.

The non-monetary items in the balance sheet, which are initially denominated in a foreign currency, are accounted for in the functional currency by applying the historical exchange rate at the date of the transaction and are not subsequently re-valued at the closing exchange rate.

2 Company background and significant accounting policies (continued)

2.3 Functional currency and recognition of exchange differences (continued)

Foreign exchange gains or losses arising on the settlement of foreign currency transactions or the recording of foreign currency transaction at rates different from those at which they were converted on initial recognition, are included in the income statement when incurred and are presented net as 'other operating income/expenses'.

The closing exchange rates of the BGN against the major foreign currencies relevant to the Company's operations for the reporting periods of the financial statements are as follows:

	As at 31 December	
	2013	**2012**
1 USD	1.41902	1.48360
1 EUR	1.95583	1.95583

2.4 Revenue

Revenue is recognized on accrual basis and to the extent that it is probable that the economic benefits will flow to the Company and as far as the revenue can be reliably measured.
Upon sale of finished products, goods and materials, revenue is recognized when all significant risks and rewards of ownership have passed to the buyer.

Upon rendering of services, revenue is recognized by reference to the stage of completion of the transaction at the balance sheet date, if this stage as well as the transaction and completion costs, can be measured reliably.

Revenue is measured on the basis of the fair value of the goods and services sold, net of indirect taxes (excise duties and VAT) and any discounts and rebates granted.

The net foreign exchange gains or losses related to cash, trade receivables and payables, denominated in foreign currency, are recognized in the income statement in the period, in which they arise and are presented net under 'other operating income'. The presentation of interest on bank deposits and trade receivables is analogous.

2.5 Expenses

Expenses are recognized as they are incurred, following the accrual and matching concepts.
Prepayments are deferred and are recognized as current expenses in the period when the contracts, whereto they refer, are performed.
Finance costs are included in the income statement when incurred and comprise: interest costs, including bank charges and other direct expenses on loans and bank guarantees; exchange differences on loans denominated in foreign currency (net), gains and losses (net) on derivatives, classified as hedges. They are presented net of finance income on the face of the income statement.

2 Company background and significant accounting policies (continued)

2.6 Property and equipment

Property and equipment are presented in the financial statements at historical cost of acquisition less the accumulated depreciation and any impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The Company applies the straight-line depreciation method for property and equipment. Depreciation of an asset begins when it is available for use. The useful life per group of assets has been determined considering: physical wear, the characteristic features of the equipment, the intentions for future use and the expected obsolescence, and is as follows:

	Years
Machinery and equipment	4,17
Office furniture	6,7

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

2.7 Intangible assets

a) Trademarks and licenses
Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization.

b) Software licenses
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to five years.

Intangible assets are derecognized from the balance sheet when they are permanently disposed of and no future economic benefits are expected from their use or on sale. The gains or losses arising from the sale of an item of intangible assets are determined as the difference between the disposal proceeds and the carrying amount of the asset at the date of sale. They are stated net under 'other operating income/expenses' on the face of the income statement.

2 Company background and significant accounting policies (continued)

2.8 Trade and other current assets

Trade receivables are recognized and carried at fair value based on the original invoice amount (cost) less any allowance for uncollectable debts. In case of payments deferred over a period exceeding the common credit terms, where no additional interest payment has been envisaged or the interest considerably differs from the common market interest rates, the receivables are initially valued at their fair value and subsequently – at amortized cost, after deducting the interest incorporated in their nominal value and determined following the effective interest rate method. An estimate of allowances for doubtful and bad debts is made when significant uncertainty exists as to the collection of the full amount or a part of it. A provision for impairment of trade receivables is established when objective evidence is available that the Company will be unable to collect all amounts in line with the originally set terms. Significant financial difficulties of the debtor, probability that the debtor will enter insolvency proceedings or other financial reorganization, default or overdue payment (more than 30 days past due) are considered by the management when it defines and classifies a particular receivable as impaired. The impairment amount is the difference between the carrying amount of the receivable and the present value of the estimated future cash flows, discounted at the original effective interest rate.
The carrying amount is adjusted through the use of an allowance account for accumulating all impairments and the amount of the impairment loss for the period is recognized in the income statement within 'Distribution and selling costs'. In case of subsequent recovery of impairment loss, it is stated under 'other operating income' against a decrease in the allowance account.
Bad debts are written-off when the legal grounds for this are available. The write-off is at the expense of the allowance account.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, current accounts and short-term deposits with banks, with original maturity of less than three months.

2.10 Payables to suppliers and other current liabilities

Payables to suppliers and other current amounts payable are carried at original invoice amount (cost), being the fair value of the consideration to be paid in the future for goods and services received.
In case of payments deferred over a period exceeding the common credit terms, where no additional interest payment has been envisaged or the interest considerably differs from the common market interest rates, the payables are initially valued at their fair value and subsequently – at amortized cost, after deducting the interest incorporated in their nominal value and determined following the effective interest rate method.

2.11 Leases

Operating lease
Leases where the lessor keeps a substantial part of all risks and economic benefits incidental to the ownership of the specific asset are classified as operating leases.

2 Company background and significant accounting policies (continued)

2.11 Leases (continued)

Operating lease payments are recognized as expenses in the income statement on a straight-line basis over the lease term.

2.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle (repay) the obligation. The measurement of provisions is based on the best estimate, made by the management at the balance sheet date, concerning the expenses that will be incurred for the settlement of the particular obligation. The estimate is discounted if the obligation is long-term.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.13 Pensions and other payables to personnel under the social security and labour legislation

Social, pension and health funds
The company is obliged by the current Bulgarian legislation to make fixed contribution on behalf of the employees in a social fund operated by the Government. All those payments/liabilities are recognized as an expense in the period to which those relate.
The Company has no further payment obligations once the contributions have been paid.

2.14 Share capital and reserves

The Company is a joint-stock one and is obliged to register with the Commercial Register a specified *share capital*, which should serve as a security for the creditors of the Company for execution of their receivables. The shareholders are liable for the obligations of the Company up to the amount of the share of the capital held by each of them and may claim refunding of this share only in case of liquidation or bankruptcy proceedings. The Company reports its share capital at the nominal value of the shares registered in the court.
According to the requirements of the Commercial Act and the Articles of Association, the Company is obliged to set aside a *Reserve Fund* by using the following sources:

- at least one tenth of the profit, which should be allocated to the Fund until its amount reaches one tenth of the share capital or any larger amount as provided in the Articles of Association;
- any premium received in excess of the nominal value of shares upon their issue (share premium reserve);
- other sources as provided for by a decision of the General Meeting.

The amounts in the Fund can only be used to cover current loss or losses from previous years. When the amount of the Fund reaches the minimum value specified in the Statutes, the excess may be used for increasing share capital.

2 Company background and significant accounting policies (continued)

2.15 Financial instruments

2.15.1 Financial assets

The Company classifies its financial assets in the category 'loans and receivables', including cash and cash equivalents. The classification depends on the nature and purpose (designation) of the financial assets at the date of their acquisition. The management determines the classification of the financial assets of the Company at the time of their initial recognition on the balance sheet.

a) 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 measured in the balance sheet at their amortized cost using the effective interest method less any allowance for impairment. These assets are included in current assets when having maturity within 12 months or within a common operating cycle of the Company while the remaining ones are classified as non-current assets. This group of financial assets includes: loans granted, trade receivables, other receivables from counterparts and third parties, cash and cash equivalents from the balance sheet. Interest income on loans and receivables is recognized by applying the effective interest rate except for short-term receivables (less than three months) where the recognition of such interest would be unjustifiable as immaterial and within the common credit terms.

b) Available-for sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.
Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.
Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-forsale equity instruments are recognized in the income statement as part of other income when the group's right to receive payments is established.
The Company assesses at each balance sheet date whether events and circumstances have occurred that indicate the existence of objective evidence that an individual asset or a group of assets is impaired.

2 Company background and significant accounting policies (continued)

2.15 Financial instruments (continued)

2.15.2 Financial liabilities

The financial liabilities of the Company include loans and payables to suppliers and other counterparts. They are initially recognized on the balance sheet at fair value net of the directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method.

2.16 Income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The nominal income tax rate for year 2013 is 10 % (2012: 10%).

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) *Foreign exchange risk*
The Company operates in Bulgaria and since the Bulgarian Leva (BGN) has been pegged to the EUR at the fixed rate by the means of the currency board, the Company is exposed to foreign exchange risk to the extent of transactions denominated in currencies other than the EUR.
The Company does not believe that the peg will change within the next 12 months and therefore no sensitivity analysis has been performed.

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) *Foreign exchange risk (continued)*

The table below shows the concentration of currency risk of significant financial assets and liabilities.

As at 31 December 2013	BGN	EUR	Total
Assets as per balance sheet			
Related party receivables (Note 24.1)	247	-	**247**
Other receivables	26	-	**26**
Cash and deposits with banks	2,913	605	**3,518**
	3,186	**605**	**3,791**
Liabilities as per balance sheet			
Trade payables	56	-	**56**
	56	-	**56**

As at 31 December 2012	BGN	EUR	Total
Assets as per balance sheet			
Related party receivables (Note 24.1)	277	-	**277**
Trade receivables	97	-	**97**
Other receivables	13	-	**13**
Cash and deposits with banks	2,898	619	**3,517**
	3,285	**619**	**3,904**
Liabilities as per balance sheet			
Trade payables (Note 24)	150	-	**150**
	150	-	**150**

(b) Cash flow interest rate risk

As the Company has no significant interest- bearing liabilities, the Company's costs, income and operating cash flows are substantially independent of changes in market interest rates.

In 2013 the Company's interest rate risk arises from two short-term bank deposits held at Eurobank Bulgaria AD amounting to BGN 3,287 thousand with renegotiated maturity of 1year. In 2012 the Company has three short-term bank deposits at Eurobank Bulgaria AD amounting to BGN 3,208 thousand with renegotiated maturity of 1 year.

Deposits issued at variable rates expose the Company to cash flow interest rate risk. The management of the Company has performed a sensitivity analysis in order to assess its cash flow interest rate risk. The simulation is done on a monthly basis to verify that the maximum loss

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Cash flow interest rate risk (continued)

potential is within the limit given by the management.
If interest rate decreases by 1% on annual basis in 2013, the impact on post-tax profit would be maximum decrease of BGN 32 thousand.
If interest rate increases by 1% on annual basis in 2013, the impact on post-tax profit would be maximum increase of BGN 32 thousand.

(c) Credit risk
The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a satisfactory rating are accepted. Management of the Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored. Sales to customers are settled in cash or by credit.
No credit limits were exceeded during the reporting period and management does not expect any losses from non- performance.

The table below shows balances of cash and cash equivalents as at 31 December 2013 and 2012 by banks, as follows:

	31 December 2013		31 December 2012	
Contractor	**Credit rating**	**Balance**	**Credit rating**	**Balance**
Eurobank Bulgaria AD	BBB (BCRA)	3,518	BB (BCRA)	3,517
		3,518		**3,517**

d) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.
Management monitors rolling forecasts of the Company's liquidity reserve (comprises of cash and cash equivalents (Note 11)) on the basis of expected cash flow.

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

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

3. Financial risk management (continued)

3.2 Fair value estimation

As at 31 December 2013	**Less than 1 year**
Trade payables	56
	56

As at 31 December 2012	**Less than 1 year**
Trade payables	150
	150

(e) Capital risk

ERB Property Services' objective when managing capital is to maintain a capital structure which safeguards its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders. Net debt is defined as the sum of total borrowings and payables to clients and suppliers less cash and bank balances.

The table below summarizes the Company's capital structure:

	31 December	
	2013	**2012**
Payables to suppliers and clients	98	175
Cash and bank deposits	(3,518)	(3,517)
Net debt/(cash)	**(3,420)**	**(3,342)**
Shareholders equity	3,782	3,754
Total capital	362	412

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4. Critical accounting estimates and judgments

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates at 31.12.2013 that are critical to the carrying value of assets and liabilities.

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

5. Equipment and other tangible non-current assets

	Machines & equipment	Furniture & fittings	Total
As at 1 January 2012			
Cost	16	37	**53**
Accumulated depreciation	(16)	(29)	**(45)**
Net book amount	**-**	**8**	**8**
Opening net book amount	-	8	**8**
Additions	-	-	**-**
Depreciation charge	-	(4)	**(4)**
Closing net book amount	**-**	**4**	**4**
As at 31 December 2012			
Cost	16	37	**53**
Accumulated depreciation	(16)	(33)	**(49)**
Net book amount	**-**	**4**	**4**
As at 1 January 2013			
Opening net book amount	-	4	**4**
Additions	1	1	**2**
Depreciation charge	-	(2)	**(2)**
Closing net book amount	**1**	**3**	**4**
As at 31 December 2013			
Cost	17	37	**54**
Accumulated depreciation	(16)	(34)	**(50)**
Net book amount	**1**	**3**	**4**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

6. Intangible assets

	Software	Total
As at 1 January 2012		
Cost	63	**63**
Accumulated amortization	(51)	**(51)**
Net book amount	**12**	**12**
Opening net book amount	12	**12**
Additions	15	**15**
Amortization charge	(7)	**(7)**
Closing net book amount	**20**	**20**
As at 31 December 2012		
Cost	78	**78**
Accumulated amortization	(58)	**(58)**
Net book amount	**20**	**20**
As at 1 January 2013		
Opening net book amount	20	**20**
Additions	80	**80**
Amortization charge	(18)	**(18)**
Closing net book amount	**82**	**82**
As at 31 December 2013		
Cost	158	**158**
Accumulated amortization	(76)	**(76)**
Net book amount	**82**	**82**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

7. Financial instruments by category

Financial assets at amortised cost	As at 31 December 2013	2012
Receivables from related parties (Note 24.1 iii and 9)	247	277
Other receivables	26	98
Cash and deposits with banks (Note 11)	3,518	3,517
	3,791	**3,892**

Financial liabilities at amortised cost	2013	2012
Trade payables (Note 13)	56	150
	56	**150**

8. Deferred income tax

Deferred income tax assets and liabilities are accounted for all temporary differences arising from differences between the accounting and tax carrying values of the assets and the liabilities. Deferred income taxes are calculated at the tax rate that would be effective at the time they are realised. The tax applicable for 2013 is 10% (2012: 10%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same fiscal authority.

	As at 31 December 2013	2012
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	(3)	(2)
	(3)	**(2)**

	As at 31 December 2013	2012
Deferred income tax liabilities:		
– Deferred income tax liabilities to be recovered after more than 12 months	-	1
	-	**1**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

8. Deferred income tax (continued)

Deferred tax assets	Retirement benefits provision	Accrual for bonuses	Equipment	Total
As at 1 January 2012	(1)	(6)	-	(7)
Charged to the income statement	-	5	-	5
As at 31 December 2012	(1)	(1)	-	(2)
Credited to the income statement	-	1	(2)	(1)
As at 31 December 2013	(1)	-	(2)	(3)

Deferred tax liabilities	Equipment	Accrual for bonuses	Total
As at 31 December 2012	1	-	1
Charged to the income statement	(1)	-	(1)
As at 31 December 2013	-	-	-

9. Trade receivables

	As at 31 December 2013	2012
Receivables from related parties (Notes 24.1.iii and 7)	247	277

The carrying amount of receivables approximates their fair value.

The maturity of receivables is as follows:

	As at 31 December 2013	2012
Up to 1 month	247	277

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

Currency	As at 31 December 2013	2012
BGN	247	277
	247	**277**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

10. Other receivables

	As at 31 December	
	2013	2012
Premises deposit	14	14
Tax to be reimbursed	10	13
Prepaid expenses	1	80
Other	1	-
Cars deposit	-	3
	26	**110**

The carrying amount of receivables approximates their fair value

The aging of receivables is as follows:

	As at 31 December	
	2013	2012
Up to 12 months	26	110
	26	**110**

11. Cash and cash equivalents and deposits in banks

	As at 31 December	
	2013	2012
Current bank account at Eurobank Bulgaria AD (Note 24.1.iv)	104	309
Bank deposit at Eurobank Bulgaria AD (Note 24.1.iv)	3,287	3,208
Accrued interest	127	-
	3,518	**3,517**

The Company's bank deposits held at Eurobank Bulgaria AD bear interest between 4.00% and 3.00% per annum. The Bank rating as at 31 December 2013 is BBB.

For the purposes of the cash flow statement the cash and cash equivalents include cash in hand and cash at banks.

The Company has no bank overdrafts at each date of the balance sheets.

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

11. Cash and cash equivalents (continued)

The carrying amounts of the Company's cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2013	**2012**
Currency		
BGN	2,913	2,898
EUR	605	619
	3,518	**3,517**

12. Share capital

	Number of shares	Ordinary shares BGN
At 31 December 2012	**150,000**	**1**
At 31 December 2013	**150,000**	**1**

The total authorized number of ordinary shares is 150 thousands with a par value of BGN 1. All issued shares are fully paid.

In 2007 the Company has transferred from retained earnings to other reserves the amount equal to 1/10 (one tenth) of the Company's registered share capital as to form legal reserves in accordance with the requirements of the Commercial Law.

The legal reserves are non-distributable to the Company's shareholders as they could only be used for covering accumulated losses from prior years.

13. Trade payables

	As at 31 December	
	2013	**2012**
Trade payables	56	150
	56	**150**

14. Other payables

	As at 31 December	
	2013	**2012**
VAT payable	33	3
Retirement indemnity provision	7	8
Other state taxes	2	-
Accrual for bonuses	-	12
Accrual for unused paid leave	-	2
	42	**25**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

15. Revenue

	2013	2012
Sales of:		
Evaluation and intermediary services to related parties (Note 24.1.i)	1,427	1,498
Evaluation and intermediary services to clients	20	9
	1,447	**1,507**

16. Consumables used

	2013	2012
Expenses for:		
- fuel	(7)	(4)
- stationery	(2)	(3)
- others	-	(1)
	(9)	**(8)**

17. Expenses for external services

	2013	2012
Expenses for:		
- subcontractors	(784)	(862)
- agency services	(120)	(7)
- rent	(99)	(99)
- technical commissions	(33)	(22)
- maintenance	(30)	(21)
- advertising and promotions	(21)	(8)
- audit	(8)	(7)
- phones	(6)	(9)
- utilities	(4)	(3)
- couriers	(3)	(3)
- cars maintenance	(2)	(2)
- entertainment expenses	(1)	(2)
- consultancy expenses	-	(45)
- security	-	(5)
- other	(3)	(6)
	(1,114)	**(1,101)**

18. Employee benefits expense

	2013	2012
Salaries	(350)	(349)
Social securities and health insurance contribution	(48)	(45)
Life insurance	(1)	(5)
Salary bonuses	12	43
Retirement indemnity provision	1	(2)
Accrual for unused paid leave	2	1
Other employee benefits	(2)	(5)
	(386)	**(362)**

The total number of employees as at 31 December 2013 is 13 (As at 31 December 2012: 12).

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

19. Other expense

	2013	2012
Business trips abroad	(12)	(25)
One-off taxes	(3)	(4)
	(15)	**(29)**

20. Financial gain/ (loss), net

	2013	2012
Interest income - bank accounts (Note 24.1.v)	127	143
Bank charges (Note 24.1.vi)	(1)	(2)
	126	**141**

21. Income tax expense

	2013	2012
Current income tax	3	16
Deferred income tax (Note 8)	(2)	4
Income tax charge	**1**	**20**

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

	2013	2012
Profit before income tax	29	137
Tax calculated at a tax rate applicable to profits 10% (2012: 10 %)	3	14
Tax effect of expenses not deductible for tax purposes	(2)	6
Tax charge	**1**	**20**

22. Contingent liabilities

The Company is no defendant on any court cases. The management does not expect the company to suffer any significant losses.

During 2013 the company has not been subject to any tax audits.

Tax authorities may challenge the way of calculating tax losses carried forward as well as assess additional taxes, including value added tax (VAT), penalties and interest, which can be significant.

The tax authorities could check the financial reports and records for the five successive tax years of the current tax period and impose additional penalties. Management of the Company is not aware of any circumstances that could lead to substantial obligations in this area.

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

23. Commitments

ERB PROPERTY SERVICES SOFIA AD has commitments according to agreement for rent of an office included in 2012 only and three operating lease agreement for cars. The future aggregate minimum lease payments under non-cancellable leases are as follows:

	As at 31 December	
	2013	**2012**
Between one and five years	14	18

24. Related-party transactions

ERB PROPERTY SERVICES SOFIA AD is owned by Eurobank Ergasias S.A. Greece with 80% of the share capital and it is the Company parent. EFG Group was the controlling shareholder of the Eurobank Ergasias S.A., holding 44.70% of the Eurobank's ordinary shares and voting rights until 23 July 2012. In May 2013, following its full subscription in Eurobank's recapitalisation of EUR 5,839 million, the HFSF became the controlling shareholder and a related party of Eurobank. On 19 June 2013, HFSF acquired 3,789,317,358 Eurobank's ordinary shares with voting rights, representing 98.56% of its ordinary share capital. Following the issuance of 205,804,664 new ordinary shares in July, as resolved at the Annual General Meeting of the Shareholders on 27 June 2013, the percentage of the voting rights held in Eurobank by HFSF decreased to 93.55%. Following the share capital increase approved by the Extraordinary General Meeting of 26 August 2013, the controlling percentage of HFSF increases to 95.23%.

Eurobank Ergasias Group regards other Greek Banks controlled, jointly controlled or significantly influenced by HFSF, within the context of the Greek Banks' recapitalization, as well as the members of key management personnel of HFSF, as related parties. Eurobank Ergasias Group's transactions with HFSF's related Greek banks are made in the ordinary course of business, are carried out on market terms, are not influenced by the HFSF as the controlling shareholder of the Bank and are not included in the related party transactions presented.

24.1 Transactions and balances with other related parties

i) Rendering of services

	As at 31 December	
	2013	**2012**
Eurobank Bulgaria AD	997	1,203
IMO Property Investments EAD	391	263
ERB Leasing EAD	29	21
EFG Auto Leasing EAD	6	7
Imo Rila EAD	2	2
Imo Central office EAD	2	2
	1,427	**1,498**

ii) Supplies of services

	2013	**2012**
Eurobank Bulgaria AD	12	54
Imo Central office EAD	103	37
	115	**91**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

24 Related-party transactions (continued)

24.1 Transactions and balances with other related parties (continued)

iii) Receivables from related parties relating to sales of services

	2013	2012
Eurobank Bulgaria AD	145	143
IMO Property Investments EAD	98	130
ERB Leasing EAD	3	4
EFG Auto Leasing EAD	1	-
Deposit IMO Property Investments EAD	14	
	241	**277**

iv) Cash and cash equivalents held at related parties

	As at 31 December 2013	2012
Eurobank Bulgaria AD		
Current bank account	104	309
Long-term bank deposit	3,287	3,208
Accrued interest	127	-
	3,518	**3,517**

v) Interest income

	2013	2012
Eurobank Bulgaria AD		
Interest income on bank accounts	127	143
	127	**143**

vi) Bank charges

	2013	2012
Eurobank Bulgaria AD		
Bank charges on bank accounts	1	2
	1	**2**

vii) Key management compensation

	2013	2012
Short term employee benefits	47	79
Life insurance	-	1
	47	**80**

As at 31 December 2013 the Company has no payables to the management (31 December 2012: 0)

25. Events after the balance sheet date

There are no significant post balance sheet events, as per definition of IAS 10 with effect on the financial statements.