ERB NEW EUROPE HOLDING B.V.

Amsterdam, the Netherlands

FINANCIAL STATEMENTS 2016

ERB NEW EUROPE HOLDING B.V.

Contents	**Page**

Financial Statements

Additional Information

In accordance with the Articles of Association of ERB New Europe Holding B.V., The Board of Managing Directors herewith submits the Annual Report of ERB New Europe Holding B.V. (the Company) for the year ended 31 December 2016.

Key Activities

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

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

a. to incorporate, to participate in, and to conduct the management of other companies and enterprises;

b. to render administrative, technical, financial, economic or managerial services to other companies, persons and enterprises;

c. to acquire, to dispose of, to manage and to commercialise moveable and immoveable property and other goods, including patents, trademark rights, licenses, permits and other industrial property rights;

d. to borrow and to lend money, to act as surety or guarantor in any other manner, and to bind itself solely and jointly or otherwise in addition to or on behalf of others.

Position of Eurobank Group

Macroeconomic environment

Greece's real GDP is expected to grow by 1.8% in 2017, according to the 2018 Draft Budget submitted in Parliament in early October 2017 (European Commission Autumn Forecast for 2017 at 1.6%) from -0.03% in 2016, according to recent Hellenic Statistical Authority (ELSTAT) data. On the fiscal front, the 2016 Greece's primary balance registered a surplus of 3.9% of GDP outperforming the 0.5% of GDP Third Economic Adjustment Program (TEAP) target. According to the 2018 Draft Budget the primary surplus for 2017 and 2018 is expected at 2.2% and 3.6% of GDP, respectively.

In June 2017, Greece, after the implementation of a series of prior actions including structural reforms and fiscal structural measures amounting to 2% of GDP for the post program period, successfully concluded the second review of TEAP, which paved the way for the release of the next loan tranche to Greece under the existing adjustment program, amounting to € 8.5 bn in two sub-tranches, for debt servicing needs and arrears clearance. The first sub-tranche of € 7.7 bn has been disbursed in June 2017. The second sub-tranche of € 0.8 bn was disbursed in late October 2017 after the progress by the Greek authorities towards the clearance of the general government arrears to the private sector. On 25 July 2017, the Greek government, on the back of the aforementioned positive developments, issued a € 3 bn five-year bond at a yield of 4.625% for the first time since July 2014. The proceeds of the bond issue will be used for further liability/debt management and for the build-up of a state cash buffer in the context of the 15 June 2017 Eurogroup's decisions.

The completion of the second program review has reduced the uncertainties that prevailed during the first months of the year and improved expectations for an increase in the domestic economic activity in the second half of 2017. The third review of TEAP commenced at the end of October 2017 and its timely completion would lead to the disbursement of an additional € 5 bn. The decisive implementation of the reforms agreed in the context of the TEAP, the implementation of further debt relief measures in accordance with 24 May 2016 Eurogroup decisions, the mobilization of European Union (EU) funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a strong and sustainable growth path.

Position of Eurobank Group (continued)

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

Liquidity risk

In accordance with the agreement with the European partners the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program. The successful completion of the second review of the TEAP has enhanced Greece's credibility towards the international markets and improved the domestic economic sentiment, which along with the return to positive economic growth rate is expected to accelerate in turn the deposit inflows in the banking system, the faster relaxation of capital controls and the further access to the markets for liquidity.

As at 30 September 2017, Eurobank (the Bank) has managed to reduce its dependence on Eurosystem funding mainly through asset deleveraging, deposit inflows and increased market repos on covered bonds and Greek treasury bills. In the same context, the Bank also reduced its participation in the second stream of the Hellenic Republic's liquidity support plan.

Solvency risk

The Group monitors closely the developments in the Greek macroeconomic environment taking into account its direct and indirect exposure to sovereign risk. A major area of focus is the active management of non-performing exposures, with the aim to substantially reduce their stock in accordance with the Bank's operational targets and taking advantage of the Group's internal infrastructure, the important legislative changes and the external partnerships that have taken or are expected to take place.

The Group remains focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, and by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets. The Group's Common Equity Tier 1 (CET1) ratio stood at 17.3 % at 30 September 2017 (31 December 2016: 17.6%) and the net profit attributable to shareholders amounted to € 61 million for the period ended 30 September 2017 (31 December 2016: € 230 million).

The Management, taking into consideration the above factors relating to the adequacy of the Group's capital position and its anticipated continued access to Eurosystem funding over the foreseeable future, as well as the improving macroeconomic conditions in Greece, has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

Risk Management

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

Credit Rating of Eurobank Group

The parent company's (Eurobank Ergasias Group) long term rating was 'CCC+' at August 2016 (2015: 'SD, 2014: CCC+) according to the Standard & Poor's credit rating.

Outlook

There were no changes in the nature of the activities of the Company in 2016 and no changes are expected in 2017.

Current year results

During the year under review the Company recorded a profit of EUR 11,740,695. The profit was mainly driven by the reversal of impairments of subsidiaries and associates. (see Notes 5, 7 and 8). In the previous financial year (2015) a profit recorded amounted EUR 278,915,524.

Related parties

In November 2015, following the completion of the Bank's share capital increase, fully covered by investors, institutional and others the percentage of the Bank's ordinary shares with voting rights held by the HFSF decreased from 35.41% to 2.38%.

Despite the aforementioned significant decrease of its percentage, the HFSF is still considered to have significant influence over the Bank. In particular, in the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank's General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or decrease of the Bank's capital or the granting of a corresponding authorization to the Bank's Board, decisions concerning the mergers, divisions, conversions, revivals, extension of duration or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring approval by an increased majority as provided for in Company Law 2190/1920. In addition, the Bank has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014.

Operations in Ukraine classified as held for sale

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

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

Post balance sheet events

In April 2017 ERB Asset Fin DOO Beograd was liquidated and deleted from the companies register.

In August 2017 ERB Leasing A.D. Beograd Serbia is under liquidation.

On 15 September 2017, Eurobank ("the Bank") announced that has entered into negotiations with Banca Transilvania with regards to the potential sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group). The sale was considered highly probable, therefore, as of 30 September 2017 Romanian disposal group was classified as held for sale in the Group financial statements.
On 24 November 2017, the Bank announced that it has reached an agreement with Banca Transilvania to sell the shares in Romanian disposal group. The transaction will be completed upon the receipt of the required approvals from the National Bank of Romania and the Competition Council, expected in the following months.

Other events

In May 2017, the Company received a dividend of EUR 24,7 million by its subsidiary ERB Retail Services IFN SA, following the latter's General Shareholder Meeting which took place on 27 April 2017.
The company received EUR 0,7 million as a liquidation product by its wholly owned subsidiary ERB Asset Fin DOO Beograd following it's liquidation during 2017.
No other material subsequent events, affecting the financial statements, have occurred to date.

Future developments

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

Amsterdam, December 11, 2017

Managing Directors
ERB New Europe Holding B.V.
Chamber of Commerce number: 34192535

C. Koukoutsaki S. Psychogios

L.P. Elstershamis R. Wemmi

ERB NEW EUROPE HOLDING B.V.

Income Statement
for the period ended December 31, 2016
(in EUR)

	Note	31/12/2016	31/12/2015
Income and Expenses			
Interest income	16	1.589	1.417.209
Interest expense	16	-1.029.492	-1.209.887
Impairment reversal on investments in subsidiaries and associates	7, 8	13.205.353	17.279.064
Dividend income		--	265.973.447
Gain on disposal and liquidation of investments	7	--	1
Currency exchange result		101.743	-4.493.857
Other income/expenses		--	17.788
General and administrative expenses		-132.775	-489.951
Operating Profit		12.146.418	278.493.814
Profit before taxation		12.146.418	278.493.814
Corporate income tax income/(expense)	15	216.359	-225.640
Profit for the year from continuing operations		12.362.777	278.268.174
(Loss)/Profit for the year from discontinued operations	9	-622.082	647.351
Profit for the year		11.740.695	278.915.524
Other comprehensive income:			
Available for sale securities	10	407.575	--
Total comprehensive income for the year		**12.148.270**	**278.915.524**

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

ERB NEW EUROPE HOLDING B.V.

Balance Sheet as at December 31, 2016

(In EUR, before appropriation of results)

	Notes	31/12/2016	31/12/2015
ASSETS			
Non-current assets			
Investments in subsidiaries	7	309.547.230	576.326.728
Investments in associates	8	466.745.081	186.760.226
Loan granted to subsidiary undertakings	16	--	227.788
		776.292.311	763.314.741
Current assets			
Trade and other receivables	10	849.373	1.275.283
Cash and cash equivalents	11	48.203.843	48.152.599
		49.053.216	49.427.882
TOTAL ASSETS		825.345.527	812.742.623
EQUITY			
Equity attributable to equity holders of the Company			
Ordinary shares	5.2	802.808.000	802.808.000
Share premium		4.157	4.157
Retained earnings, excluding the result for the current year		-34.017.669	-312.933.193
Total comprehensive income for the year		12.148.270	278.915.524
TOTAL EQUITY		780.942.758	768.794.488
LIABILITIES			
Current liabilities			
Loan payable	13	43.813.750	43.813.750
Trade and other payables	14	589.019	134.383
		44.402.768	43.948.134
TOTAL EQUITY, PROVISIONS AND LIABILITIES		825.345.527	812.742.623

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

ERB NEW EUROPE HOLDING B.V.

Cash Flow Statement
for the period ended December 31, 2016
(in EUR)

	Notes	2016	2015
Cash flow from continuing operating activities			
(Application of Indirect Method)			
Profit / (Loss) before tax for the year		12.146.418	278.493.814
Adjustments for:			
Impairment loss / reversal on investments in subsidiaries and	7, 8	-13.205.353	-17.279.064
Dividend distributed		0	-262.112.647
Unrealised foreign exchange gain		-118.492	3.910.116
Interest income		-1.589	-1.417.209
Interest expense		1.029.492	1.209.887
		-149.525	**2.804.896**
Net increase / (decrease) in trade and Other receivables	10	20.384	-245.989
Net increase / (decrease) in trade and Other payables	14	454.632	11.199
Cash (used in)/generated from continuing operations		**325.491**	**2.570.105**
Interest paid		-1.029.492	-1.878.102
Tax received / (paid)	15	649.058	501.419
Net cash (used in) / generated from continuing operating activities		**-54.942**	**1.193.423**
Cash flows from continuing investing activities			
Interest received	17	1.589	1.429.804
Acquisition of interests in subsidiaries	7	0	-6.012.527
Acquisition of interests in associaties	8	0	-61.132
Repayment of EPS Ukraine loan held with ERB Cyprus		0	-221.226
Capital reduction from investments	10	407.573	0
Net cash (used in) / generated from continuing investing activities		**409.162**	**-4.865.082**
Net (decrease) / increase in cash equivalents from continuing operating activities		**354.220**	**-3.671.659**
Net cash (used in) / generated from discontinued investing activities	9, 10	-405.268	658.603
Net decrease in cash equivalents		**-51.048**	**-3.013.057**
Cash and cash equivalents at the beginning of the year	11	48.152.598	50.905.523
Cash and cash equivalents at the end of the year	11	48.203.843	48.152.598
Effect of exchange rate fluctuations on cash held		102.293	260.132
Movement in cash		**51.048**	**3.013.057**

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

ERB NEW EUROPE HOLDING B.V.

Statement of Changes in equity
for the period ended December 31, 2016
(in EUR)

	Ordinary Shares	Share premium	Retained earnings	Total equity
Balance as at January 1, 2015	850.000.000	401.027.926	-499.036.314	751.991.612
Share capital / premium decrease (note 5)	-47.192.000	-401.023.769	448.215.769	--
Dividend distributed	--	--	-262.112.647	-262.112.647
Profit / (Loss) for the period	--	--	278.915.524	278.915.524
Balance as at December 31, 2015	802.808.000	4.157	-34.017.669	768.794.488
Balance as at January 1, 2016	802.808.000	4.157	-34.017.669	768.794.488
Profit / (Loss) for the period	--	--	11.740.695	11.740.695
Other Comprehensive income for the year	--	--	407.575	407.575
Balance as at December 31, 2016	802.808.000	4.157	-21.869.398	780.942.758

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

Notes to the Financial Statements as at December 31, 2016
(in EUR)

1 GENERAL

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

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied 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 ongoing concern basis.
The policies set out below have been consistently applied to the years 2016 and 2015, 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.

Amendments to standards adopted by the Company
The following amendments to standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2016:

IAS 1, Amendment-Disclosure initiative
The amendment clarifies that an entity need not provide in the financial statements, including the notes, a specific disclosure required by an IFRS if the information resulting from that disclosure is not material and also clarifies that additional disclosures may be necessary if the information required by IFRSs is not sufficient for an understanding of the impact of particular transactions and events on the entity's financial position and performance.
The line items listed in IAS 1 for the balance sheet and the statement of profit or loss should be disaggregated if this is relevant to an understanding of the entity's financial position and additional guidance on the use of subtotals is provided. In the statement of comprehensive income the share of the other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss and when determining a systematic approach to presenting notes, the entity should consider the understand ability and comparability of its financial statements.
The adoption of the amendment had no impact on the Company's financial statements.

IAS 27, Amendment-Equity Method in Separate Financial Statements
The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements. In particular, separate financial statements are those presented in addition to consolidated financial statements or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures which are required by IAS 28 'Investments in Associates and Joint Ventures' to be accounted for using the equity method.
The adoption of the amendment had no impact on the Company's financial statements.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

IFRS 11, Amendment-Accounting for Acquisitions of Interests in Joint Operations

The amendment requires an investor to apply the principles of business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs, which do not conflict with IFRS 11, when it acquires an interest in a joint operation that constitutes a 'business' as defined in IFRS 3. The amendments, which also apply when an existing business is contributed to the joint operation on its formation, require the disclosure of information specified in IFRS 3 and other IFRSs for business combinations. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation while the joint operator retains joint control. However, a previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation results in retaining joint control.
The adoption of the amendment had no impact on the Company's financial statements.

IFRS 10, IFRS 12 and IAS 28, Amendments-Investment Entities: Applying the Consolidation Exception

The amendments clarify the application of the consolidation exception for the subsidiaries of investment entities.
The adoption of the amendments had no impact on the Company's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle

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:
• IFRS 2 'Share-based Payment': The terms 'performance condition' and 'service condition' are separately defined;
• IFRS 3 'Business Combinations': It is clarified that contingent consideration in a business acquisition that is not classified as equity, whether or not it falls within the scope of IAS 39 (or IFRS 9 once adopted), is subsequently measured at fair value at each reporting date, with changes in fair value recognized in profit or loss;
• IFRS 8 'Operating Segment': Disclosure of the judgments made by management in aggregating operating segments is required, including a description of the segments aggregated and the economic indicators assessed in determining that the aggregated segments share similar economic characteristics. Furthermore, a reconciliation of segment assets to the entity's total assets is required if the reconciliation is reported to the chief operating decision maker;
• IFRS 13 'Fair Value Measurement': It is clarified that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial;
• IAS 16 'Property, Plant and Equipment': It is clarified how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model;
• IAS 24 'Related Party Disclosures': It is clarified that an entity that provides key management personnel services to the reporting entity or to its parent (the management entity) is a related party to the reporting entity and the amounts charged to it for services provided should be disclosed; and
• IAS 38 'Intangible Assets': It is clarified how the gross carrying amount and the accumulated amortization are treated where an entity uses the revaluation model.

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

Annual Improvements to IFRSs 2012-2014 Cycle

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:
• IFRS 5 'Non-current assets held for sale and discontinued operations': It is clarified that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. Therefore the asset (or disposal group) does not need to be reinstated in the financial statements, as if it had never been classified as 'held for sale' or 'held for distribution', simply because the manner of disposal has changed;
• IFRS 7 'Financial instruments': Specific guidance is added to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. It is also clarified 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 'Interim financial reporting';
• IAS 19 'Employee benefits': When determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise; and
• IAS 34 'Interim financial reporting': It is clarified that the reference in the standard to 'information disclosed elsewhere in the interim financial report' means some other statement (such as management commentary or risk report) that is available to users of the financial statements at the same time as the interim financial statements, requiring a cross-reference from the interim financial statements to the location of that information.

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

New standards, amendments to standards and interpretations not yet adopted by the Company

A number of new standards, amendments to existing standards and interpretations are effective after 2016, as they have not yet been endorsed by the European Union or have not been early applied by the Company. Those that may be relevant to the Company are set out below:

IAS 7, Amendment-Disclosure Initiative (effective 1 January 2017, not yet endorsed by EU)

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

IFRS 9, Financial Instruments (effective 1 January 2018)

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Classification and measurement

IFRS 9 applies a new classification and measurement approach for all types of financial assets that reflects the entity's business model for managing the assets and their contractual cash flow characteristics. IFRS 9 requires financial assets to be classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available for sale.
Financial assets will be measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principle and interest (SPPI). Financial assets will be measured at FVOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principle and interest. All other financial assets will be classified at FVTPL.
An entity may at initial recognition, designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. Furthermore, on initial recognition of an equity instrument that is not held for trading, an entity may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.
Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard are no longer bifurcated. Instead, the hybrid financial instrument is assessed for classification as a whole.
IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at FVTPL, gains or losses attributable to changes in own credit risk shall be presented in OCI and shall not be subsequently transferred to profit or loss unless such a presentation would create or enlarge an accounting mismatch. Under IAS 39, all fair value changes of liabilities designated at FVTPL are recognized in profit or loss unless this would create or enlarge an accounting mismatch.

Business model assessment

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect contractual cash flows from the asset, to realize cash flows from the sale of assets, or both to collect contractual cash flows and cash flows from the sale of assets. Financial assets that are held for trading or that are managed on a fair value basis will be measured at FVTPL.
The Company's approach is to perform the business model assessment consistently with its operating model and the information provided to key management personnel. In making the above assessment the Company will consider a number of factors including:
• the stated policies and objectives for each portfolio;
• how the performance of each portfolio is evaluated and reported;
• the risks associated with the performance of the business model and how those risks are managed;
• how managers are compensated; and
• past experience on how the cash flows from those portfolios were collected, expectations about future sales activity and how the Company's stated objective for managing the financial assets is achieved.

SPPI assessment

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

Preliminary assessment of changes to the classification and measurement

The Company conducted a preliminary high-level assessment of possible changes to the classification and measurement of its portfolios based on its existing business models as at 31 December 2016. The Company's current expectation is that:
• loans and advances to banks and customers that are classified as loans and receivables and measured at amortized cost under IAS 39 would also be measured at amortized cost under IFRS 9;
• held-to-maturity investment securities measured at amortized cost under IAS 39 would in general also be measured at amortized cost under IFRS 9;
• debt securities classified as available-for-sale under IAS 39, may under IFRS 9 be measured at amortized cost or FVOCI depending on the business model within which they are held;
• assets in the debt securities lending portfolio (see note 26) that are measured at amortized cost under IAS 39, may under IFRS 9 be measured at amortized cost or FVOCI depending on the business model within which they are held;
• debt securities that are measured at FVTPL under IAS 39 would in general continue to be measured at FVTPL under IFRS 9;
• trading assets and derivative assets that are measured at FVTPL under IAS 39 would also be measured at FVTPL under IFRS 9; and
• equity securities classified as available-for-sale under IAS 39 would generally be measured at FVTPL under IFRS 9.

The above classification and measurement assessment may not be fully representative of the impact on the Company's financial statements as at 1 January 2018 because IFRS 9 requires the business model assessment to be made based on the facts and circumstances that exist at the date of initial application. Moreover, the Company's preliminary assessment has not included a detailed review of the contractual terms of all the financial assets which is in progress.
The final impact will depend on the structure of the Company's portfolios on initial application, which may not be the same as at 31 December 2016.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

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

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

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

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

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

Transition

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

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

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

Annual Improvements to IFRSs 2014-2016 Cycle (effective 1 January 2017 and 1 January 2018, not yet endorsed by EU)

The amendments introduce key changes to two IFRSs following the publication of the results of the IASB's 2014-16 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

• IFRS 12 'Disclosure of Interests in Other Entities': It is clarified that the disclosure requirements in IFRS 12 apply to an entity's interest in a subsidiary, a joint venture or an associate classified as held for sale except for the requirement for summarized financial information. The amendment applies for annual periods beginning on or after 1 January 2017; and
• IAS 28 'Investments in Associates and Joint Ventures': It is clarified that venture capital organizations, mutual funds, unit trusts and similar entities are allowed to elect measuring their investments in associates or joint ventures at fair value through profit or loss. The amendment applies for annual periods beginning on or after 1 January 2018.

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

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

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

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

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

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

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

Prior year comparison

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

Foreign currencies

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

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

Subsidiaries

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

Associates

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

Investment securities

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Loans and receivables

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

Loans and payables (borrowings)

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

Trade and other payables

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

Cash and cash equivalents

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

Provisions

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Interest income and expenses

Interest income and expenses are recognised in the income statement for all interest bearing instruments on an accruals basis, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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

De-recognition of financial assets and liabilities

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

Non-current assets classified as held for sale

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

3 PRINCIPLES OF DETERMINATION OF RESULT

General

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

4 CONSOLIDATION

The company has not prepared consolidated annual accounts for the year ended 31 December 2016. No consolidation is performed as the Company decided to apply the exemption for consolidation as is permitted under Article 408, Title 9 Book 2 of The Netherlands Civil Code. A copy of the consolidated financial statements of the parent company Eurobank Ergasias S.A. will be filed with the Chamber of Commerce in Amsterdam, The Netherlands. Eurobank's Financial Statements can be found at www.eurobank.gr.

5 FINANCIAL RISK MANAGEMENT

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

Credit Rating of Eurobank Group

The Company holds a large current account with Eurobank Ergasias Group (the parent company) which amounts to EUR 43,087,977 as at 31/12/2016. The parent company’s (Eurobank Ergasias Group) long term rating was 'CCC+' at August 2016 (2015: 'SD, 2014: CCC+) according to the Standard & Poor’s credit rating.

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

Interest rate risk

The Company’s interest rate arises from current liabilities. Borrowing issued at variable rate exposes the Company to interest rate on the short-term loan. During the year 2016, the Company’s interest rate on the short-term loan payable was LIBOR plus 2.55%.

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

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

Foreign currency risk

The Company holds several financial investments in foreign currencies.

It holds one bank account in Serbian Dinars and one in Ukraine Hryvnia. These bank accounts have an immaterial amount in aggregate. In addition, the Company holds one bank account in United States Dollars and one in Swiss Francs which is disclosed in note 12 of these financial statements. Moreover, the Company has other intercompany loans receivable in USD as disclosed in note 11 of these financial statements. Any resulting exchange differences on the items mentioned above, are included in the Statement of Comprehensive income. Foreign currency risk is continued monitored by the management and is regarded manageable.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

		Less than 1 year		Over 1 year	
As at 31 December 2015	CCY	Amount in CCY	Amount in EUR	Amount in CCY	Amount in EUR
Trade and other receivables	CHF	22.416	19.982	--	--
Trade and other receivables	USD	476.034	394.840	--	--
Cash and cash equivalents	UAH	59.060	2.252	--	--
Cash and cash equivalents	RSD	64.041	527	--	--
Cash and cash equivalents	USD	3.633.504	3.117.482	--	--
Cash and cash equivalents	CHF	17.626	16.268	--	--

Based on an analysis of the Company's foreign currency risk and the materiality of the balances, the impact on the profit and loss account by a increase/decrease in USD rate of 10%, would cause a maximum increase/decrease of EUR 360,743 and 440,909 respectively. By comparing this same analysis on the Company's 2015 balances a shift of 10% of the USD rate, would have caused a maximum increase/decrease of EUR 339,725 and 415,219 respectively.

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

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Liquidity risk

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

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

As at 31 December 2016	Less than 1 month	Between 1 to 3 months	Between 3 to 12 months	Over 12 months
Liabilities:				
Loan payable	43.813.750	--	--	--
Trade and other payables	--	589.019	--	--

As at 31 December 2015	Less than 1 month	Between 1 to 3 months	Between 3 to 12 months	Over 12 months
Liabilities:				
Loan payable	43.813.750	--	--	--
Trade and other payables	--	134.383	--	--

5.2 Capital management

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

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

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

The capital of the Company is presented below:

	31 December 2016	**31 December 2015**
Issued and paid-up capital	802.808.000	802.808.000
Share premium	4.157	4.157
Retained Earnings	-34.017.669	-50.820.545
Dividend distributed	--	-262.112.647
Total comprehensive income for the year	12.148.270	278.915.524
Total equity	**780.942.758**	**768.794.489**

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value of financial assets and liabilities

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

Financial instruments not carried at fair value

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

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Impairment of investments

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

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

7 INVESTMENTS IN SUBSIDIARIES

The movements in the investments in subsidiaries are as follows:

	2016	2015
Opening balance as at January 1,	576.326.728	552.508.002
Transfer to Associaties	(266.025.135)	--
Reversal of impairment loss / (Impairment loss)	(754.362)	17.806.198
Balance as at December 31,	309.547.230	576.326.728

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

7 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name		Ownership and voting rights	Cost price in euro 2016	Cost price in euro 2015
1 ERB Retail Services IFN SA				
Romania				
	Opening balance	99,15%	25.745.943	25.745.916
	Movements		--	27
	Closing balance	99,15%	25.745.943	25.745.943
2 Eurobank Cyprus Limited				
Cyprus				
	Opening balance	100%	257.454.482	257.454.482
	Closing balance	100%	257.454.482	257.454.482
3 ERB Leasing IFN SA				
Romania				
	Opening balance	97,64%	9.801.142	7.323.848
	Additions (Share Capital Increase)	--	--	3.000.000
	Impairment loss	--	--	(522.707)
	Closing balance	97,64%	9.801.142	9.801.141
4 ERB Asset Fin DOO Beograd				
Serbia				
	Opening balance	100%	754.362	--
	Additions (Share Capital Increase)	--	--	1.012.500
	Impairment loss	--	(754.362)	(258.138)
	Closing balance	100%	--	754.362

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

Name		Ownership and voting rights	Cost price in euro 2016	Cost price in euro 2015
5 ERB New Europe Funding II B.V.				
The Netherlands				
	Opening balance	100%	12.000.200	12.000.200
	Closing balance	100%	12.000.200	12.000.200

7 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name		Ownership and voting rights	Cost price in euro 2016	Cost price in euro 2015
6 **Eurobank Bulgaria AD** **Bulgaria**				
	Opening balance	54,27%	266.025.135	245.997.476
	Reversal of impairment loss / (Impairment loss)	--	--	20.027.659
	Transfer to Associaties	(54,27%)	-266.025.135	--
	Closing balance	0%	--	266.025.135

During 2016, in the context of the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (Postbank), Company's participation in Postbank decreased from 54,27% to 43,85% (reclassified to associate, note 8) following a debt to equity conversion in favor of Eurobank.

Name		Ownership and voting rights	Cost price in euro 2016	Cost price in euro 2015
7 **Eurobank Finance SA** **Romania**				
	Opening balance	80,36%	559.384	--
	Additions (Share Capital Increase)	--	--	2.000.000
	Impairment loss	--	--	(1.440.616)
	Closing balance	80,36%	559.384	559.384
8 **ERB IT Shared Services S.A.** **Romania**				
	Opening balance	98,90%	3.986.080	3.986.080
	Closing balance	98,90%	3.986.080	3.986.080

8 INVESTMENTS IN ASSOCIATES

The movements in the investments in associates are as follows:	Cost price in euro 2016	Cost price in euro 2015
Opening balance as at January 1,	186.760.226	187.226.228
Additions	--	61.132
Transfer from Subsidiaries	266.025.135	--
Reversal of impairment loss / (Impairment loss)	13.959.719	(527.134)
Balance as at December 31,	466.745.081	186.760.226

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

The Company has shares in the following Associates:

Name		Ownership and voting rights	Cost price in euro 2016	Cost price in euro 2015
1 **Eurobank A.D. Beograd** **Serbia**				
	Opening balance	42,74%	170.381.468	170.381.468
	Reversal of impairment loss / (Impairment loss)	--	9.299.213	--
	Closing balance	42,74%	179.680.681	170.381.468

The reversal of impairment for 2016 is based on the latest available management estimate on the recoverable amount. During 2016 Eurobank A.D. Beograd Serbia has managed to achieve a net profit of €17 million and increase its total equity to an amount of €400 million. Profitable performance has continued – and improved – during 2017, a fact that has been also taken into consideration for the estimation of the recoverable amount.

8 INVESTMENTS IN ASSOCIATES (CONTINUED)

Name		Ownership and voting rights	Cost price in euro 2016	Cost price in euro 2015
2 **ERB Leasing A.D. Beograd**				
Serbia				
	Opening balance	48,63%	510.000	510.000
	Closing balance	48,63%	510.000	510.000
3 **Bancpost SA**				
Romania				
	Opening balance	5,37%	15.868.758	16.334.760
	Additions	--	--	61.132
	Impairment loss	--	(3.000.000)	(527.134)
	Closing balance	5,37%	12.868.758	15.868.758

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

4 **Eurobank Bulgaria AD**				
Bulgaria				
	Opening balance	0,00%	--	--
	Transfer from Subsidiaries	0,00%	266.025.135	--
	Reversal of impairment loss / (Impairment loss)	--	7.660.502	--
	Closing balance	43,85%	273.685.637	--

The reversal of impairment for 2016 is based on the latest available management estimate on the recoverable amount. During 2016 Eurobank Bulgaria AD has managed to achieve a net profit of €61 million and increase its total equity to an amount of €587 million. This performance was mainly a result of a combination of the Alpha Bank's branch in Bulgaria, higher sales of new loans, reduction of the cost of funds as well as lending portfolio quality improvement. Profitable performance has continued – and improved – during 2017, a fact that has been also taken into consideration for the estimation of the recoverable amount.

9 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

		Ownership and voting rights	Cost price in EUR 2016	Cost price in EUR 2015
1 Public J.S.C. Universal Bank				
Ukraine				
	Opening balance	99,99%	--	--
	Additions*	--	22.470	75.141.332
	Impairment loss	--	(22.470)	(75.141.332)
	Closing balance	0,00%	--	--

*The Company in 2016 participated in Public J.S.C Universal Bank's share capital increase with an amount of €1.7 million through the utilization of existing debt provided by the Group which was fully impaired in the prior year hence not included in the table above.

		Ownership and voting rights	Cost price in EUR 2016	Cost price in EUR 2015
2 ERB Property Services Ukraine LLC				
Ukraine				
	Opening balance	99,00%	--	--
	Additions	--	217.787	--
	Disposal of investments	--	(217.787)	--
	Closing balance	0,00%	--	--

In March 2014, management committed to a plan to sell the Group's operations in Ukraine (including Public J.S.C. Universal Bank and ERB Property Services Ukraine LLC). The sale was considered highly probable, therefore, the Company's operations in Ukraine were classified as held for sale.
Following the classification of the disposal group as held for sale, in accordance with IFRS 5, management has measured it at the lower of its carrying amount and fair value less costs to sell. The determination of fair value less costs to sell was based on recent bid offers received from third parties for the sale, further adjusted by management in order to reflect the continuing stressed market environment.
The continuing adverse conditions in the country led to an extension of the period to complete the sale beyond one year. The Group's operations in Ukraine continue to be classified as a disposal group held for sale, as the Group remains committed to its plan to sell that disposal group.
In February 2016, the Company participated in ERB Property Services Ukraine LLC share capital increase with an amount of UAH 6.319 million (€0.2 mil) through the utilization of existing debt provided by the Group.
In September 2016, the Group disposed of ERB Property Services Ukraine LLC and in December 2016, Eurobank and TAS group concluded on the acquisition of Universal Bank by the latter, after all regulatory approvals were obtained. The resulting loss on disposal from operations in Ukraine amounted to EUR 0,1 million.

	2016	2015
Interest income	36.129	590.924
Impairment loss on investments in subsidiaries	-22.470	-6.147
Reversal of impairment losses on loans and advances	--	62.574
Other income/expenses	-507.954	--
Loss on disposal and liquidation of investments	-127.787	--
Net (loss)/profit from discontinued operations	-622.082	647.351

10 TRADE AND OTHER RECEIVABLES

As at December 31, 2016, this item can be detailed as follows:

Name	CCY	Amount in CCY	2016	2015
EFG International Bermuda Ltd	USD	1	1	1
Eurobank EFG Holding (Luxembourg) S.A.	CHF	--	--	19.982
EFG Investment II (UK)	USD	429.624	407.575	394.839
* Income tax receivable			441.797	860.462
			849.373	1.275.283

* Note 15 of the financial statements provides a detailed breakdown of the Income tax receivable.
During 2016 EFG Investment II (UK), a fully impaired AFS investment, reduced its capital and paid an amount of EUR 407.573 to the company. This amount has been included in other comprehensive income.

11 CASH AND CASH EQUIVALENTS

Cash at banks

As at December 31, 2016, this item can be detailed as follows:

Description	CCY	Amount in CCY	Rate	2016	2015
Current accounts	USD	3.795.482	0,9487	3.600.685	3.117.482
Current accounts	UAH	87	0,0352	3	2.252
Current accounts	RSD	64.041	0,0081	519	527
Current accounts	CHF	54.869	0,9312	51.094	16.268
Current accounts	EUR	44.551.543	1,0000	44.551.543	45.016.070
				48.203.843	48.152.599

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

12 EQUITY

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

Notes to the Financial Statements as at December 31, 2016
(in EUR)

13 LOAN PAYABLE

As at December 31, 2016, the Company's outstanding borrowings are detailed as follows:

Name	Description	CCY	2016	2015
Eurobank Private Bank Luxemburg S.A.	Loan	EUR	43.813.750	43.813.750
Eurobank Private Bank Luxemburg S.A.	Interest	EUR	--	--
			43.813.750	43.813.750

Interest rate applied for the year 2016 was EURIBOR plus 2,55%.

14 TRADE AND OTHER PAYABLES

As at December 31, 2016, this item can be detailed as follows:

Name	Description	2016	2015
Trade and other payables	General and admin. expenses	589.019	134.383
		589.019	134.383

15 TAXATION

For the year ended December 31, 2016, this item can be detailed as follows:

	2016
Profit before income tax	12.146.418
- Participation exemption*	(270.554)
Add: Non-deductible expenses:	
- Impairment loss on investments	(13.205.353)
- Interest income from discontinued operations	36.129
- Other non-deductible expenses	(237.400)
Taxable amount	(1.530.760)
Corporate Income Tax paid during 2016	--
Corporate Income Tax received from previous years	216.359
Corporate Income Tax position 2016	216.359

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

*The participation exemption applies on the Company's operations in Ukraine.

15 TAXATION (CONTINUED)

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

	2016	2015
Opening balance	860.462	772.297
Tax carry back refund	75.109	257.158
Payments made/ (receipts) during the year relating to previous years	(649.058)	(618.134)
Adjustment provision based on final assessment previous years	--	(154.162)
Payments made via preliminary assessment for the year	--	451.402
Withholding tax on interest (reclaimable)	155.284	151.901
Balance as at December 31, 2016	441.797	860.462

The Company has fiscal tax loss available to carry forward as at 31 December 2016 amounting to € 7,870,086. No relevant deferred tax asset has been recognised since management does not expect that the Company will have adequate future taxable profits.

16 RELATED PARTY TRANSACTIONS

In November 2015, following the completion of the Bank`s share capital increase, fully covered by investors, institutional and others the percentage of the Bank`s ordinary shares with voting rights held by the HFSF decreased from 35.41% to 2.38%.

Despite the aforementioned significant decrease of its percentage, the HFSF is still considered to have significant influence over the Bank. In particular, in the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank`s General Assembly only for decisions concerning the amendment of the Bank`s Articles of Association, including the increase or decrease of the Bank`s capital or the granting of a corresponding authorization to the Bank`s Board, decisions concerning the mergers, divisions, conversions, revivals, extension of duration or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring approval by an increased majority as provided for in Company Law 2190/1920. In addition, the Bank has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014.

Notes to the Financial Statements as at December 31, 2016
(in EUR)

16 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Loan granted to subsidiary undertakings (Public J.S.C. Universal Bank Ukraine)

	Closing balance	
Description	**2016**	**2015**
Subordinated loan	-	9.728.657
Impairment loan and interest	-	(9.728.657)
	-	-

(b) Trade and other receivables

	Closing balance	
Description	**2016**	**2015**
Loan to ERB Property Services Ukraine LLC	-	227.788
	-	227.788

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

	Closing balance	
Description	**2016**	**2015**
Current accounts held with subsidiaries / associates	2.890.423	1.755.600
Current accounts held with shareholder / parent entity	44.640.915	44.571.805
	47.531.338	46.327.405

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

	Closing balance	
Description	**2016**	**2015**
Loan payable	43.813.750	43.813.750
	43.813.750	43.813.750

(e) Financial income and expenses

	Closing balance	
Description	**2016**	**2015**
Interest Income (Loss) on subordinated loan with subsidiary (Public J.S.C. Universal Bank, Ukraine)	36.129	590.924
Interest income on deposit account held with shareholder (Eurobank Ergasias S.A.)	1.589	1.417.209
Dividend income from Eurobank Cyprus Limited	--	265.973.447
Interest expense on loan payable to group company (Eurobank Private Bank Luxembourg S.A.)	(1.029.492)	(1.209.887)
	(991.773)	266.771.693

17 OTHER INFORMATION ON GENERAL AND ADMINISTRATIVE EXPENSES

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

The audit fees of EUR 15,000 (2015: EUR 19,000) comprises the fees of external independent auditor PricewaterhouseCoopers Accountants N.V. for the statutory audit of the financial statements. The external independent auditor has not charged any fees relating to other assurance related services, tax, consulting or any other consulting services.

18 CONTINGENT LIABILITIES, LITIGATIONS AND COMMITMENTS

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

19 DIRECTORS

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

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. 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.

As per January 30, 2017, Mr. E.R. Janssenss has resigned as Managing Director of the Company, and as per same date Mr. L.P. Elstershamis has been appointed as Managing Director of the Company.

20 OTHER INFORMATION

POSITION OF EUROBANK GROUP
Macroeconomic environment

Greece's real GDP is expected to grow by 1.8% in 2017, according to the 2018 Draft Budget submitted in Parliament in early October 2017 (European Commission Autumn Forecast for 2017 at 1.6%) from -0.03% in 2016, according to recent Hellenic Statistical Authority (ELSTAT) data. On the fiscal front, the 2016 Greece's primary balance registered a surplus of 3.9% of GDP outperforming the 0.5% of GDP Third Economic Adjustment Program (TEAP) target. According to the 2018 Draft Budget the primary surplus for 2017 and 2018 is expected at 2.2% and 3.6% of GDP, respectively.

In June 2017, Greece, after the implementation of a series of prior actions including structural reforms and fiscal structural measures amounting to 2% of GDP for the post program period, successfully concluded the second review of TEAP, which paved the way for the release of the next loan tranche to Greece under the existing adjustment program, amounting to € 8.5 bn in two sub-tranches, for debt servicing needs and arrears clearance. The first sub-tranche of € 7.7 bn has been disbursed in June 2017. The second sub-tranche of € 0.8 bn was disbursed in late October 2017 after the progress by the Greek authorities towards the clearance of the general government arrears to the private sector. On 25 July 2017, the Greek government, on the back of the aforementioned positive developments, issued a € 3 bn five-year bond at a yield of 4.625% for the first time since July 2014. The proceeds of the bond issue will be used for further liability/debt management and for the build-up of a state cash buffer in the context of the 15 June 2017 Eurogroup's decisions.

The completion of the second program review has reduced the uncertainties that prevailed during the first months of the year and improved expectations for an increase in the domestic economic activity in the second half of 2017. The third review of TEAP commenced at the end of October 2017 and its timely completion would lead to the disbursement of an additional € 5 bn. The decisive implementation of the reforms agreed in the context of the TEAP, the implementation of further debt relief measures in accordance with 24 May 2016 Eurogroup decisions, the mobilization of European Union (EU) funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a strong and sustainable growth path.

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

Liquidity risk

In accordance with the agreement with the European partners the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program. The successful completion of the second review of the TEAP has enhanced Greece's credibility towards the international markets and improved the domestic economic sentiment, which along with the return to positive economic growth rate is expected to accelerate in turn the deposit inflows in the banking system, the faster relaxation of capital controls and the further access to the markets for liquidity.

As at 30 September 2017, Eurobank (the Bank) has managed to reduce its dependence on Eurosystem funding mainly through asset deleveraging, deposit inflows and increased market repos on covered bonds and Greek treasury bills. In the same context, the Bank also reduced its participation in the second stream of the Hellenic Republic's liquidity support plan.

Solvency risk

The Group monitors closely the developments in the Greek macroeconomic environment taking into account its direct and indirect exposure to sovereign risk. A major area of focus is the active management of non-performing exposures, with the aim to substantially reduce their stock in accordance with the Bank's operational targets and taking advantage of the Group's internal infrastructure, the important legislative changes and the external partnerships that have taken or are expected to take place.
The Group remains focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, and by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets. The Group's Common Equity Tier 1 (CET1) ratio stood at 17.3 % at 30 September 2017 (31 December 2016: 17.6%) and the net profit attributable to shareholders amounted to € 61 million for the period ended 30 September 2017 (31 December 2016: € 230 million).
The Management, taking into consideration the above factors relating to the adequacy of the Group's capital position and its anticipated continued access to Eurosystem funding over the foreseeable future, as well as the improving macroeconomic conditions in Greece, has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

Operations in Ukraine classified as held for sale

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

Post balance sheet events

In April 2017 ERB Asset Fin DOO Beograd was liquidated and deleted from the companies register.

In August 2017 ERB Leasing A.D. Beograd Serbia is under liquidation.

On 15 September 2017, Eurobank ("the Bank") announced that has entered into negotiations with Banca Transilvania with regards to the potential sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group). The sale was considered highly probable, therefore, as of 30 September 2017 Romanian disposal group was classified as held for sale in the Group financial statements.

On 24 November 2017, the Bank announced that it has reached an agreement with Banca Transilvania to sell the shares in Romanian disposal group. The transaction will be completed upon the receipt of the required approvals from the National Bank of Romania and the Competition Council, expected in the following months.

Other events

In May 2017, the Company received a dividend of EUR 24,7 million by its subsidiary ERB Retail Services IFN SA, following the latter's General Shareholder Meeting which took place on 27 April 2017. The company received EUR 0,7 million as a liquidation product by its wholly owned subsidiary ERB Asset Fin DOO Beograd following it's liquidation during 2017.
No other material subsequent events, affecting the financial statements, have occurred to date.

Appropriation of result

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

<u>**The Board of Managing Directors,**</u>

C. Koukoutsaki	S. Psychogios
L.P. Elstershamis	R. Wemmi

Amsterdam, December 11, 2017

ERB NEW EUROPE HOLDING B.V.

Other Information

Statutory provision regarding appropriation of Result

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

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

Independent Auditor's report

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

Independent auditor's report

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

Report on the financial statements 2016

Our opinion

In our opinion ERB New Europe Holding B.V.'s financial statements give a true and fair view of the financial position of the company as at 31 December 2016, 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 (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2016 of ERB New Europe Holding B.V., Amsterdam ('the company').

The financial statements comprise:

- the balance sheet as at 31 December 2016;
- the following statements for 2016: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

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

The basis for our opinion

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

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

Ref.: e0412666

Independence

We are independent of ERB New Europe Holding B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Report on the other information included in the annual report

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

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

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

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

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

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

The managing directors are responsible for the preparation of the other information, including the directors' report and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the managing directors

The managing directors are responsible for:

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

As part of the preparation of the financial statements, the managing directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the managing directors should prepare the financial statements using the going-concern basis of accounting unless the managing directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so. The managing directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

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

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

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

Rotterdam, 11 December 2017
PricewaterhouseCoopers Accountants N.V.

M.P.A. Corver RA

Appendix to our auditor's report on the financial statements 2016 of ERB New Europe Holding B.V.

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

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

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managing directors.
- Concluding on the appropriateness of the managing directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole.
  However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the managing directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.