

**IMO PROPERTY INVESTMENTS SOFIA EAD**  
**REPORT OF THE INDEPENDENT AUDITOR**  
**ANNUAL DIRECTORS' REPORT**  
**ANNUAL FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

## TABLE OF CONTENT

	<b>Page</b>
<b>Independent auditor's report</b>	
<b>Directors' report</b>	1-6
<b>Financial statements:</b>	
Balance sheet	7
Statement of comprehensive income	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11-31



## ***Independent auditor's report***

### ***To Shareholder of the Imo Property Investment Sofia EAD***

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of "Imo Property Investment Sofia" EAD 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.

*PricewaterhouseCoopers Audit OOD, 9-11 Maria Louisa Blvd., 1000 Sofia, Bulgaria*

*T: +359 2 9355200, F: +359 2 9355266, [www.pwc.com/bg](http://www.pwc.com/bg)*

*Registered with the Sofia City Court under company file number 13424/1997.*

***This version of our report/the accompanying documents is a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.***



### *Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of "Imo Property Investment Sofia" EAD 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 6, is consistent with the accompanying financial statements of the Company as of 31 December 2013.

  
Milka Damianova  
Registered Auditor

29 April 2014  
Sofia, Bulgaria



  
Stefan Weiblen  
PricewaterhouseCoopers Audit OOD

**IMO PROPERTY INVESTMENTS SOFIA EAD  
DIRECTORS' REPORT  
31 DECEMBER 2013**

---

The Directors present the report and the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), for the year ended 31 December 2013. The financial statements have been audited by PricewaterhouseCoopers Audit OOD.

## **GENERAL INFORMATION**

### **Establishment and activity**

Imo Property Investments Sofia EAD Court Registration Number 14845/2007 110, UIK 175386257 is a private limited liability company registered in Bulgaria. On 2 February 2010 the shareholder of the Company took decision to change the company's trade name from EFG Business Services Bulgaria EAD to Imo Property Investments Sofia EAD. EFG Business Services Bulgaria EAD had not had any activity prior to that. The address of its registered office is as follows: 260 Okolovrasten pat Str. 1766 Sofia, Bulgaria.

The sole owner of the Company is Neu Property Holdings Ltd. Neu Property Holdings Ltd is a private company incorporated and existing under the laws of Cyprus.

The Company's ultimate parent is Hellenic Financial Stability Fund (see also note 20).

The Company's basic activities are purchase, construction and fitting up of properties in order to sell or rent them.

### **Share capital structure**

The share capital as of 31 December 2013 is BGN 456,719 and is fully paid. The shares are ordinary and registered. The number of shares is 456,719 of nominal value BGN 1 (one) each.

### **Board of Directors**

**As at 31 December 2013 the Board of Directors consists of the following members:**

Emil Pilafov – Chairman of the Board of Directors and Executive Director

Iordan Souvandjiev – Deputy Chairman of the Board of Directors and Executive Director

Dimitrios Andritsos – Member of the Board of Directors

Maria Christina Orsia Karapatsa – Member of the Board of Directors

Dimitrios Strangylopoulos – Member of the Board of Directors

General Manager of the Company is Borislav Slavov.

Ms. Petia Dimitrova, Mr. Petros Angelakis, Mr. Georgios Fragkou and Mr. Ioannis Tegopoulos were members of the Board of Directors until February 4, 2013.

**Total annual remuneration of the members of the Board of Directors**

In 2013 the members of the Board of Directors did not receive remuneration from the Company in their capacity of Board of Directors members.

**Shares and bonds of the Company that are acquired, owned and transferred by the members of the Board of Directors during the year**

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

**Board member's rights 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 Board of Directors member's ownership in other commercial enterprises, as:  
Partners with unlimited liability**

No member of the Board of Directors has been a partner with unlimited liability in other commercial enterprise.

**Partners/shareholders holding more than 25 per cent of the capital of another company**

No member of the Board of Directors holds more than 25 per cent of the capital of another company

**Participants in the management of other companies or cooperatives as procurators, managers or board members**

**Emil Atanasov Pilafov**

- IMO Central Office EAD, Bulgaria – Chairman of the Board of Directors and Executive Director;
- IMO Rila EAD, Bulgaria – Chairman of the Board of Directors and Executive Director;
- IMO 03 EAD, Bulgaria – Chairman of the Board of Directors and Executive Director.

**Iordan Marinov Souvandjiev**

- Eurobank Bulgaria AD, Bulgaria – Member of the Management Board;
- ERB Property Services Sofia AD ( former name EFG Property Services Sofia AD, date of change 25.03.2013), Bulgaria – Member of the Board of Directors;
- IMO Central Office EAD, Bulgaria – Deputy Chairman of the Board of Directors and Executive Director;
- IMO Rila EAD, Bulgaria – Deputy Chairman of the Board of Directors and Executive Director.

**IMO PROPERTY INVESTMENTS SOFIA EAD  
DIRECTORS' REPORT  
31 DECEMBER 2013**

---

**Dimitrios Andritsos**

- Eurobank Property Services S.A., Greece – Deputy Chairman of the Board of Directors and Chief Executive Officer;
- IMO Property Investments Bucuresti S.A., Romania – Member of the Board of Directors;
- Eurobank Property Services S.A., Romania – Deputy Chairman of the Board of Directors;
- IMO - II PROPERTY INVESTMENTS S.A., Romania – Member of the Board of Directors;
- IMO Property Investments AD Beograd, Serbia – Member of the Supervisory Board;
- ERB Property Services d.o.o. Beograd, Serbia – Member of the Supervisory Board;
- ERB Property Services Sofia AD (former EFG Property Services Sofia AD, date of change 25.03.2013), Bulgaria – Deputy Chairman of the Board of Directors and Executive Director;
- ERB Property Services Ukraine Ltd, Ukraine - Deputy General Director;
- Propindex S.A., Greece – Member of the Board of Directors.

**Maria Christina Orsia Karapatsa**

- IMO Property Investments AD Beograd, Serbia – Member of the Supervisory Board;
- IMO Property Investments Bucuresti S.A., Romania – Member of the Board of Directors.

**Dimitrios Strongylopoulos**

- IMO Property Investments Bucuresti S.A., Romania – Member of the Board of Directors (effective as of 25.01.2013);
- IMO Property Investments AD Beograd, Serbia – Member of the Supervisory Board
- ERB Leasing A.D. Beograd, Serbia – Member of the Management Board;
- NEU Property Holdings Limited, Cyprus – Member of the Board of Directors;
- NEU II Property Holdings Limited, Cyprus – Member of the Board of Directors;
- NEU III Property Holdings Limited, Cyprus – Member of the Board of Directors;
- Bulgarian Retail Services AD, Bulgaria – Member of the Board of Directors (effective as of 19.07.2013)
- ERB Leasing EAD, Bulgaria (former name EFG Leasing EAD date of change 01.02.2013)

**IMO PROPERTY INVESTMENTS SOFIA EAD**  
**DIRECTORS' REPORT**  
**31 DECEMBER 2013**

---

**Petia Nikolova Dimitrova**

- Eurobank Bulgaria AD, Bulgaria – Chairperson of the Management Board and Chief Executive Officer;
- Bulgarian Retail Services AD, Bulgaria – Chairperson of the Board of Directors and Executive Director (until 19.07.2013);
- ERB Property Services Sofia AD (former name EFG Property Services Sofia AD, date of change 25.3.2013), Bulgaria – Member of the Board of Directors;
- 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 06.06.2013);
- IMO 03 EAD, Bulgaria – Member of the Board of Directors and Executive Director (until 07.06.2013);
- ERB Leasing EAD (former name EFG Leasing EAD date of change 01.02.2013), Bulgaria – Member of the Board of Directors (until 01.02.2013);
- American Chamber of Commerce in Bulgaria, Bulgaria – Member of the Board of Directors;
- Bulgarian Business Leaders Forum (BBLF), Bulgaria – Member of the Board of Directors;
- State-owned enterprise Communicative construction and rehabilitation, Bulgaria – Member of the Board of Directors (until 03.04.2013);
- Confederation of Employers & Industrialists in Bulgaria, Bulgaria – Member of the Management Board (effective as of 05.12.2013).

**Petros Angelakis**

- Eurobank Business Services S.A., Greece – Member of the Board of Directors;
- IMO - II PROPERTY INVESTMENTS S.A., Romania - Member of the Board of Directors;
- EFG IT Shared Services S.A, Romania – Member of the Board of Directors (until 16.01.2013);
- IMO 03 EAD, Bulgaria – Deputy Chairman of the Board of Directors;

**Guergios Fragkou**

- IMO - II PROPERTY INVESTMENTS S.A., Romania – Member of the Board of Directors;



**Ioannis Tegopoulos**

- IMO Property Investments Bucuresti S.A., Romania – Member of the Board of Directors (until 25.01.2013);
- Eurobank Finance S.A., Romania – Member of the Board of Directors;
- ERB Rom Consult S.A. (former Eurobank Securities S.A.), Romania – Member of the Board of Directors;
- Eurobank Holdings S.A., Luxembourg – Member of the Board of Directors (effective as of 30.07.2013);
- Berberis Investments Limited, Channel Islands – Member of the Board of Directors (effective as of 22.07.2013);
- CEH Balkan Holdings Limited, Cyprus – Member of the Board of Directors (effective as of 24.07.2013);
- NEU III Property Holdings Limited, Cyprus – Member of the Board of Directors (effective as of 18.11.2013);
- ERB New Europe Holdings B.V., The Netherlands – Managing Director (effective as of 23.07.2013);
- EFG Istanbul Holding AA, Turkey – Deputy Chairman of the Board of Directors (effective as of 25.10.2013).

**Contracts under Article 240b of the Commerce Act**

The company has not entered into contracts specified in Article 240b, paragraph 1 of the Commerce Act.

**OVERVIEW OF RESULTS**

**Financial results for the current period**

The financial result before tax for 2013 is loss in the amount of BGN 62,338 thousands. The impairment cost are the main part of the expenses – 69%, the expenses related to investment properties are 15% and the financial costs are – 16% of the total expenses.

**Investing activity**

The Company was registered with the principal activity of execution of all types of real estate transactions: sale – purchase, renting, leasing and subleasing, as well as property management and maintenance, construction, designing and engineering activity, preparation of investment projects, real estate consultancy, services, project management, valuation services, real estate brokerage and intermediary services, technical consultancy services, architectural, real estate development and engineering studies.

### **OVERVIEW OF RESULTS (continued)**

In 2013 and 2012 the Company acquired properties through public auctions and direct purchases. There were 357 and 470 purchases through auctions and 14 and 3 direct ones for 2013 and 2012 respectively. The acquired properties are regulated and non-regulated land plots, residential, industrial and commercial properties and hotels.

### **MAIN OBJECTIVES FOR 2014**

For 2014 the Company will continue to acquire new properties through participation in public auctions. However the main focus for 2014 will be the increase of sales and rent income.

#### **Priorities**

The Company intends to continue investing in properties in Bulgaria with the purpose of renting them to third parties or selling them with profit.

### **FINANCIAL RISK MANAGEMENT**

The Company is exposed to a variety of financial risks. Detailed description of these risks and the policies and procedures applied by the Management are set out in note 3 of the financial statements as at 31 December 2013.

### **RESPONSIBILITIES OF MANAGEMENT**

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the financial position of the company as at the year end and its financial results. The management has prepared the enclosed financial statements in accordance with IFRS as adopted by the EU.

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.

The Directors confirm that the financial statements were prepared in accordance with IFRS as adopted by EU and 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.

  
\_\_\_\_\_  
Emil Pilafov

Executive Director and Chairman of the Board of Directors

  
\_\_\_\_\_  
Jordan Souvandjiev

Executive Director and Deputy Chairman of the Board of Directors

29.4.2014




**IMO PROPERTY INVESTMENTS SOFIA EAD  
BALANCE SHEET  
31 DECEMBER 2013**

*(All amounts in BGN thousands)*


	Notes	As at 31 December	
		2013	2012
<b>Non-current assets</b>			
Investment property	11	343,357	283,552
Prepayments for acquisition of investment property	13 a	13,059	22,545
Other tangible and intangible assets	12	5	4
Investment in subsidiaries	20	-	400
Deferred tax asset	17	252	252
<b>Total non-current assets</b>		<b>356,673</b>	<b>306,753</b>
<b>Current assets</b>			
VAT recoverable	13 b	306	2,905
Other receivables	13 b	3,974	1,708
Cash and cash equivalents	14	15,086	10,274
<b>Total current assets</b>		<b>19,366</b>	<b>14,887</b>
<b>Total assets</b>		<b>376,039</b>	<b>321,640</b>
<b>Equity</b>			
Share capital	15	457	457
Share premium		58,468	58,468
Accumulated losses		(113,529)	(51,191)
<b>Total equity</b>		<b>(54,604)</b>	<b>7,734</b>
<b>Current liabilities</b>			
Borrowings	16	428,775	309,910
Other payables	18	1,868	3,996
<b>Total current liabilities</b>		<b>430,643</b>	<b>313,906</b>
<b>Total equity and liabilities</b>		<b>376,039</b>	<b>321,640</b>

The financial statements have been approved on 29 April 2014 and signed as follows:

  
Emil Pilafov  
Executive Director and  
Chairman of the Board  
of Directors

  
Elena Kamenova  
Financial Manager

  
Milka Damianova  
Registered auditor

  
Stefan Weiblen  
(PricewaterhouseCoopers Audit  
OOD)


Date: 29 April 2014  
Sofia, Bulgaria



**IMO PROPERTY INVESTMENTS SOFIA EAD  
STATEMENT OF COMPREHENSIVE INCOME  
31 DECEMBER 2013**

<i>(All amounts in BGN thousands)</i>	Notes	2013	2012
Income from investment properties	5	1,178	177
Expenses related to investment properties	6	(9,859)	(11,284)
Impairment of investment properties	6	(43,028)	(22,747)
Administrative expenses	7	(551)	(242)
Loss from sale of investment in subsidiaries	8	-	(362)
<b>Operating loss</b>		<b>(52,260)</b>	<b>(34,458)</b>
Financial costs, net	9	(10,078)	(7,752)
<b>Loss before income tax</b>		<b>(62,338)</b>	<b>(42,210)</b>
Income tax	10	-	-
<b>Loss for the year</b>		<b>(62,338)</b>	<b>(42,210)</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss) for the year</b>		<b>(62,338)</b>	<b>(42,210)</b>


The financial statements have been approved on 29 April 2014 and signed as follows:

  
Emil Pflafov  
Executive Director and  
Chairman of the Board of  
Directors



  
Elena Kamenova  
Financial Manager

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

  
Milka Damianova  
Registered auditor  
Date: 29 April 2014  
Sofia, Bulgaria



  
Stefan Weiblen  
(PricewaterhouseCoopers Audit OOD)

**IMO PROPERTY INVESTMENTS SOFIA EAD  
STATEMENT OF CHANGES IN EQUITY  
31 DECEMBER 2013**

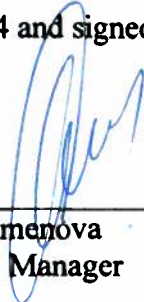
*(All amounts in BGN thousand)*

	Notes	Share capital	Share premium reserve	Accumulated losses	Total equity
<b>Balance as at 1 January 2012</b>		400	1,806	(8,981)	(6,775)
Capital increase		57	56,662	-	56,719
Loss for the year		-	-	(42,210)	(42,210)
<b>Balance as at 31 December 2012</b>		<b>457</b>	<b>58,468</b>	<b>(51,191)</b>	<b>7,734</b>
<b>Balance as at 1 January 2013</b>		457	58,468	(51,191)	7,734
Loss for the year		-	-	(62,338)	(62,338)
<b>Balance as at 31 December 2013</b>		<b>457</b>	<b>58,468</b>	<b>(113,529)</b>	<b>(54,604)</b>

The financial statements have been approved on 29 April 2014 and signed as follows:

  
Emil Pilafov  
Executive Director and  
Chairman of the Board of  
Directors

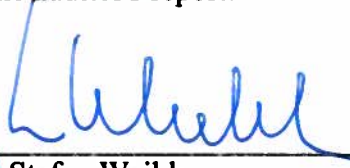


  
Elena Kamenova  
Financial Manager

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

  
Milka Damianova  
Registered auditor  
Date: 29 April 2014  
Sofia, Bulgaria




  
Stefan Weiblen  
(PricewaterhouseCoopers Audit OOD)

**IMO PROPERTY INVESTMENTS SOFIA EAD  
STATEMENT OF CASH FLOWS  
31 DECEMBER 2013**

*(All amounts in BGN thousand)*

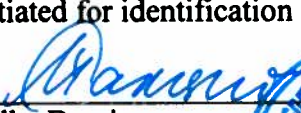
	Notes	2013	2012
<b>Operating activities</b>			
Receipts from clients		1,770	282
Payments for administrative expenses		(180)	(220)
Employee benefits and social securities paid		(342)	(25)
VAT refunded		9,403	21,013
Payments related to investment properties		(10,035)	(5,020)
<i>Net cash flows from operating activities</i>		<b>616</b>	<b>16,030</b>
<b>Investing activities</b>			
Purchase and prepayments for investment property		(117,674)	(125,471)
Sale of investment properties		12,662	2,657
Purchases of equipment		(3)	-
Sale of investment in subsidiaries		400	37
Restricted cash – other		-	1,806
<i>Net cash flows used in investing activities</i>		<b>(104,615)</b>	<b>(120,971)</b>
<b>Financing activities</b>			
Increase of share capital		-	56,719
Borrowings received		118,719	118,914
Interest paid		(9,908)	(7,832)
Borrowings repaid		-	(53,785)
<i>Net cash flows from financing activities</i>		<b>108,811</b>	<b>114,016</b>
Increase in cash and cash equivalents		4,812	9,075
<b>Cash and cash equivalents at 1 January</b>		<b>10,274</b>	<b>1,199</b>
<b>Cash and cash equivalents at 31 December</b>	<b>14</b>	<b>15,086</b>	<b>10,274</b>

The financial statements have been approved on 29 April 2014 and signed as follows:

  
Emil Pitalov  
Executive Director and  
Chairman of the Board of  
Directors

  
Elena Kamenova  
Financial Manager

Initiated for identification purposes in the reference to the audit report:

  
Milka Damianova  
Registered auditor  
Date: 29 April 2014  
Sofia, Bulgaria

  
Stefan Weiblen  
(PricewaterhouseCoopers Audit OOD)

**IMO PROPERTY INVESTMENTS SOFIA EAD  
NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2013**

---

*(All amounts are in BGN thousand unless otherwise stated)*

**1. General information**

**Imo Property Investments Sofia EAD (“the Company”)** is a privately owned company with limited liability registered in Republic of Bulgaria.

The Company basic activity is purchase, building and construction of real estate property for the purpose of rent and sale. The Company had no activity until 2009.

The sole owner of the Company is Neu Property Holdings Ltd. Neu Property Holdings Ltd is a private company incorporated and existing under the laws of Cyprus.

The Company’s ultimate parent is Hellenic Financial Stability Fund (see also note 20).

**2. Summary of significant accounting policies**

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

**2.1 Basis of preparation**

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards issued by the IASB as endorsed by the European Union 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. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**Going concern**

The financial statements are prepared on the principle of going concern which implies that the Company will continue operations in the foreseeable future. In support of that in 2012 the Shareholder increased the share capital and share premium reserve account of the Company with BGN 56,719 thousands. The current credit line was renewed at 21 March 2014 with new maturity date 30 April 2015.

**Impact of the economic crisis 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% 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.

**IMO PROPERTY INVESTMENTS SOFIA EAD  
NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2013**

---

*(All amounts are in BGN thousand unless otherwise stated)*

**2. Summary of significant accounting policies (continued)**

**2.1 Basis of preparation (continued)**

not of the merger with NBG, and the exsuing 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 EUR 5.839 million be fully subscribed by the HFSF.

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 EUR 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 Decemebr 2013. As of 31 Decemebr 2013, the Core Tier I ration 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 EUR 2 billion 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 EUR 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 EUR 81 million and stated that it intends to cover the remaining capital needs of EUR 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.

**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.



**IMO PROPERTY INVESTMENTS SOFIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

---

*(All amounts are in BGN thousand unless otherwise stated)*

**2. Summary of significant accounting policies (continued)**

**2.1 Basis of preparation (continued)**

*(a) New and amended standards and interpretations effective from 01 January 2013*

- IAS 1, Amendment - Presentation of Items of Other Comprehensive Income
- IAS 12, Amendment – Deferred tax: Recovery of Underlying Assets
- IAS 19, Amendment - Employee Benefits
- IFRS 7, Amendment – Disclosures, Offsetting Financial Assets and Financial Liabilities
- IFRS 13, Fair value measurement
- Annual Improvements to IFRSs 2009-2011 Cycle

*(b) Standards and Interpretations issued but not yet effective*

- IAS 19, Amendment – Defined Benefit Plans: Employee Contributions (effective 1 January 2015, not yet endorsed by EU)
- IAS 27, Amendment - Separate Financial Statements (effective 1 January 2014)
- IAS 28, Amendment - Investments in Associates and Joint Ventures, (effective 1 January 2014)
- IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- IAS 36, Amendment – Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
- IAS 39, Amendment – Novation of derivatives and continuation of hedge accounting (effective 1 January 2014)
- IFRS 9, Financial Instruments (effective date to be determined by IASB)
- IFRS 9 and IFRS 7, Amendment – Mandatory Effective Date and Transition Disclosures (effective 1 January 2015, not yet endorsed by EU)
- IFRS 10, Consolidated Financial Statements (effective 1 January 2014),
- IFRS 11, Joint Arrangements (effective 1 January 2014).
- IFRS 12, Disclosure of Interest in Other Entities, (effective 1 January 2014)
- IFRS 10, 11 and 12 Amendments – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (effective 1 January 2014)
- IFRS 10, 12 and 27 Amendments – Investment Entities (effective 1 January 2014)
- Annual Improvements to IFRSs 2010-2012 Cycle (effective 1 January 2015, not yet endorsed by EU)
- Annual Improvements to IFRS 2011-2013 Cycle (effective 1 January 2015, not yet endorsed by EU)

**IMO PROPERTY INVESTMENTS SOFIA EAD  
NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2013**

---

*(All amounts are in BGN thousand unless otherwise stated)*

**2. Summary of significant accounting policies (continued)**

**2.3 Investment property (continued)**

The real estate assets acquired, where further construction or development is necessary before they become ready for sale, can be treated as "qualifying assets" and in this case, the borrowing costs directly attributable to the acquisition and construction/development are eligible for capitalization.

Buildings recognized as investment properties are depreciated for a period of 50 years. The annual depreciation rate is 2%.

Assets under construction are not depreciated.

Movable assets are depreciated on annual depreciation rate 15%.

Land recognized as investment property is not depreciated.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Transfers between investment property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

According to IAS 40 and the Company's policy, Imo Property Investments Sofia EAD has to perform an impairment assessment of the acquired properties closer to the year-end reporting date.

**2.4. Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

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. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss.

**2.5 Receivables and other financial assets**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established, when there is an objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying

**IMO PROPERTY INVESTMENTS SOFIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

---

*(All amounts are in BGN thousand unless otherwise stated)*

**2. Summary of significant accounting policies (continued)**

**2.10 Interest expense (continued)**

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**2.11 Revenue recognition**

*Rental income*

Revenue includes rental income, service charges and management charges from properties and income from property trading.

Rental income from operating leases is recognised in revenue on a straight-line basis over the lease term.

**2.12 Taxation**

Taxation has been provided for in the financial statements, in statement of comprehensive income, in accordance with Bulgarian legislation currently in force. The charge for taxation in the income statement comprises the current tax and changes in the deferred tax. The current tax is calculated on the basis of the taxable profit for the year, using the tax rates enacted at the balance sheet date. Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise.

Taxes other than on income are recorded within operating expenses.

The deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

**2.13 Investments in subsidiaries and advances for shares to be issued**

The investments of the Company in subsidiaries are accounted for at acquisition cost less impairment.

**3. Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk), credit risk, 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. The risk management is executed by the management as its policy is approved by the parent company.

**IMO PROPERTY INVESTMENTS SOFIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

*(All amounts are in BGN thousand unless otherwise stated)*

**3. Financial risk management (continued)**

**3.2 Credit risk (continued)**

The Company has not suffered losses as a result of default of the counterparties. The fair value of those assets do not differ materially from their carrying amount.

**3.3 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The liquidity risk is strictly monitored by the Management.

The Management expects positive cash flows for the year ended 2013 and onwards, mainly due to cash inflows from operations.

The table below analyses the Company's financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Up to 1 month</b>	<b>Between 1 and 3 months</b>	<b>Between 3 and 12 months</b>	<b>Total</b>
<b>As at 31 December 2012</b>				
Payables	3,107	480	409	<b>3,996</b>
Borrowings	947	1,290	315,413	<b>317,650</b>
<b>Total financial liabilities</b>	<b>4,054</b>	<b>1,770</b>	<b>315,822</b>	<b>321,646</b>

	<b>Up to 1 month</b>	<b>Between 1 and 3 months</b>	<b>Between 3 and 12 months</b>	<b>Total</b>
<b>As at 31 December 2013</b>				
Payables	576	909	383	<b>1,868</b>
Borrowings	1,519	2,142	437,964	<b>441,625</b>
<b>Total financial liabilities</b>	<b>2,095</b>	<b>3,051</b>	<b>438,347</b>	<b>443,493</b>

**3.4 Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated by the management as 'equity' as shown in the balance sheet.

**4. Critical accounting estimates and judgments**

Management makes estimates and assumptions concerning the future. 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.

*Estimate of fair value of investment properties*

The fair value of the investment properties, accounted at cost model in accordance with IAS 40 is updated, in order to reflect the market conditions at the end of the reporting period by using the valuation reports of licensed appraiser company.

**IMO PROPERTY INVESTMENTS SOFIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

*(All amounts are in BGN thousand unless otherwise stated)*

**4. Critical accounting estimates and judgments (continued)**

Quantitative information about fair value measurements using significant unobservable input Level 3

Description	Fair value at 31.12.2013 in BGN thousands	Valuation technique(s)	Unobservable input	Range (weighted average) 2013 in BGN	Connection between unobservable input and FV
<b>Investment properties in Bulgaria :</b>					
Residential properties	101,437	Sales comparable approach	price per square metre	131.04-2,785.10 (999.02)	Should the price per square metre increase, the Fair value of the investment properties would increase too.
		Cost approach	price per square metre	205.87-2,978.73 (630.93)	
Commercial properties	125,982	Sales comparable approach	price per square metre	33.25-3,716.08 (1,167.20)	Should the price per square metre increase, the Fair value of the investment properties would increase too.
		Cost approach	price per square metre	19.89-1,645.52 (449.14)	
		Income approach	rent per square metre	5.59-38.33 (13.07)	Should the rent per square metre increase, the Fair value of the investment properties would increase too
Industrial	86,348	Sales comparable approach	price per square metre	33.01-1,464.91 (541.39)	Should the price per square metre increase, the Fair value of the investment properties would increase too.
		Cost approach	price per square metre	47.21-1,490.34 (342.88)	
		Income approach	rent per square metre	1.58-6.02 (3.44)	Should the rent per square metre increase, the Fair value of the investment properties would increase too
Lands	61,379	Sales comparable approach	price per square metre	3.64-1,384.73 (109.80)	Should the price per square metre increase, the Fair value of the investment properties would increase too.
		Residual method	price per square metre	1,480.56	

**IMO PROPERTY INVESTMENTS SOFIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

*(All amounts are in BGN thousand unless otherwise stated)*

**7. Administrative expenses**

	<b>2013</b>	<b>2012</b>
Salaries	(312)	(21)
Social security costs	(33)	(3)
Other expenses related to personnel	(27)	(26)
Travel costs	(76)	(85)
Audit fees	(30)	(31)
Rent	(20)	(14)
Consultancy fees	-	(14)
Other	(53)	(48)
<b>Total</b>	<b>(551)</b>	<b>(242)</b>

**8. Loss from sale of investment in subsidiaries**

According to Resolution of the Sole shareholder from 10 October 2013, IMO Property Investment Sofia EAD transferred its participation in the Share capital of IMO Central Office to NEU III Property Holdings Limited, Cyprus, namely 400 000 registered ordinary shares, with nominal value BGN 1 (one), representing 100% of the shares of IMO Central Office EAD, for cash consideration of BGN 400 thousands.

According to Resolution of the Sole shareholder from 21 February 2012, IMO Property Investment EAD transferred its participation in the Share capital of IMO Rila EAD to NEU II Property Holdings Limited - Cyprus, namely 400 000 registered ordinary shares, with nominal value BGN 1 (one), representing 100% of the shares of IMO Rila, for cash consideration of BGN 38 thousands. The effect of the sale in the amount of BGN 362 thousands is recognised as loss.

**9. Finance costs**

	<b>2013</b>	<b>2012</b>
<b>Finance costs</b>		
Interest expense	(9,941)	(7,369)
Other finance costs	(152)	(455)
<b>Total finance cost</b>	<b>(10,093)</b>	<b>(7,824)</b>

	<b>2013</b>	<b>2013</b>
<b>Finance income</b>		
Interest income from bank deposit	15	56
Other finance income	-	16
<b>Total finance income</b>	<b>15</b>	<b>72</b>

**IMO PROPERTY INVESTMENTS SOFIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

*(All amounts are in BGN thousand unless otherwise stated)*

**12. Tangible and intangible assets**

	Office furniture	Computers	Software	Total
<b>Carrying amount as at 1 January 2012</b>	4	3	1	8
Additions	-	-	-	-
Depreciation	(1)	(2)	(1)	(4)
<b>Carrying amount as at 31 December 2012</b>	3	1	-	4
Additions	-	3	-	3
Depreciation	(1)	(1)	-	(2)
<b>Carrying amount as at 31 December 2013</b>	2	3	-	5
Cost	5	8	2	15
Accumulated depreciation	(3)	(5)	(2)	(10)
<b>Carrying amount as at 31 December 2013</b>	2	3	-	5

**13 a. Prepayments for acquisition of investment property**

	As at 31 December 2013	2012
Investment property in process of acquisition	12,970	22,020
Deposits with bailiffs	89	525
	<b>13,059</b>	<b>22,545</b>

**13 b. VAT and other receivables**

	As at 31 December 2013	2012
<i>Non-financial assets</i>		
VAT receivables	306	2,905
Other receivables	41	37
Court receivables	212	212
Prepaid expenses	132	154
<i>Financial assets</i>		
Receivables from clients	3,203	1,038
Receivables from bailiffs and other suppliers	386	267
	<b>4,280</b>	<b>4,613</b>

The receivables as at the end of 2013 are not impaired as their fair value approximates carrying amount.

**IMO PROPERTY INVESTMENTS SOFIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

*(All amounts are in BGN thousand unless otherwise stated)*

**17. Deferred tax asset and liability (continued)**

Deferred income taxes are calculated at the tax rate that will be effective at the time when they are expected to be realised. The tax applicable for 2013 is 10% (2012: 10%). The tax loss for 2013 is BGN 12,673 thousands and the deferred tax asset arising from expenses not recognized for tax purposes such as impairment of investment properties, interest for loans from related parties and other, and not recognized is BGN 1,268 thousands. The tax loss for 2012 is BGN 7,125 thousands and the deferred tax asset not recognized is BGN 713 thousands. The deferred tax asset expires in five year period after its initial recognition.

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.

Tax authorities can at any given time carry out an audit of the accounting registers within 5 years after the reporting period, where it is possible to levy additional tax or impose fines. Management does not believe that there are circumstances, which could lead to significant tax obligations of the abovementioned nature.

**18. Payables**

	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
<i>Financial liabilities</i>		
To suppliers	603	274
Guarantees	326	59
Rent agreements (Note 20)	-	3,585
Other payables	939	78
	<u>1,868</u>	<u>3,996</u>

**19. Financial instruments by category**

**As at 31 December 2013**

<b>Financial assets as per balance sheet</b>	<b>Loans and receivables</b>
Trade and other receivables (Note 13 b)	3,589
Cash and cash equivalents (Note 14)	15,086
	<u>18,675</u>
<b>Liabilities as per balance sheet</b>	<b>Financial liabilities at amortized cost</b>
Trade payables (Note 18)	1,868
Payables for bank loan (Note 16, 20)	428,327
Payables for accrued interest (Note 20)	448
	<u>430,643</u>

The fair value of all financial assets and liabilities as at the end of 2013 and 2012 approximates their carrying value.



**IMO PROPERTY INVESTMENTS SOFIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

*(All amounts are in BGN thousand unless otherwise stated)*

<b>20. Related party transactions (continued)</b>	<b>2013</b>	<b>2012</b>
<b>Interest expenses</b>		
Eurobank Private Bank Luxembourg S.A.	9,941	7,369
<b>FX transaction expenses, net</b>		
Eurobank Bulgaria AD	41	47
<b>Commissions and fees expenses</b>		
Eurobank Bulgaria AD	29	33
Eurobank Ergasias S.A (Greece)	82	359
	<b>111</b>	<b>392</b>

**Expenses related to investment properties**

ERB Property Services Sofia AD	390	263
<b>Rent Income</b>		
Eurobank Bulgaria AD	26	24
<b>Rent expenses</b>		
IMO Central Office EAD	20	5
Rent expenses	176	4,959

During 2012 the Eurobank Bulgaria AD moved to a building owned by IMO Central Office EAD, an entity 100% owned by IMO Property Investments Sofia EAD. In exchange of a long-term rent contract the Company replaced Eurobank Bulgaria AD by undertaking all its obligations and benefits contracted for its previous Head office buildings. The intention of the Company was to sublease the rented premises. As of 31 December 2012 the Company's obligation under the contracts exceeded its economic benefits and provision in the amount of 3,587 thousands was recognized.

The management is compensated by virtue of a decision of the Board of Directors. The management of the Company has received 132 thousands in 2012 (2012: 2 thousands).

**21. Contingent liabilities and commitments**

The management has not identified any significant contingent liabilities and commitments valid as at 31 December 2013.

**22. Events after the balance sheet date**

There are no events after the Balance Sheet date as defined by IAS 10.