ERB NEW EUROPE FUNDING II B.V.

Amsterdam, The Netherlands

ANNUAL REPORT 2014

ERB NEW EUROPE FUNDING II B.V.

<u>Contents</u> | <u>Page</u>

ERB NEW EUROPE FUNDING II B.V.

Amsterdam

Directors' Report

In accordance with the Articles of Association of ERB New Europe Funding II B.V., the management herewith submits the Annual Report of ERB New Europe Funding II B.V. (the Company) for the year ended 31 December 2014.

Key Activities

ERB New Europe Funding II B.V. (the Company) was incorporated on April 24, 2008 and has its registered and office address at Herengracht 500, 1017 CB, Amsterdam, The Netherlands. The Company is incorporated in The Netherlands and is wholly owned by ERB New Europe Holding B.V., a wholly owned subsidiary of Eurobank Ergasias S.A. in Greece. On November 15, 2012 the Company changed its name to ERB New Europe Funding II B.V. (former name: EFG New Europe Funding II B.V.).

The key activities of the Company are to invest in loans granted to Romanian customers (originated by the Eurobank Ergasias S.A.) in Romania. All loans and advances to customers are existing loans to Romanian customers acquired from the group Company Bancpost S.A. The Company itself is funded directly by Eurobank Cyprus Ltd. in Cyprus.

Position of Eurobank Group

Liquidity, of the whole Greek banking sector, was negatively affected in the first two months of 2015 due to the combined effect of deposit withdrawals, reduction of wholesale secured funding and the decision of European Central Bank (ECB) to lift the waiver of minimum credit rating requirements for marketable instruments issued or guaranteed by Hellenic Republic (i.e. Greek government bonds and Pillar 2 & 3 of the Law 3723/2008). As a result, Greek banks reverted to the fallback funding source, the Emergency Liquidity Assistance (ELA) mechanism to cover their short term liquidity needs.

The prolonged negotiations of the Greek government with the European Union (EU), the ECB and the International Monetary Fund (IMF) ('the Institutions') until the expiration of the extension of the Master Financial Assistance Facility Agreement (MFFA) on 30 June 2015, led to increased uncertainty and significant deposit outflows. With banks' liquidity buffers falling to significantly low levels, the Greek government on 28 June 2015 introduced restrictions on banking transactions and a temporary bank holiday, in order to contain further liquidity outflows. Following the termination of the bank holiday in Greece on 20 July 2015, there has been some gradual relaxation of capital controls with the easing process expected to continue in the following months, being accelerated after the completion of banks' recapitalization.

In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system. The decisive implementation of the measures agreed in the context of the new European Stability Mechanism (ESM) program and the completion of banks' recapitalization will permit ECB to reinstate the waiver for the instruments issued or guaranteed by the Hellenic Republic and will signal the gradual repatriation of deposits in the banking system and the re-access to the markets for liquidity.

Despite the fact that the Greek economy showed early signs of recovery during 2014 for the first time since 2007, there are significant downside risks associated with fiscal gap funding uncertainties and the low levels of investment and consumption levels, which may undermine in the short-term the pace of recovery. The current adverse economic conditions in Greece, including the imposition of capital restrictions, had a negative impact on the liquidity of the Greek banks and raised concerns regarding their solvency position. The new ESM Program agreed between Greece and its European partners in August 2015 includes a buffer of up to € 25 bn for the banking sector in order to address potential banks' recapitalization needs of viable banks and resolution costs of non viable banks, in full compliance with EU competition and State Aid rules. According to the recently released Stress Test results, a significantly lower amount will be required for the recapitalization of the Greek systemic banks.

In this context, a comprehensive assessment of the Greek banks ('CA') was conducted by the competent supervisory authorities in order to determine their potential capital needs. The results of the CA were announced on 31 October 2015, based on which a shortfall of € 0.3 bn in baseline scenario against 9.5% CET1 threshold and € 2.1 bn in adverse scenario against 8% CET1 threshold, which is the lowest shortfall across Greek banks, was identified for the Bank. Following these results, the Bank has already submitted a capital plan to the ECB for approval, describing in detail the measures it intends to implement in order to cover the shortfall identified in the CA, for under both the baseline and the adverse scenario.

ERB NEW EUROPE FUNDING II B.V.

Amsterdam

Directors' Report

Position of Eurobank Group (continued)

On 16 November 2015, the Parent Company announced that the SSM recognized €83 million of capital generation that can be taken into account to reduce its total capital shortfall as part of the CA, due to the positive difference between the realized pre provision income for the third quarter of 2015 and the respective figure projected in the stress test (baseline scenario).

On the same date, the Bank's Extraordinary General Meeting of the shareholders approved the increase of the Bank's share capital of up to € 2,039 million The said capital increase has been effected by means of a private placement to institutional and other eligible investors in Greece and internationally through a book-building process (Institutional Offering), with waiving of the preemption rights of the Bank's existing ordinary shareholders and preference shareholder.

In combination with the aforementioned share capital increase, a Liability Management Exercise (LME), was launched by the Bank on 29 October 2015 referring to the tender offer on € 877 million (face value) of outstanding eligible senior unsecured, Tier I and Tier II securities. The purchase proceeds from LME were used for the sole purpose of covering part of the Bank's share capital increase.

On 18 November 2015, the Bank announced that it has completed the aforementioned book-building process. In particular, indicative demand from investors in the Institutional Offering together with the preliminary results of the Bank's LME are in excess of € 2,039 million and therefore are sufficient for the Bank to raise such amount without seeking any capital support from the HFSF. On 30 November 2015 the Bank announced that it has successfully completed the share capital increase. New shares started being traded on the Athens Exchange on December 2, 2015.

Notwithstanding the conditions and uncertainties mentioned above, the directors having considered the successful completion of the Bank's share capital increase and the mitigating factors set out below, are satisfied that the financial statements of the Company can be prepared on a going concern basis.

- The existence of the new 3-year ESM program with a ca € 86 bn financing envelope (including the up to €25 bn recapitalization facility), aiming to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration,
- The authorities' commitment to take decisive measures to safeguard the stability in the financial sector, such as Law 4340/2015 regarding the recapitalization framework of credit institutions that was enacted on 1 November 2015,
- The Institutions' and the Greek government's commitment to take decisive actions on non performing loans,
- The Group's continued implementation of its medium term internal capital generating plan, which includes initiatives generating or releasing Common Equity Tier I capital and/or reducing risk weighted assets and
- The Group's continued access to Eurosystem funding (ECB and ELA liquidity facilities) over the foreseeable future.

Result

In the current financial year the Company recorded a profit of EUR 1,755,162 (2013: profit of EUR 125,666) which is set out in detail in the attached Income Statement.

Risk Management

The Managing Board utilizes a risk management policy and receives regular reports to enable prompt identification of financial risk so that appropriate actions may be taken. The Company employs written policy and procedures that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loans and advances to customers. For credit risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obligor risk, sector risk, repayment risk, etc.).

Market risk
The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific movements and changes in the level of volatility of market rates of prices such as interest rates, foreign exchange rates and equity prices.

Interest rate risk
The risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loan assets and loan liabilities are undertaken back to back on terms that both relate to the same variable Euribor or Libor rate. The risk is fully compensated by this balance and hence there is no sensitivity risk to a change in interest rate.

Foreign exchange risk
Foreign currency risk is the risk that assets or liabilities in foreign currencies will fluctuate in value due to exchange rate fluctuations. Loan assets and loan liabilities are undertaken back to back in the identical currencies.

Liquidity risk
The Management considers that the liquidity risk is limited since the Group ensures availability of needed funds.

For further analysis we refer to note 5 of the financial statements in which the different risks identified for the Company have been further addressed.

Outlook

The Company will continue operating in the same manner and maintaining existing portfolio of clients. No significant new business and relationship are planned for 2015. Funding of the Company will remain the same and under the same terms. Capital base of the Company is adequate and no increase is needed. No investments are planned either in human resources or in any other area.

Post balance sheet events
No major post balance sheet events affecting the financial statements have occurred to date.

Future Developments
Eurobank Ergasias S.A. is the sole shareholder of ERB New Europe Holding B.V. (the immediate parent and controlling entity of the Company). The Company has no exposure to Greek sovereign risk. Further and on the basis of the analysis of the Company's profitability, capitalization and funding structure, the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future.

Composition of the board
The size and composition of the Board of Managing Directors and the combined experience and expertise should reflect the best fit for profile and strategy of the Company. Currently all four members of the Board are male. The Company is aware that the gender diversity is below the goals as set out in article 2:276 section 2 of the Dutch Civil Code and the Company will pay close attention to gender diversity in the process of recruiting and appointing new Managing Directors.

ERB NEW EUROPE FUNDING II B.V.

Amsterdam

Directors' Report

Composition of the board (continued)

On March 14, 2014, Mr. T. Karakasis has resigned as managing director and Mr. E. Zois has been appointed as the new managing director of the Company at per same date.

As per April 28, 2014, Mr. C. Kokologiannis has resigned as managing director of the Company, and as per same date Mr. S. Psychogyios has been appointed as managing director of the Company.

As per August 17, 2015, Mr. S. van der Meer and Mr. M.A.H. Martis have resigned as managing directors of the Company, and as per same date Mr. E.R. Janssens and Mr. R. Wemmi have been appointed as managing directors of the Company.

Amsterdam, January 29, 2016

The Board of Managing Directors,

S. Psychogyios

E. Zois

E.R. Janssens

R. Wemmi

ERB NEW EUROPE FUNDING II B.V.

Balance Sheet as at December 31, 2014
(amounts in EUR, after appropriation of results)

	Notes	31/12/2014	31/12/2013
ASSETS			
Non-Current Assets			
Loans & advances	7	327,345,483	410,741,305
Current Assets			
Loans & advances	7	41,455,896	54,509,392
Other receivables	8	54,167,208	154,635
Income tax receivable	17	478,219	334,915
Cash and cash equivalents	9	7,862,730	12,454,263
TOTAL ASSETS		431,309,536	478,194,510
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to equity holders of the company			
Issued and paid-up capital	10	20,000	20,000
Share premium	10	11,980,000	11,980,000
Accumulated profits	10	5,880,889	4,125,727
		17,880,889	16,125,727
Current Liabilities			
Borrowings from group company	11	409,646,838	458,503,689
Interest payable to group company	12	1,565,558	1,083,030
Other payables	13	2,216,251	2,482,064
		413,428,647	462,068,783
TOTAL EQUITY AND LIABILITIES		431,309,536	478,194,510

The notes to the accounts on pages 10 to 31 form an integral part of these financial statements

ERB NEW EUROPE FUNDING II B.V.

Income Statement
for the financial year ended December 31, 2014
(amounts in EUR)

	Notes	01/01-31/12/2014	01/01-31/12/2013
Financial income and expenses			
Interest income	14	26,862,396	37,439,212
Interest expense	15	(26,199,849)	(36,557,963)
		662,547	881,249
Provision charge for impairment of loans	7	-	(2,160,337)
Other operating income		1,757,841	2,129,184
Operating income/(loss)		2,420,388	850,096
Foreign exchange (loss)/gain		(185,999)	165,160
Operating costs	16	(414,823)	(731,500)
Profit / (loss) before taxation		1,819,566	283,756
Corporate income tax	17	(64,404)	(158,090)
Profit / (loss) after taxation		1,755,162	125,666

The notes to the accounts on pages 10 to 31 form an integral part of these financial statements

ERB NEW EUROPE FUNDING II B.V.

Statement of comprehensive income
for the financial year ended December 31, 2014
(amounts in EUR)

	Notes	01/01-31/12/2014	01/01-31/12/2013
Net result after taxation		1,755,162	125,666
Other comprehensive income:			
		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,755,162	125,666

The notes to the accounts on pages 10 to 31 form an integral part of these financial statements

ERB NEW EUROPE FUNDING II B.V.

Cash Flow Statement
for the financial year ended December 31, 2014
(amounts in EUR)

	Notes	2014		2013	
Cash flows from operating activities:					
Profit / (Loss) before taxation		1,819,566		283,756	
Adjustments for:					
Interest income	14	(26,862,396)		(37,439,212)	
Interest expenses	15	26,199,849		36,557,963	
		1,157,019		(597,493)	
Net decrease/ (increase) in loans & advances		89,968,958		95,892,001	
Net decrease/ (increase) in other receivables		(54,012,573)		35,903,732	
Net decrease/ (increase) in income tax receivable	18	-		4,118	
Net decrease/ (increase) in other payables		(265,813)		356,286	
Cash generated from operations		36,847,591		131,558,644	
Income taxes paid	18	(207,708)		(192,121)	
Interest received		33,342,756		39,860,172	
Interest paid		(25,717,321)		(38,429,900)	
		44,265,318		132,796,795	
Net cash from operation activities:			44,265,318		132,796,795
Cash flows from financing activities:					
Increase in borrowings from group company	11	1,671,041		48,090,241	
Repayment of borrowings from group company	12	(50,527,892)		(195,613,704)	
Net cash used in financing activities			(48,856,851)		(147,523,463)
Net (Decrease) / Increase in cash and cash equivalents			(4,591,533)		(14,726,668)
Cash and cash equivalents at the beginning of the year	9		12,454,263		27,180,931
Cash and cash equivalents at the end of the year	9		7,862,730		12,454,263

The notes to the accounts on pages 10 to 31 form an integral part of these financial statements

ERB NEW EUROPE FUNDING II B.V.

Statement of changes in equity
for the financial year ended December 31, 2014
(amounts in EUR)

EQUITY

The Company's authorized share capital amounts to EUR 90,000 and consists of 90,000 ordinary shares with a nominal value of EUR 1 each. As at December 31, 2014, 20,000 shares were issued and fully paid-up.

The movements in EUR in the year under review can be summarized as follows:

	Attributable to owners of the parent			
	Issued and paid-up capital	**Share premium**	**Accumulated profits**	**Total**
Balance as at January 1, 2013	20,000	11,980,000	4,000,061	16,000,061
Loss for the year	-	-	125,666	125,666
Balance as at December 31, 2013	**20,000**	**11,980,000**	**4,125,727**	**16,125,727**
Balance as at January 1, 2014	20,000	11,980,000	4,125,727	16,125,727
Profit for the year	-	-	1,755,162	1,755,162
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive Income for the year	-	-	1,755,162	1,755,162
Balance as at December 31, 2014	**20,000**	**11,980,000**	**5,880,889**	**17,880,889**

ERB New Europe Funding II B.V. is fully controlled and owned by ERB New Europe Holding B.V., a wholly owned subsidiary of Eurobank Ergasias S.A., a bank incorporated in Greece and listed on the Athens Stock Exchange.

The notes to the accounts on pages 10 to 31 form an integral part of these financial statements

1 GENERAL

ERB New Europe Funding II B.V. (the Company) was incorporated on April 24, 2008 and has its registered and office address at Herengracht 500, 1017 CB, Amsterdam, the Netherlands The Company is incorporated in The Netherlands and is wholly owned by ERB New Europe Holding B.V., a wholly owned subsidiary of Eurobank Ergasias S.A. in Greece.

In May 2013, following its full subscription in the Bank's recapitalization of € 5,839 million, the HFSF became the controlling shareholder and a related party of the Bank. In May 2014, following the completion of the Bank's share capital increase for raising € 2,864 million, fully covered by private, institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%.

In addition, in the context of the Law 3864/2010 (the 'HFSF Law') as amended by Law 4254/2014, the HFSF's voting rights in the Bank's General Assemblies have been switched to restricted ones. Accordingly, as of early May 2014, the HFSF is no more the controlling shareholder of the Bank but is considered to have significant influence over it.

Following the successful completion of the Bank's share capital increase in November 2015, the percentage of ordinary shares with voting rights of the Bank held by HFSF was reduced from 35.41% to 2.38%

The key activity of the Company is to invest in granted loans to Romanian customers (originated by the Eurobank Ergasias S.A. in Romania). All loans and advances to customers are acquired from the group company Bancpost S.A. The Company itself is funded directly by Eurobank Cyprus Ltd.

These financial statements were approved and authorized for issue by the Board of Managing Directors on January 29, 2016.

2 PRINCIPAL ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as endorsed by the European Union (EU), and in particular with those IFRSs and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements. These financial statements have been prepared under the historical cost convention and on ongoing concern basis

The policies set out below have been consistently applied to the years 2014 and 2013, except as described below. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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.

(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), apply from 1 January 2014:

IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities

The amendment clarifies the requirements for offsetting financial assets and financial liabilities. The adoption of the amendment had no impact on the Company's financial statements.

IAS 36, Amendment - Recoverable Amount Disclosures for Non-Financial Assets

The amendment restricts 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 reversed.
It also includes 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 and an impairment loss has been recognized or reversed during the period.
The adoption of the amendment had no impact on the Company's financial statements.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(b) A number of new standards, amendments and interpretations to existing standards are effective after 2014, as they have not yet been endorsed for use in the European Union and early application is not planned by the Company. Those that may be relevant to the Company are set out below:

IAS 1, Amendment - Disclosure Initiative (effective 1 January 2016, not yet endorsed by EU)
The amendment clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
The adoption of the amendment is not expected to impact the Company's financial statements.

IFRS 9, Financial Instruments (effective 1 January 2018, not yet endorsed by EU)
In July 2014, the IASB published the final version of IFRS 9 which replaces IAS 39 'Financial Instruments'. IFRS 9 sets out revised requirements on the classification and measurements of financial assets, addresses the reporting of fair value changes in own debt when designated at fair value, replaces the existing incurred loss model used for the impairment of financial assets with an expected credit loss model and incorporates changes to hedge accounting.
The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

Classification and measurement
IFRS 9 applies one classification approach for all types of financial assets, according to which the classification and measurement of financial assets is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A business model refers to how an entity manages its financial assets so as to generate cash flows, by collecting contractual cash flows, or selling financial assets or both. Upon assessment, each financial asset will be classified in one of the three categories: amortized cost, fair value through profit or loss and fair value through other comprehensive income.
With regard to financial liabilities, the treatment followed in IAS 39 is carried forward to IFRS 9 essentially unchanged. However, IFRS 9 requires fair value changes of liabilities designated at fair value under the fair value option which are attributable to the change in the entity's own credit risk to be presented in other comprehensive income rather than in profit or loss, unless this would result in an accounting mismatch.

Impairment of financial assets
Under IFRS 9 the same impairment model applies to all financial instruments which are subject to impairment accounting.
The new impairment model is forward -looking and requires, the recognition of expected credit losses, in contradiction with IAS 39, that required a trigger event to have occurred before credit losses were recognized. IFRS 9 includes a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Accordingly, upon initial application of IFRS 9, for financial assets that are not credit-impaired and for which no significant increase in credit risk since initial recognition is observed, the respective credit losses will be recognized in profit or loss and will be based on the 12-month expected credit losses. However, if the credit risk of the financial assets increases significantly since initial recognition, a provision is required to be recognized for credit losses expected over their remaining lifetime ('lifetime expected losses').
For financial assets that are credit-impaired on origination, the expected life time credit losses will be applied.
In measuring expected credit losses information about past events, current conditions and forecasts of future conditions should be considered.

Hedge accounting
IFRS 9 introduces a reformed model for hedge accounting, seeking to more closely align hedge accounting with risk management activities so as to better reflect these activities in the entities' financial statements. Under the new model, new hedge effectiveness requirements apply, discontinuation of hedge accounting is allowed only under specific circumstances, and a number of items that were not eligible under IAS 39 as hedging instruments or hedged items are now eligible.
The Company is currently examining the impact of IFRS 9 on its financial statements, which is impracticable to quantify as at the date of the publication of these financial statements.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

IFRS 15, Revenue from Contracts with Customers (effective 1 January 2017, not yet endorsed by EU)
IFRS 15 establishes a single, comprehensive revenue recognition model to be applied consistently to all contracts with customers, determining when and how much revenue to recognize, but has no impact on income recognition related to financial instruments which is under the scope of IFRS 9 and IAS 39. In addition, IFRS 15 replaces the previous revenue standards IAS 18 Revenue and IAS 11 Construction contracts and the related Interpretations on revenue recognition.

The Company is currently assessing the impact of IFRS 15, however the adoption of the standard is not expected to have a material impact on the Company's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle (effective 1 January 2016)
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:

- Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets in IFRS 8 'Operating Segment'; and
- Short-term receivables and payables in IFRS 13 'Fair Value Measurement';

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

Annual Improvements to IFRSs 2011-2013 Cycle (effective 1 January 2015)
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 of portfolio exception in IFRS 13 "Fair Value Measurement"; and
- Meaning of "effective IFRSs" in IFRS 1 First-time Adoption of International Financial Reporting Standards

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

Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016, not yet endorsed by EU)
The amendments introduce key changes to four IFRSs following the publication of the results of the IASB's 2012-14 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- Adding in IFRS 7 'Financial instruments: Disclosures' specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. It also clarifies that the additional disclosure required by the amendments to IFRS
7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.

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

IFRIC 21, Levies (effective 1 January 2015)
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.
The adoption of the interpretation is not expected to impact the Company's financial statements.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern

The accompanying financial statements have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows.

The Company recorded financing only from related parties, therefore, its going concern depends of the future continuation of these relations.

Functional and presentation currency

The Company's presentation currency is the Euro (€) being the functional currency of the parent company.

Foreign currency

Transactions in foreign currencies are translated into Euro at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities stated in foreign currencies at the balance sheet date are translated into Euro at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognized in the Income Statement.

Non-monetary assets and liabilities in foreign currencies, which are stated at historical cost, are translated into Euro at the foreign exchange rate prevailing at the date of the transaction, in the Balance Sheet. Any resulting movement is also recognized in the Income Statement.

Income tax

Income tax on the profit or loss for the year comprizes current tax. Current tax is the expected tax payable based on the taxable profit for the year, using tax rates enacted or substantially prevailing at the balance sheet date. Taxable profit may differ from profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

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

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the investment. As at December 31, 2014, the Company did not conclude any derivative contracts. A financial asset is derecognized when the contractual cash flows of the loan expire, or the Company transfers its rights to receive those cash flows in an outright sale in which substantially all the risk and rewards of ownership have been transferred.

Loans and receivables

These represent Loans and Advances to customers, and are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate provisions for estimated irrecoverable amounts are recognized in the Income Statement when there is objective evidence that the asset is impaired.

The nominal or cost value of the other receivables, which are not traded in active markets or for which no valuation techniques can be applied is assumed to approximate their fair value.

Share capital

Share capital is equal to the nominal value of shares, respectively with to the value of capital contribution, of premium and incorporated reserves or other operations which lead to its modification. Subscribed and paid-in capital is recorded based on the articles of incorporation and on the supporting documents regarding capital paid-in.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents comprize cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment

For financial assets that are not carried at fair value through profit or loss, the Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impairment indicators

For the Company's Retail loan exposures, objective evidence that a loan or group of loans is impaired includes observable data that comes to the attention of the Company about the following loss events:

(a) significant financial difficulty of the obligor, a significant reduction of personal and/or family income or loss of job;
(b) a default or breach of contract;
(c) significant changes in the performance and behavior of the borrower (for example, a number of delayed contractual payments);
(d) measurable decrease in the estimated future cash flows from a group of financial assets through a negative payment pattern such as missed payments;
(e) the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider, such as a reduction of the obligors monthly installment for a specific period of time, or a temporary or permanent reduction of interest rate;
(f) it is becoming probable that the borrower will enter into bankruptcy status or other financial reorganization;
(g) loss events that could affect the ability of the borrower to repay contractual obligations within the agreed time, such as:
- serious illness or disability of the obligor or a family member;
- death of the borrower;

For all other financial assets including corporate loan exposures, the Company assesses on a case- by-case basis at each reporting date whether there is any objective evidence of impairment using the following criteria:
(a) significant financial difficulty of the issuer or obligor;
(b) a default of breach of contract;
(c) significant changes in the financial performance of the borrower that affect the borrower's ability to meet its debt obligations, such as:
- operating losses;
- working capital deficiencies;
- the borrower having a negative

(d) other facts indicating a deterioration of the financial performance of the borrower, such as a breach of loan covenants or other terms, or a partial write-off in the borrower's obligations due to economic or legal reasons relating to his financial status;
(e) significant changes in the value of the collateral supporting the obligation;
(f) the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider, such as a reduction of the obligors monthly installment for a specific period of time, or a temporary or permanent reduction of interest rate;
(g) becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
(h) significant adverse changes in the borrower's industry or geographical area that could affect the borrower's ability to meet its debt obligations;
(i) market related information including the status of the borrower's other debt obligations;
(j) a significant downgrade in the internal or external credit rating of the borrower's financial instruments when considered with other information;

2 PRINCIPAL ACCOUNTING POLICIES (continued)

Assets carried at amortized cost

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

In determining whether a loan is individually significant for the purposes of assessing impairment, the Company considers a number of factors, including the importance of the individual loan relationship and how it is managed, the size of the loan, and the product line. Consequently, loans to corporate clients and financial institutions as well as investment securities, are generally considered as individually significant. Retail lending portfolios are generally assessed for impairment on a collective basis as they consist of large homogenous portfolios, while exposures that are managed on an individual basis are assessed individually for impairment.

The Company assesses at each balance sheet date whether there is an objective evidence of impairment.

Interest-bearing borrowings
Interest-bearing borrowings are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Applying the effective interest method, the entity amortizes any fees, transaction cost and other premiums or discounts included in the calculation of the effective interest rate over the expected life of the underlying liability. Any such amortization would be recognized in the Income Statement.

De-recognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability of the Company is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

The Company considers the terms to be substantially different, if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Other payables

Other payables are recognized initially at fair value. The nominal or cost value of the other payables, which are not traded in active markets or for which no valuation techniques can be applied is assumed to approximate their fair value. Other payables are subsequently stated at amortized cost. Other payable are classified as current liabilities, unless the Company has indisputable right to postpone the settlement of obligations for at least 12 months after the balance sheet date.

3 CASH FLOW STATEMENT

The Cash Flow statement has been prepared in accordance with the indirect method.

4 PRINCIPLES OF DETERMINATION OF RESULT

(a) General

Result is determined as the difference between income generated by loans and the costs and other charges for the year. Income from transactions is recognized in the year in which it is realized.

(b) Interest income and expenses

Interest income and interest expense are recognized in the Income Statement for all interest bearing financial instruments.

For all interest bearing financial instruments, interest income or interest expense is recognized using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability (on an amortized cost basis). The calculation includes all contractual terms of the financial instrument (for example, prepayment options) but not future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees and Commissions are generally recognized on an accrual basis when the service has been provided.

(c) Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognized in the Profit&Loss Account in the period that they arise.

Exchange rate differences on non-current and non-liabilities loans are recognized in the Profit & Loss Account in the period they arise.

(d) Taxation

Domestic corporate income tax is determined by applying Dutch fiscal practice rules and taking into account allowable deductions, charges and exemptions.

5 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of risks. Exposure to credit, interest rate, currency and liquidity risk arises in the normal course of the Company's business. The Company's overall risk management policy focus on the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The management considers there is no significant concentration of the following risks at the balance sheet date.

The procedures for assessing the risk are also shown below:

5.1. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loans and advances to customers.

For credit risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obligor risk, sector risk, repayment risk, etc.)

The Company's portfolio is reviewed on a regularly basis for impairment provisions. There is a limited recourse through the Overdraft Multicurrency Agreement between the Company (Borrower) and Eurobank Cyprus Ltd. (Lender), which states that the aggregate loss accrued by the Company (Borrower) in relation to its creditors defaulting under corresponding loans will not exceed the lower of Euro 2,000,000 or, 1% (one percent) of the outstanding amounts of corresponding loans, calculated before tax and over the total term of the agreement.

Loans and advances

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Impairment provisions are provided where there is objective evidence that the Company will not be able to collect all amounts due.

Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Company's portfolio, could result in evidence that is different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and capital repayment obligations.

Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees. The split of portfolio of the Company by industry is detailed in below.

The Company has no geographical exposure to markets other than Romania.

Credit monitoring

The Company is aware of the state of the borrower's business and any change in its creditworthiness at all times, as regular evaluation of financial statements and of the borrower's business operations are performed.

Cash and cash equivalents

There are no restrictions on the availability of cash and cash equivalents. These are readily available.

5.1. Credit risk (continued)

Collateral

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

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable.

Longer-term finance and lending to corporate entities are generally secured; mortgage loans are also secured, while consumer loans to individuals are generally unsecured. In addition, in order to minimize the credit loss the Company will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

5.1.1. *Maximum exposure to credit risk before collateral held or other credit enhancements:*

	31/12/14
Loans & advances to customers - principal outstanding*	345,389,831
Interest receivable	22,013,204
Other receivables related to loans-monthly administration fees	3,398,344
Less: allowance for impairment	(2,000,000)
Net Loans and advances to customers	**368,801,379**
Other receivables (Note 8)	54,167,208
Cash and cash equivalents	7,862,730
Total	**430,831,317**

(*) Loans and advances to customers are after any write downs performed due to limited recourse against borrowings, which for 2014 is Euro 58,015,509 and for 2013 is Euro 14,648,379.

The total w/d € 58.015.509 as of YE14 are consisting of: w/d performed in 2014 of amount € 4.007.602 counterbalanced by w/d of financing borrowings from Group company (Cyprus) as disclosed in *Note 11*, plus w/d booked in 2014 of amount € 54.007.907 against receivables from Cyprus as disclosed in *Note 8*.

	31/12/13
Loans & advances to customers - principal outstanding	432,014,052
Interest receivable	30,907,126
Other receivables related to loans-monthly administration fees	4,329,519
Less: allowance for impairment	(2,000,000)
Net Loans and advances to customers	**465,250,697**
Other receivables (Note 8)	154,637
Cash and cash equivalents	12,454,263
Total	**477,859,597**

5.1.2. *Loans and advances*

As at December 31, 2014 and 2013, loans and advances are summarized as follows:

	31/12/14	31/12/13
Neither past due nor impaired	143,278,172	190,712,966
Past due but not impaired	53,062,642	86,982,025
Impaired - individually assessed	80,871,626	101,523,037
Impaired - collectively assessed	93,588,939	88,032,669
Gross Loans and advances to Customers	**370,801,379**	**467,250,697**
Less: Allowance for impairment	(2,000,000)	(2,000,000)
Net Loans and advances to customers	**368,801,379**	**465,250,697**
Impairments not yet charged under the limited recourse guarantee with Eurobank Cyprus Ltd	(19,535,747)	(33,132,073)
Net loans and advances after impairments	**349,265,632**	**432,118,624**

5.1. Credit risk (continued)

5.1.2. Loans and advances (continued)

The wholesale and small business loans as at 31 December 2014 are covered by collaterals at 90% and 78%, respectively (2013: 115% and 83%, respectively). Consumer loans are not collateralized. Mortgage loans are collateralized at 96% (2013:96%).

Credit quality of loans and advances to customers

Loans and advances to customers are classified as "neither past due nor impaired", "past due but not impaired" and "impaired". Loans are reported as "neither past due nor impaired" when no contractual payments are in arrears and there are no other indications of impairment.

"Past due but not impaired" category includes loans with contractual payments overdue by at least one day, but which are not impaired unless specific information indicates to the contrary. This is typically when loans are in arrears less than 90 days past due for consumer and small business exposures, and less than 180 days past due for mortgage and wholesale exposures. For loans in this category, although not considered impaired, the Company may recognize an impairment provision.

"Impaired" loans that are individually assessed comprize wholesale exposures as well as small business loans which carry an individual impairment provision. All other retail impaired exposures carry a collective impairment provision.

The evidence considered by the Company in determining that there is objective evidence of impairment is set out in Note 2 Impairment.

The tables below present the total gross amount, representing the maximum exposure to credit risk gross of impairment allowance, of loans and advances that are classified as non impaired (i.e. "neither past due nor impaired" and "past due but not impaired") and those classified as impaired.

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired at 31 December 2014 and 2013 was assessed by reference to the entity's own standard grading system. The following information is based on that system:

	2014	2013
Acceptable- low risk	143,278,172	187,916,256
Watch list	-	2,796,711
Total	**143,278,172**	**190,712,967**

5.1. Credit risk (continued)

5.1.2. Loans and advances (continued)

(b) Loans and advances past due, but not impaired

	Consumer	Mortgage	Small business	Wholesale	2014
Past due up to 29 days	11,741,950	26,426,664	236,063	-	38,404,677
Past due 30 - 89 days	2,506,520	7,752,028	465,223	-	10,723,771
Past due 90 - 180 days	-	1,497,933	-	-	1,497,933
Past due more than 180 days	-	-	-	2,436,261	2,436,261
Total	**14,248,470**	**35,676,625**	**701,286**	**2,436,261**	**53,062,642**
Fair value of collateral	-	**29,264,622**	**549,637**	**2,218,301**	**32,032,560**

	Consumer	Mortgage	Small business	Wholesale	2013
Past due up to 29 days	22,390,544	34,713,934	1,195,622	-	58,300,100
Past due 30 - 89 days	8,360,104	13,758,951	1,429,962	-	23,549,017
Past due 90 - 180 days	-	5,132,908	-	-	5,132,908
Total	**30,750,648**	**53,605,793**	**2,625,584**	-	**86,982,025**
Fair value of collateral	-	**42,113,324**	**2,102,774**	-	**44,216,098**

(c) *Impaired loans and advances*
(c 1) *Impaired loans and advances collectively assessed*

For collectively assessed accounts, loans are treated as impaired based on historical loss data for groups of loans with similar characteristics. The collectively assessed loans and advances to customers before taking into consideration the cash flows from collateral held is presented below:

2014

	Consumer	Mortgage	Small Business	Total
Collectively assessed loans	38,587,927	54,969,713	31,299	93,588,939
Fair value of collateral	-	41,757,653	-	41,757,653

2013

	Consumer	Mortgage	Small Business	Total
Collectively assessed loans	36,658,113	29,954,440	21,420,116	88,032,669
Fair value of collateral	-	21,921,521	-	21,921,521

5.1. Credit risk (continued)

5.1.2. *Loans and advances (continued)*

(c 2) *Impaired loans and advances individually assessed*

For individually assessed accounts, loans are treated as impaired as soon as there is objective evidence that an impairment loss has been incurred. The criteria used by the Company to determine that there is objective evidence of impairment include:
- known cash flow difficulties experienced by the borrower;
- overdue contractual payments of either principal or interest;
- breach of loan covenants or conditions;
- the probability that the borrower will enter bankruptcy or other financial reorganization;
- a downgrading in credit rating by an external credit rating agency.

The individually assessed loans and advances to customers before taking into consideration the cash flows from collateral held is presented below. The breakdown of the gross amount of individually assessed loans and advances by classes is:

2014

	Mortgage	Small business	Wholesale	Total
Individually assessed loans	35,949	36,529,075	44,306,602	80,871,626
Fair value of collateral	23,673	33,435,622	40,587,590	74,046,885

2013

	Small business	Wholesale	Total
Individually assessed loans	29,061,490	72,461,547	101,523,037
Fair value of collateral	38,455,811	68,977,094	107,432,905

(d) *Repossessed collaterals*

During 2009, the Company has repossessed collaterals amounting to EUR 104 thousand through his agent assigned for the administration of these loans, Bancpost S.A. These collaterals are recorded in the agent's books until the Company instructs otherwise. Until such time, the Company recognized a receivable from its agent (at the auction value of the collateral), in correspondence with a reduction of the loan receivable.

During 2014, 2013, 2012, 2011 and 2010 there were no repossessed collateral.

5.1. Credit risk (continued)

5.1.2. Loans and advances (continued)

(c) Concentration of credit risk exposure

Geographical Sector

The following table breaks down the Company's main credit exposure at their gross carrying amounts, as categorized by the geographical sectors of our counterparties:

	Romania	2014
Loans and advances to customers:		
Consumer	80,886,233	80,886,233
Mortgage	198,045,566	198,045,566
Small businesses	45,043,459	45,043,459
Wholesale	46,826,121	46,826,121
Cash and cash equivalents	7,862,730	7,862,730
Other Assets	54,167,208	54,167,208
Total	**432,831,317**	**432,831,317**

	Romania	2013
Loans and advances to customers:		
Consumer	109,742,226	109,742,226
Mortgage	216,012,706	216,012,706
Small businesses	65,904,464	65,904,464
Wholesale	75,591,301	75,591,301
Cash and cash equivalents	12,454,263	12,454,263
Other Assets	154,637	154,637
Total	**479,859,597**	**479,859,597**

Industry sector

The following table breaks down the Company's main credit exposure at their gross carrying amounts, as categorized by the industry sectors of our counterparties:

	Commerce and services	Private individuals	Manufacturing	Construction	Other Industries	2014
Loans and advances to customers:						
- Consumer	-	80,886,233	-	-	-	80,886,233
- Mortgage	-	198,045,566	-	-	-	198,045,566
- Small businesses	28,571,061	-	8,456,333	6,524,931	1,491,134	45,043,459
- Wholesale	13,471,280	-	6,413,424	22,820,625	4,120,792	46,826,121
Cash and cash equivalents	7,862,730	-	-	-	-	7,862,730
Other Assets	16,266,131	17,120,623	6,205,628	11,323,584	3,251,242	54,167,208
Total	**66,171,202**	**296,052,422**	**21,075,385**	**40,669,140**	**8,863,168**	**432,831,317**

5.1. Credit risk (continued)

5.1.2. *Loans and advances (continued)*

	Commerce and services	Private individuals	Manufacturing	Construction	Other Industries	2013
Loans and advances to customers:						
- Consumer	-	109,742,226	-	-	-	109,742,226
- Mortgage	-	216,012,706	-	-	-	216,012,706
- Small businesses	42,908,433		11,859,059	8,688,336	2,448,636	65,904,464
- Wholesale	21,510,689	-	11,521,173	34,955,929	7,603,510	75,591,301
Cash and cash equivalents	12,454,263	-	-	-	-	12,454,263
Other Assets	154,637	-	-	-	-	154,637
Total	**77,028,022**	**325,754,932**	**23,380,232**	**43,644,265**	**10,052,146**	**479,859,597**

(f) Fair value of financial assets and liabilities

The three levels of the fair value hierarchy as at 31 December 2014 based on whether the inputs to the fair values are observable or unobservable, are as follows:

a) Level 1 – Financial instruments measured based on quoted prices in active markets for identical financial instruments that an entity can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. These include actively quoted debt instruments, equity and derivative instruments traded on exchanges, as well as mutual funds and unit-linked product that have regularly and frequently published quotes.

b) Level 2 – Financial instruments measured using valuation techniques with the following inputs: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) may also include other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments mainly include over-the-counter (OTC) derivatives and less-liquid debt instruments.

c) Level 3 – Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equity instruments.

(g) Fair value of financial assets and liabilities

The following table presents the carrying amounts and fair values of financial assets and liabilities which are not carried at fair value on the balance sheet, analysed by the level in the fair value hierarchy into which each fair value measurement is included:

31/12/14

	Level 1	Level 2	Level 3	Total fair value	Net carrying amount
Financial assets					
Loans and advances to customers	-	-	377,169,427	377,169,427	368,801,379
Total financial assets					

31/12/13

	Level 1	Level 2	Level 3	Total fair value	Net carrying amount
Financial assets					
Loans and advances to customers	-	-	481,572,251	481,572,251	465,250,697
Total financial assets					

5.1. Credit risk (continued)

5.1.2. *Loans and advances (continued)*

The assumptions and methodologies underlying the calculation of fair values of financial instruments not carried at fair value on the balance sheet date are in line with those used to calculate the fair values for financial instruments carried at fair value and are as follows:

Loans and advances to customers: for loans and advances to customers quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Group makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate.

For other financial instruments which are short-term or re-price at frequent intervals (cash, due to banks etc.), the carrying amounts represent reasonable approximations of fair values.

The following table presents the financial liabilities that have a short term maturity (less than 1 month) for which the assumption is that the carrying amount approximates their fair value:

	31/12/2014		31/12/2013	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial liabilities				
Borrowings	409,646,838	409,646,838	458,503,689	458,503,689
Other Liabilities	3,781,809	3,781,809	3,565,094	3,565,094
Total financial liabilities	**413,428,647**	**413,428,647**	**462,068,783**	**462,068,783**

5.2 **Market risk**

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific movements and changes in the level of volatility of market rates of prices such as interest rates, foreign exchange rates and equity prices.

5.2.1. **Interest rate risk**

The risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loan assets and loan liabilities are undertaken back to back on terms that both relate to the same variable Euribor or Libor rate. The risk is fully compensated by this balance and hence there is no sensitivity risk to a change in interest rate.

5.2.2. **Foreign exchange risk**

Foreign currency risk is the risk that assets or liabilities in foreign currencies will fluctuate in value due to exchange rate fluctuations. Loan assets and loan liabilities are undertaken back to back in the identical currencies.

5.2.3. **Sensitivity analysis**

The sensitivity of the Income Statement is the effect of the assumed changes in foreign exchanges rates on the net income for one year. Sensitivity analysis used for monitoring market risk do not represent worst case scenario. The effect on the income statement as a result of parallel shift in yield curve is nil. An analysis of the Company's sensitivity to an increase or decrease in FX rates (assuming constant balance sheet position) is as follows:

Sensitivity of Income Statement

	31/12/14	31/12/13
	gain/(loss)	gain/(loss)
Foreign exchange		
10% depreciation of functional currency (EUR) over foreign currencies	1,243,852	(151,568)

5.3. **Liquidity risk**

The Management considers that the liquidity risk is limited since the Group ensures availability of needed funds.

The table below presents the cash flow payable by the Company under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are contractual undiscounted cash flows.

Contractual undiscounted cash flows

	31/12/14	31/12/13
Up to 1 month:		
Borrowings from group companies	409,646,838	458,503,689
Interest payable to group companies	1,565,558	2,049,612
Other payables	2,216,251	2,482,064
	413,428,647	463,035,365
1-3 month:		
Borrowings from group companies	-	-
Interest payable to group companies	-	-
Other payables	-	-
	-	-
3-12 month:		
Borrowings from group companies	-	-
Interest payable to group companies	-	-
Other payables	-	-
	-	-
Total:		
Borrowings from group companies	409,646,838	458,503,689
Interest payable to group companies	1,565,558	2,049,612
Other payables	2,216,251	2,482,064
	413,428,647	463,035,365

5.4. **Capital management**

The Company's main objectives when managing capital, is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company is not required to comply with any capital requirements set by the regulators.

Capital consists of issued and paid up capital, share premium and other reserves. There have been no material changes in the Company's management of capital during the year.

The capital of the Company is presented below:

	2014	2013
Issued and paid-up capital	20,000	20,000
Share premium	11,980,000	11,980,000
Other reserve	5,880,889	4,125,727
Total equity	17,880,889	16,125,727

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Apart from the historical experience the Company considered also the effect of the current financial industry conditions in evaluating these estimates and judgments.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

Impairment losses on loans and advances

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

An Overdraft Multicurrency agreement dated July 11, 2008 between the Company (Borrower) and Eurobank Cyprus Ltd. (Lender) was concluded. There is a limited recourse through the Overdraft Multicurrency Agreement which states that the aggregate loss accrued by the Company (Borrower) in relation to its creditors defaulting under corresponding loans will not exceed the lower of Euro 2,000,000 or 1% (one per cent) of the outstanding amounts of corresponding loans, calculated before tax and over the total term of the this agreement. During 2013, through a Deed on Novation, the Company transferred all risks and rewards related to a part of a portfolio sub-participated in December 2011 to ERB New Europe Funding III B.V. for a total amount of Euro 22.4 million.

7 LOANS & ADVANCES

	31/12/14	31/12/13
Consumer loans*	80,886,233	109,742,226
Mortgage loans*	198,045,566	216,012,706
Small Business Borrowings/ Corporate loans*	91,869,580	141,495,765
Total loans to clients - gross*	370,801,379	467,250,697
Less: allowance for impairment (own risk)	(2,000,000)	(2,000,000)
	368,801,379	465,250,697
Impairments not yet charged under the limited recourse guarantee with Eurobank Cyprus Ltd	(19,535,747)	(33,132,073)
	349,265,632	432,118,624

(*) Loans and advances to customers are after any write downs performed due to limited recourse against borrowings, which for 2014 is Euro 58,015,509 and for 2013 is Euro 14,648,379.

The total w/d € 58.015.509 as of YE14 are consisting of: w/d performed in 2014 of amount € 4.007.602 counterbalanced by w/d of financing borrowings from Group company (Cyprus) as disclosed in Note 11, plus w/d booked in 2014 of amount € 54.007.907 against receivables from Cyprus as disclosed in Note 8.

	31/12/14	31/12/13
Movement in write downs limited recourse:		
Opening balance	94,922,083	80,273,704
Write downs performed during the year	58,015,509	14,648,379
Closing balance as at year end	152,937,592	94,922,083

Current Assets:	31/12/14	31/12/13
Loan repayments due:		
Up to 1 month	3,316,239	4,012,183
1-3 months	6,854,174	8,601,498
4-12 months	31,285,483	41,895,711
	41,455,896	54,509,392

Non-Current Assets:	31/12/14	31/12/13
1-5 years	129,937,201	165,590,799
Over 5 years	197,408,282	245,150,506
	327,345,483	410,741,305

Loans bear interest at 1 month or 3 month Euribor/Libor plus a spread and according to the Master Receivables Sale and Purchase Agreements.

ERB NEW EUROPE FUNDING II B.V.

Notes to the Financial Statements as at December 31, 2014
(amounts in EUR)

7 LOANS & ADVANCES (continued)

Movements in provisions in 2014 and 2013 for impairment of loans and interest receivable are:

Type of loan:	Consumer loans	Mortgage loans	Small business loans	Corporate loans	Total
Opening balance as at January 1, 2014	1,763,742	170,907	65,351	-	2,000,000
Provision charge / release for the year (including collection fees)	(116,753)	143,626	(26,873)	-	-
Disposal of loan portfolio	-	-	-	-	-
Other movements	-	-	-	-	-
Foreign exchange loss (gain)	-	-	-	-	-
Closing balance as at December 31, 2014	1,646,989	314,533	38,478	-	2,000,000

Type of loan:	Consumer loans	Mortgage loans	Small business loans	Corporate loans	Total
Opening balance as at January 1, 2013	1,585,038	1,599,509	815,163	3,792,483	7,792,193
Provision charge (release) for the year	178,704	739,955	825,950	415,728	2,160,337
Disposal of loan portfolio	-	(2,145,270)	(1,556,170)	(4,158,299)	(7,859,739)
Other movements	-	-	-	-	-
Foreign exchange loss (gain)	-	(23,287)	(19,592)	(49,912)	(92,791)
Closing balance as at December 31, 2013	1,763,742	170,907	65,351	-	2,000,000

8 OTHER RECEIVABLES

Description	31/12/14	31/12/13
Receivable from repossessed collaterals	98,528	98,470
Other receivables	4,606	-
Receivable from Eurobank Cyprus Ltd.	54,064,074	56,165
	54,167,208	154,635

9 CASH AND CASH EQUIVALENTS

Description	31/12/14	31/12/13
Due from banks/current accounts	3,077,239	3,591,371
Due from banks/deposits placed with banks	4,785,491	8,862,892
	7,862,730	12,454,263

There are no restrictions on the availability of cash and cash equivalents. These are readily available.

10 EQUITY

The Company's authorized share capital amounts to EUR 90,000 and consists of 90,000 ordinary shares with a nominal value of EUR 1 each.

As at December 31, 2014, 20,000 shares were issued and fully paid-up. The movements in the Equity we refer to the Statement of Equity on page 9 of this report.

ERB New Europe Funding II B.V. is fully controlled and owned by ERB New Europe Holding B.V., a wholly owned subsidiary of Eurobank Ergasias S.A., a bank incorporated in Greece and listed on the Athens Stock Exchange.

11 BORROWINGS FROM GROUP COMPANY

	31/12/14	31/12/13
Financing borrowings from Eurobank Cyprus Ltd.	413,654,440	473,152,068
Write-downs due to limited recourse against loans and advances to customers	(4,007,602)	(14,648,379)
	409,646,838	458,503,689

An Overdraft Multicurrency Agreement dated July 11, 2008 between the Company (Borrower) and Eurobank Cyprus Ltd. (Lender) was concluded. The attribution of impairment on loans & advances to borrowers relates to the impairments that management have estimated on the loan portfolio. Under the Overdraft Multicurrency Agreement the credit risk of the portfolio exceeding EUR 2,000,000 is born by Eurobank Cyprus Ltd., therefore this amount has been adjusted on the financing borrowing.

According to the agreement the borrowings are repriced and renewed on a monthly basis. Borrowings bear interest at 1 month or 3 month Euribor/Libor plus a spread and according to the Multicurrency Agreement. Based on Facility Agreement, borrowings bear interest at Euribor/Libor plus a spread for certain interest periods of up to six months until they are repriced.

The borrowings are matched with the loans and advances to customers (note 7).

12 INTEREST PAYABLE TO GROUP COMPANY

	31/12/14	31/12/13
Eurobank Cyprus Ltd., Cyprus.	1,565,558	1,083,030
	1,565,558	1,083,030

Repayments are due within 1 month.

13 OTHER PAYABLES

	31/12/14	31/12/13
Payables to Bancpost S.A.	1,006,024	1,405,146
Payables to Eurolife ERB Asigurari de Viata S.A.	74,634	-
Payables to sundry lawyers	409	22
VAT payable	-	819
Accrued expenses	35,000	44,554
Other payables	1,100,184	1,031,523
	2,216,251	2,482,064

14 INTEREST INCOME

	1/1/14-31/12/14	1/1/13-31/12/13
Interest income on loans and advances	24,351,517	32,753,939
Interest related income	4,023,463	7,176,454
Interest related fees	(1,512,584)	(2,491,181)
	26,862,396	37,439,212

15 INTEREST EXPENSE

	1/1/14-31/12/14	1/1/13-31/12/13
Interest expense borrowings from group Company	26,191,211	36,547,137
Bank interest expenses	8,638	10,826
	26,199,849	36,557,963

16 OPERATING COSTS

	1/1/14-31/12/14	1/1/13-31/12/13
Management, domiciliary and accounting fees	75,000	75,000
Occasional consultancy fees	18,350	29,340
Non-deductible VAT	46,976	64,830
Other	274,497	562,330
	414,823	731,500

17 TAXATION

In 2014 and 2013, this item can be detailed as follows:

	1/1/14-31/12/14	1/1/13-31/12/13
Result before taxation	1,819,566	283,756
Less: Foreign exchange gain/(loss)	185,999	(165,160)
Less: non- provision charge for impairment of loans	-	2,104,616
Less: non- taxable operating income	(1,707,951)	(2,074,267)
Taxable profit	297,614	148,945
Corporate income tax expense for the year	64,404	29,789
Effective corporate income tax rate	*3.54%*	*10.50%*

The movements in the taxation are as follows:

	2014	2013
Opening balance	334,915	305,002
Estimate tax charge for the year	(64,404)	(29,789)
Tax charge previous years	-	(128,301)
Payments made	207,708	192,121
Interest expense related to CIT	-	(4,118)
Closing balance	478,219	334,915

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

18 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions.

The Company's immediate parent and controlling entity is ERB New Europe Holding B.V.,a wholly owned subsidiary of Eurobank Ergasias S.A. (the Bank) which is listed in the Athens Stock Exchange.

In May 2013, following its full subscription in the Bank's recapitalization of € 5,839 million, the HFSF became the controlling shareholder and a related party of the Bank. In May 2014, following the completion of the Bank's share capital increase for raising € 2,864 million, fully covered by private, institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%.

In addition, in the context of the Law 3864/2010 (the 'HFSF Law') as amended by Law 4254/2014, the HFSF's voting rights in the Bank's General Assemblies have been switched to restricted ones. Accordingly, as of early May 2014, the HFSF is no more the controlling shareholder of the Bank but is considered to have significant influence over it.

Following the successful completion of the Bank's share capital increase in November 2015, the percentage of ordinary shares with voting rights of the Bank held by HFSF was reduced from 35.41% to 2.38%.

The related parties considered for reporting purposes comprize of Bancpost S.A., Eurolife ERB Asigurari Generale S.A., Eurolife ERB Asigurari de Viata S.A. Eurobank Private Bank Luxembourg S.A., Eurobank Cyprus Ltd. and ERB New Europe Funding III B.V. which are entities controlled by Eurobank Ergasias S.A.

The related party transactions the Company is involved in are included in the Balance Sheet and Income Statement and further disclosed in this note.

A number of transactions are entered into with related parties in the normal course of the business. These include loans, deposits and foreign currency transactions and acquisition of other services. The volumes of related party transactions, outstanding balances at year-end, and relating expense and income for the year are as follows:

The related party transactions that refer to the Income Statement can be specified as follows:

	31/12/2014	31/12/2013
Interest expense borrowings Eurobank Cyprus	(26,199,849)	(35,789,099)
Interest expense borrowings Private Bank Luxembourg	-	(768,864)
Bank fees Bancpost SA	(12,669)	(30,235)
Bank fees Private Bank Luxembourg	(9,876)	(9,875)
Expenses relating to interest income on loans & advances Bancpost SA	(1,246,861)	(2,203,796)
Expenses relating to interest income on loans & advances Eurolife ERB Insurance	(105,279)	(213,155)
Interest income Eurobank Cyprus Ltd	11,504	463
Interest income Bancpost SA	10,909	20,902
Operating expenses Eurobank Property Services SA Romania	(1,700)	-
Operating expenses Eurobank Property Services SA Athens	(4,600)	(27,324)
	(27,558,421)	(39,020,983)

The related party transactions that refer to the Balance Sheet can be specified as follows:

	31/12/2014	31/12/2013
Current accounts with banks Bancpost SA	2,908,750	3,664,024
Current accounts with banks Eurobank Cyprus	62,606	(178,645)
Current accounts with banks Private Bank Luxembourg	92,870	92,870
Term deposits with other banks Bancpost SA	2,708,835	6,787,607
Term deposits with other banks Eurobank Cyprus	2,076,656	2,075,285
Loans & advances to customers (prepaid origination fees) Bancpost SA	470,647	765,648
Other receivables Bancpost SA	98,528	98,470
Other receivables Eurobank Cyprus	54,064,074	56,166
Term loans from banks Eurobank Cyprus Ltd	(411,212,396)	(459,586,720)
Other payables to Group Company	(1,186,044)	(1,578,382)
Impairments not yet charged under the limited recourse guarantee with Eurobank Cyprus Ltd	19,535,747	33,132,073
	(330,379,727)	(414,671,604)

19 COMMITMENTS AND CONTINGENCIES

No off balance sheet contractual commitments or obligations, affecting the financial statements, have occurred to date.

20 OTHER INFORMATION ON GENERAL AND ADMINISTRATIVE EXPENSES

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

The audit fees of EUR 35,000 (2013: EUR 35,000) comprizes the fees of independent external auditor PricewaterhouseCoopers Accountants N.V. for the statutory audit of the financial statements.

The external independent auditor has not charged any fees relating to other assurance related services, tax or any other consulting services.

21 DIRECTORS

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

On March 14, 2014, Mr. T. Karakasis has resigned as managing director and Mr. E. Zois has been appointed as the new managing director of the Company at per same date.

On April 28, 2014, Mr. C. Kokologiannis has resigned as managing director of the Company, and as per same date Mr. S. Psychogyios has been appointed as managing director of the Company.

As per August 17, 2015, Mr. S. van der Meer and Mr. M.A.H. Martis have resigned as managing directors of the Company, and as per same date Mr. B.R. Janssens and Mr. R. Wemmi have been appointed as managing directors of the Company.

The Board of Managing Directors,

S. Psychogyios

E. Zois

B.R. Janssens

R. Wemmi

Amsterdam, January 29, 2016

ERB NEW EUROPE FUNDING II B.V.

Other information

Other reserve

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been cleared, the other reserves are at the disposal of the shareholder in accordance with Article 22 of the Company's Articles of Association.

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

Appropriation of result

The Board of Managing Directors proposes to add the net profit for the year to the accumulated profits. This proposed allocation of result has been incorporated in the financial statements, and is subject to the approval of the General Meeting of Shareholders.

Post balance sheet events

Position of Eurobank Group

Liquidity, of the whole Greek banking sector, was negatively affected in the first two months of 2015 due to the combined effect of deposit withdrawals, reduction of wholesale secured funding and the decision of European Central Bank (ECB) to lift the waiver of minimum credit rating requirements for marketable instruments issued or guaranteed by Hellenic Republic (i.e. Greek government bonds and Pillar 2 & 3 of the Law 3723/2008). As a result, Greek banks reverted to the fallback funding source, the Emergency Liquidity Assistance (ELA) mechanism to cover their short term liquidity needs.

The prolonged negotiations of the Greek government with the European Union (EU), the ECB and the International Monetary Fund (IMF) ('the Institutions') until the expiration of the extension of the Master Financial Assistance Facility Agreement (MFFA) on 30 June 2015, led to increased uncertainty and significant deposit outflows. With banks' liquidity buffers falling to significantly low levels, the Greek government on 28 June 2015 introduced restrictions on banking transactions and a temporary bank holiday, in order to contain further liquidity outflows. Following the termination of the bank holiday in Greece on 20 July 2015, there has been some gradual relaxation of capital controls with the easing process expected to continue in the following months, being accelerated after the completion of banks' recapitalization.

In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system. The decisive implementation of the measures agreed in the context of the new European Stability Mechanism (ESM) program and the completion of banks' recapitalization will permit ECB to reinstate the waiver for the instruments issued or guaranteed by the Hellenic Republic and will signal the gradual repatriation of deposits in the banking system and the re-access to the markets for liquidity.

Despite the fact that the Greek economy showed early signs of recovery during 2014 for the first time since 2007, there are significant downside risks associated with fiscal gap funding uncertainties and the low levels of investment and consumption levels, which may undermine in the short-term the pace of recovery. The current adverse economic conditions in Greece, including the imposition of capital restrictions, had a negative impact on the liquidity of the Greek banks and raised concerns regarding their solvency position. The new ESM Program agreed between Greece and its European partners in August 2015 includes a buffer of up to € 25 bn for the banking sector in order to address potential banks' recapitalization needs of viable banks and resolution costs of non viable banks, in full compliance with EU competition and State Aid rules. According to the recently released Stress Test results, a significantly lower amount will be required for the recapitalization of the Greek systemic banks.

Position of Eurobank Group (continued)

In this context, a comprehensive assessment of the Greek banks ('CA') was conducted by the competent supervisory authorities in order to determine their potential capital needs. The results of the CA were announced on 31 October 2015, based on which a shortfall of € 0.3 bn in baseline scenario against 9.5% CET1 threshold and € 2.1 bn in adverse scenario against 8% CET1 threshold, which is the lowest shortfall across Greek banks, was identified for the Bank. Following these results, the Bank has already submitted a capital plan to the ECB for approval, describing in detail the measures it intends to implement in order to cover the shortfall identified in the CA, for under both the baseline and the adverse scenario.

On 16 November 2015, the Parent Company announced that the SSM recognized €83 million of capital generation that can be taken into account to reduce its total capital shortfall as part of the CA, due to the positive difference between the realized pre provision income for the third quarter of 2015 and the respective figure projected in the stress test (baseline scenario).

On the same date, the Bank's Extraordinary General Meeting of the shareholders approved the increase of the Bank's share capital of up to € 2,039 million The said capital increase has been effected by means of a private placement to institutional and other eligible investors in Greece and internationally through a book-building process (Institutional Offering), with waiving of the pre-emption rights of the Bank's existing ordinary shareholders and preference shareholder.

In combination with the aforementioned share capital increase, a Liability Management Exercise (LME), was launched by the Bank on 29 October 2015 referring to the tender offer on € 877 million (face value) of outstanding eligible senior unsecured, Tier I and Tier II securities. The purchase proceeds from LME were used for the sole purpose of covering part of the Bank's share capital increase.

On 18 November 2015, the Bank announced that it has completed the aforementioned book-building process. In particular, indicative demand from investors in the Institutional Offering together with the preliminary results of the Bank's LME are in excess of € 2,039 million and therefore are sufficient for the Bank to raise such amount without seeking any capital support from the HFSF. On 30 November 2015 the Bank announced that it has successfully completed the share capital increase. New shares started being traded on the Athens Exchange on December 2, 2015.

Notwithstanding the conditions and uncertainties mentioned above, the directors having considered the successful completion of the Bank's share capital increase and the mitigating factors set out below, are satisfied that the financial statements of the Company can be prepared on a going concern basis.

- The existence of the new 3-year ESM program with a ca € 86 bn financing envelope (including the up to €25 bn recapitalization facility), aiming to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration,
- The authorities' commitment to take decisive measures to safeguard the stability in the financial sector, such as Law 4340/2015 regarding the recapitalization framework of credit institutions that was enacted on 1 November 2015,
- The Institutions' and the Greek government's commitment to take decisive actions on non performing loans,
- The Group's continued implementation of its medium term internal capital generating plan, which includes initiatives generating or releasing Common Equity Tier I capital and/or reducing risk weighted assets and
- The Group's continued access to Eurosystem funding (ECB and ELA liquidity facilities) over the foreseeable future.

No other post balance sheet events affecting the financial statements have occurred to date.

Independent auditor's report

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

Independent auditor's report

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

Report on the financial statements

We have audited the accompanying financial statements 2014 as set out on pages 5 to 31 of ERB New Europe Funding II B.V., Amsterdam, which comprise the balance sheet as at 31 December 2014, the income statement, the statement of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

The managing directors' responsibility

The managing directors 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 with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the managing directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the managing directors is responsible for such internal control as it determines is necessary to enable the preparation of the 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 Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the managing directors, 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.

Ref.: e0368432

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

pwc

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of ERB New Europe Funding II B.V. as at 31 December 2014, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the managing directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further, we report that the managing directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 29 January 2016
PricewaterhouseCoopers Accountants N.V.

V.S. van der Reijden RA