ERB NEW EUROPE FUNDING B.V.

Amsterdam, The Netherlands

FINANCIAL STATEMENTS 2018

ERB NEW EUROPE FUNDING B.V.

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ERB NEW EUROPE FUNDING B.V.

Amsterdam

Report of the board of Managing Directors

In accordance with the Articles of Association of ERB New Europe Funding B.V., the Board of Managing Directors herewith submits the Annual Report of ERB New Europe Funding B.V. (the Company) for the year ended 31 December 2018.

Key Activities

ERB New Europe Funding B.V. (the Company) was incorporated on 19 October 2006 and has its registered address at Herengracht 500, Amsterdam, The Netherlands. The Company is incorporated in The Netherlands and is wholly owned by Eurobank Ergasias S.A. in Greece. On 1 November 2012 the Company changed its name to ERB New Europe Funding B.V. (former name: EFG New Europe Funding B.V.).

As of 1 January 2023 the Company changed its address to Strawinskylaan 569, 1077 XX, Amsterdam, The Netherlands.

In 2006, the Company initiated a corporate loan portfolio, originating from the Eurobank Ergasias Group's activities in Serbia, to invest in loans granted to Serbian Corporates and/or Eurobank Ergasias Group companies in Serbia. The Company itself is funded directly by the Eurobank Private Bank Luxembourg S.A. in Luxembourg.

All loans and advances to third party customers, are 99% guaranteed for repayment by Eurobank S.A. All loans and advances to Eurobank Ergasias Group companies are 99% guaranteed by Eurobank S.A. The total combined exposure for the Company will not exceed 1% of its total loans and advances with a maximum of 2 million Euro.

The Board of Managing Directors of the Company has performed an assessment on the recoverability of all loans and the ability (financial resources and liquidity) of Eurobank S.A. and concluded that Eurobank Ergasias S.A. are able to fulfil their commitments regarding the guarantee given to the Company.

Overview of activities

During the financial year 2018 the Company decreased its loan portfolio for a total amount of EUR 7.720.011 (2017: 4.810.868).
The loan portfolio was decreased by repayments from customers.

Position of Eurobank Group

Macroeconomic environment

2022 was marked by the war in Ukraine, which gave rise to a global - but predominantly European - energy crisis, added to the mounting inflationary pressures, and led to widespread economic uncertainty and increased volatility in the global economy and financial markets. Nevertheless, the post-pandemic recovery continued for a second consecutive year in Greece, with its GDP growth overperforming that of most of its EU peers. According to the Hellenic Statistical Authority (ELSTAT) provisional data, the Greek economy expanded by 5.9% on an annual basis in 2022, with the European Commission (EC) estimating the full-year 2022 growth rate at 5.5% and 1.2% in 2023 in its winter economic forecast (February 2023). The inflation rate, as measured by the change in the 12-month average Harmonized Index of Consumer Prices (HICP), increased to 9.3% in 2022 according to ELSTAT, primarily as a result of supply-side shocks (including the hikes in energy, food and other raw material prices, the continued disruptions in the supply chain and the rising nominal wages), alongside the steep post-pandemic recovery of domestic and external demand. The EC expects that the inflation rate will decline to 4.5% in 2023, and further de-escalate to 2.4% in 2024. Moreover, provisional ELSTAT data shows that the average monthly unemployment in 2022 decreased to 12.4%, from 14.8% in 2021, while the Organisation for Economic Co-operation and Development (OECD) in its latest report (January 2023) expects unemployment to decline to 11.5% in 2023. On the fiscal front, the general government primary balance was to post a deficit of 1.6% of GDP in 2022 according to the 2023 Budget (latest outlook point to a primary deficit of ca. 1% of GDP or even lower), and a surplus of 0.7% of GDP in 2023 (2021: deficit of 5%). The gross public debt-to-GDP ratio is expected to decline to 168.9% and 159.3% in 2022 and 2023 respectively (2021: 194.5%). The above forecasts may change in case of potential adverse international developments that could affect energy and other goods prices, interest rates, external and domestic demand, and bring about the need for additional fiscal support measures.

A significant boost to growth in Greece and in other countries of presence is expected from European Union (EU) funding, mainly under the Next Generation EU (NGEU) instrument and the Multiannual Financial Framework (MFF) 2021–2027, EU's long-term budget. Greece shall receive EU funds of more than € 30.5 billion (€ 17.8 billion in grants and € 12.7 billion in loans) up to 2026 from NGEU's Recovery and Resilience Facility (RRF) to finance projects and initiatives laid down in its National Recovery and Resilience Plan (NRRP) titled "Greece 2.0".

Position of Eurobank Group (continued)

A pre-financing of € 4 billion was disbursed in August 2021, and the first two regular payments of € 3.6 billion each in April 2022 and January 2023 respectively. Greece has been also allocated about € 40 billion through MFF 2021-2027. On the monetary policy front, although net bond purchases under the temporary Pandemic Emergency Purchase Programme (PEPP) ended in March 2022, as scheduled, the European Central Bank (ECB) will continue to reinvest principal from maturing securities at least until the end of 2024, including purchases of Greek Government Bonds (GGBs) over and above rollovers of redemptions. Furthermore, the Governing Council of the ECB, in line with its strong commitment to its price stability mandate, has proceeded with six rounds of interest rate hikes (in July, September, October, December 2022, February and in March 2023), raising the three key ECB interest rates by 350 basis points in aggregate. Moreover, it approved a new instrument (the "Transmission Protection Instrument" – TPI) aimed at preventing fragmentation in the sovereign bonds market. Finally, following the expiration of the special terms and conditions applying to the TLTRO III (Targeted Longer-Term Refinancing Operations) on 23 June 2022, the ECB will keep assessing how targeted lending operations are contributing to its monetary policy stance.

In 2022, the Greek State proceeded with the issuance of nine bonds of various maturities (5-year, 10-year, 15-year and 20-year) through the Public Debt Management Agency (PDMA), raising a total of € 8.3 billion from international financial markets. On 17 January 2023, the PDMA issued a 10-year bond of € 3.5 billion at a yield of 4.279% and more recently, on 29 March 2023, issued a 5-year bond of € 2.5 billion at a yield of 3.919%. As of end 2022, the cash reserves of the Greek State stood in excess of € 30 billion, and as of early February 2023, its sovereign rating was one notch below investment grade by three of the four External Credit Assessment Institutions (ECAIs) accepted by the Eurosystem (DBRS Morningstar: BB (high); S&P Ratings, Fitch Ratings: BB+).

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and its region are as follows:

(a) the ongoing Russia - Ukraine war and its ramifications on regional and global stability and security, as well as the European and Greek economy, (b) a potential prolongation of the ongoing inflationary wave and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, as well as any potential social and/or political ramifications these may entail, (c) the ongoing and potential upcoming central bank interest rate hikes worldwide, and in the euro area in particular, that may exert upwards pressures on sovereign and private borrowing costs, especially those of highly indebted borrowers, deter investments, increase volatility in the financial markets and lead economies to slow down or even a temporary recession, (d) the recent banking sector turmoil to continue and expand in the euro area, affecting customers' confidence, with a potential impact on assets under management levels and on liquidity, (e) the impact of a potential curtailment or discontinuation of the government energy support measures on growth, employment and the servicing of household and corporate debt, (f) the persistently large current account deficits and the prospect of them becoming once again a structural feature of the country's growth model, (g) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (h) the effective and timely implementation of the reform agenda required to meet the RRF milestones and targets and to boost productivity, competitiveness, and resilience, (i) a delay in the implementation of planned reforms, projects and the budget's fiscal agenda due to the possibility of the 2023 national elections resulting in an inability or delay to form a government with solid Parliament majority, (j) the geopolitical developments in the near region, (k) the evolution of the pandemic and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balances and international trade by prolonging the disruptions in the global supply chain, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment, fiscal balance and sustainable development in the long run.

Materialization of the above risks, would have potentially adverse effects on the fiscal planning of the Greek government, as it could decelerate the pace of expected growth and on the liquidity, asset quality, solvency and profitability of the Greek banking sector. The Group Management and Board, mindful of the recent banking turmoil across some markets, has done a proactive internal review to re-assure itself of the continued resilience of Eurobank business model to such possible external shocks and is pleased to report that this model is well supported by sound business practices, diversified activities and prudent risk management approaches. The resulting stability of the Group's business operating model is also further well-reflected by, among others, its financial position and performance as analysed below. In this context, the Group is continuously monitoring the developments on the macroeconomic, financial and geopolitical fronts as well as the evolution of its asset quality and liquidity KPIs and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals in accordance with the business plan for 2023 - 2025.

As at 31 December 2022, the Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios of Eurobank Holdings Group, stood at 19.2% (31 December 2021: 16.1%) and 16% (31 December 2021: 13.7%) respectively. At the same date, the Total CAD and CET1 ratios of Eurobank S.A. (the Bank) amount to 18.9% (31 December 2021: 15.3%) and 15.1% (31 December 2021: 12.4%) respectively.

Position of Eurobank Group (continued)

With regards to asset quality, as at 31 December 2022, the Group's NPE stock, following the classification of project "Solar" underlying loan portfolio as held for sale and other initiatives, amounted to € 2.3 billion (Bank: € 1.9 billion) (31 December 2021: € 2.8 billion, Bank: € 2.2 billion), driving the NPE ratio to 5.2% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 74.6% (31 December 2021: 69.2%).

Eurobank Demerger

On 20.03.2020 Eurobank Ergasias S.A. announced that, following the decision of the Extraordinary General Meeting of its shareholders held on 31.01.2020 and after obtaining the necessary approvals by the competent Authorities, its demerger through sector's hive down and establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." ("Eurobank") was completed. Furthermore, on 23.03.2020 the amendment of its Articles of Association was announced, according to which its corporate name of Eurobank Ergasias S.A. was amended to "Eurobank Ergasias Services and Holdings S.A." ("Eurobank Holdings").

Following the above, Eurobank substitutes Eurobank Holdings, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector (as at 30.06.2019) and formed up to Demerger's completion on 20.03.2020.

Eurobank Holdings, Eurobank's sole shareholder, ceases to be a credit institution and maintains activities and assets and liabilities that are not related to main banking activities, but are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties. Eurobank Holdings continues to be listed on the Athens Stock Exchange with its shares trading under its new name starting from 24.03.2020.

Solvency risk

As at 31 December 2022, the Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios of Eurobank Holdings Group, stood at 19.2% (31 December 2021: 16.1%) and 16% (31 December 2021: 13.7%) respectively. At the same date, the Total CAD and CET1 ratios of Eurobank S.A. (the Bank) amount to 18.9% (31 December 2021: 15.3%) and 15.1% (31 December 2021: 12.4%) respectively.

In terms of liquidity, as at 31 December 2022, the Eurobank Holding's Group deposits increased to € 57.2 billion (31 December 2021: € 53.2 billion), while the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme decreased by € 2.9 billion amounting to € 8.8 billion (Bank: € 7.9 billion) (31 December 2021: € 11.7 billion, Bank: € 10.8 billion). During the year, the Bank proceeded with the issuance of a preferred senior note of € 500 million and the Parent Company completed the issuance of a Tier 2 instrument of € 300 million. More recently, in January 2023, the Bank successfully completed the issue of a € 500 million senior preferred note (note 33). The rise in high quality liquid assets of the Eurobank Holding Group led the respective Liquidity Coverage ratio (LCR) to 173% (31 December 2021: 152%). In the context of the 2022 ILAAP (Internal Liquidity Adequacy Assessment Process), the liquidity stress tests results indicated that the Bank has adequate liquidity buffer to cover the potential outflows that could occur in all scenarios both in the short term (1 month horizon) and in the medium term (1 year horizon).

Position of Eurobank Group (continued)

Credit Rating of Eurobank Group

On 20/3/2020 Moody's Investors Service (Moody's) assigned a Baseline Credit Assessment (BCA) of caa1 and deposit ratings of Caa1/NP to Eurobank S.A.On 27/3/2020 Standard & Poor’s assigned 'B' long- and short-term issuer counterparty ratings and 'B' long and short term resolution counterparty rating to Eurobank SA. (with stable outlook).On 27/4/2021 Standard & Poor’s raised their long-term issuer credit ratings (ICRs) on Eurobank S.A, to 'B+' from 'B' (with stable outlook), and assigned 'B+' issue ratings to Eurobank S.A.'s senior preferred notes.

Current year results

During the year under review, the Company recorded a profit of EUR 22.363 (2017: a profit after tax of EUR 18.569) which is set out in detail in the attached Income Statement.

Related party transactions

The Bank’s shareholding structure

Eurobank Ergasias Services and Holdings S.A. (Eurobank Holdings) is the parent company of Eurobank S.A. (the Bank). The Board of Directors (BoD) of Eurobank Holdings is the same as the BoD of the Bank and part of the key management personnel (KMP) of the Bank provides services to Eurobank Holdings according to the terms of the relevant agreement between the two entities.

As at 31 December 2022, the percentage of Eurobank Holdings’ ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%. The HFSF is considered to have significant influence over the Bank pursuant to the provisions of the Law 3864/2010, as in force, including the amendments under law 4941/2022 and the Tripartite Relationship Framework Agreement (TRFA) between Eurobank S.A., Eurobank Holdings and the HFSF signed on 23 March 2020 and amended on 3 February 2022.

In 2023, Eurobank Holdings announced its intention to submit an offer for the buyback of its 52.08 million shares (corresponding to a participation of 1.4%), presently owned by the HFSF, subject to the receipt of the required approvals from the regulator and the General Meeting of the Company’s Shareholders.

Fairfax Group, which holds 32.99% of Eurobank Holdings voting rights as of 31 December 2022 (31 December 2021: 33%), is considered to have significant influence over Eurobank Holdings and accordingly over the Bank.

Risk Management

The Company's activities expose it to a variety of risks. Exposure to credit risk, interest rate risk, foreign currency risk and liquidity risk arises in the normal course of the Company’s business. The risk management of the Company is organized from Serbia and the management of the Company is provided with the outcome periodically. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The management considers there is no significant concentration of the following risks at the balance sheet date. The procedures for assessing the risk are also shown below:

Credit risk

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

The credit risks are reduced to the fact that all loans and advances to customers are 99% guaranteed for repayment by Eurobank Ergasias Group companies, Eurobank A.D. Beograd and Eurobank Ergasias S.A. All these companies are sufficiently capitalized to cover the granted guaranties, and therefore the Company has only a 1% risk with a maximum of 2 million on its loan portfolio.

The Company has defined risk grading system which is based on various factors: financial, sector, management and operations.

The customers which were granted loans & advances are obligated to provide the Company with irrevocable and unconditional payment guarantee issued by Eurobank A.D. Beograd.

Position of Eurobank Group (continued)

Market risk

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

Interest rate risk

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

Foreign currency risk

The risk that assets or liabilities in foreign currencies will fluctuate in value due to exchange rate fluctuations. Loan assets and loan liabilities are undertaken back to back in the identical currencies. Thus this risk is fully compensated by this balance. Hence there is only immaterial foreign currency risk, which is on the difference between interest receivable and interest payable stated in a foreign currency. At this time, the only foreign currency exposure is CHF (Swiss Francs).

Liquidity risk

The risk that daily calls on its cash may exceed available cash resources. Loan assets and loan liabilities are undertaken back to back and on a non recourse basis. This risk is fully compensated by this balance.

Capital management

The Company's policy is to maintain a stable capital base so as to support the Company's operations and sustain future development of the business as necessary. Capital consists of issued and paid up capital, share premium and other reserve. The Company is not required to comply with any capital requirements set by the regulators.

For further analysis we refer to note 6 of the financial statements in which the different risks identified for the Company have been further addressed.

Report of the board of Managing Directors

Position of Eurobank Group (continued)

Post balance sheet events

From 2022 the loans and advances which were granted to third parties customers and Eurobank Holding Group companies have been fully repaid or transferred internally within Eurobank Group. More specifically, in 2020 the gross book value of the loan portfolio was reduced to 37 mil and was related to two corporate loans, Metropol Palace and IMO Property Investments Beograd. Both exposures, have been transferred to another Eurobank Group subsidiary (Eurobank Cyprus) and proceeds received from the aforementioned transactions, were used to fully repay entity's borrowing towards Eurobank Private Bank Luxembourg S.A. Hence, the entity year end 2022 had nil balance in loans and advances to customers and financing borrowings from Eurobank Private Bank Luxembourg S.A.

Other events

COVID-19 developments
During 2020 and the first quarter of 2021, the outbreak of Covid-19 pandemic and the measures adopted to contain the virus expansion defined the economic environment in Greece and globally. More specifically, the Covid-19 pandemic posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including countywide and local lockdowns, adopted to contain the virus expansion.

Current conflict between Russia and Ukraine developments
In 2022, the geopolitical and economic upheaval caused by the Russian invasion in Ukraine, along with the persistent - albeit decelerating - inflationary pressures, high energy prices and rising borrowing costs affected negatively the global economic environment, worsened the macroeconomic outlook of the European economies, which are now confronted with a slowdown in growth and, accordingly, exacerbated economic uncertainty in the regions that the Bank operates. In this volatile environment, the Greek economy has exhibited notable resilience, mainly driven by the increase in consumption, export of services, strong performance in tourism and further acceleration of new investments supported by the RRF funds, which is expected to continue, at a slower pace though.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

Future Developments

The Company's business strategy and activities are linked to these of Eurobank 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, November 10, 2023

The Board of Managing Directors,
ERB New Europe Funding B.V.
Chamber of Commerce number: 34258424

S. Psychogyios E. Zois

L.P. Elstershamis R. Wemmi

Statement of Financial Position as at December 31, 2018
(In EUR, after appropriation of results)

	Notes	31/12/2018	31/12/2017
ASSETS			
Non-current assets			
Loans & advances to customers	7	30.808.204	34.139.652
		30.808.204	34.139.652
Current assets			
Loans & advances to customers	7	20.435.792	24.824.355
Interest receivable	8	41.930	64.024
Other receivables	9	-	2.059
Taxation	15	44.433	49.692
Cash and cash equivalents	10	3.921.680	795.911
		24.443.835	25.736.042
TOTAL ASSETS		55.252.039	59.875.693
EQUITY	11		
Capital and reserves attributable to equity holders of the company			
Issued and paid-up capital		18.000	18.000
Share premium		1.982.000	1.982.000
Other reserve		2.127.938	2.114.574
TOTAL EQUITY		4.127.938	4.114.574
LIABILITIES			
Non-current liabilities			
Borrowings from ERB Luxembourg	12	30.651.280	34.157.643
		30.651.280	34.157.643
Current liabilities			
Borrowings from ERB Luxembourg	12	20.400.000	21.473.842
Interest payable to ERB Luxembourg	13	35.926	54.868
Other payables	14	36.895	74.767
		20.472.821	21.603.477
TOTAL EQUITY AND LIABILITIES		55.252.039	59.875.693

The notes to the Financial Statements on pages 12 to 39 form an integral part of these financial statements

ERB NEW EUROPE FUNDING B.V.

Income Statement
for the financial year ended December 31, 2018
(in EUR)

	Note	1/1 - 31/12/2018	1/1 - 31/12/2017
Financial income and expenses			
Interest income on loans & advances		1.269.237	1.393.386
Interest expense on borrowings		-1.076.450	-1.240.598
		192.787	152.788
Impairment loss on loans and interest receivable	6.1	-12.281	26.288
Commission expenses	16	-39.996	-40.340
Financial income and expenses		140.510	138.736
Other net (expenses) / income	17	2.901	-5.052
General and administrative expenses	18	-101.734	-95.801
PROFIT/(LOSS) BEFORE TAXATION		41.677	37.883
Corporate income tax	15	-19.314	-19.314
PROFIT/(LOSS) AFTER TAXATION		22.363	18.569

The notes to the Financial Statements on pages 12 to 39 form an integral part of these financial statements

ERB NEW EUROPE FUNDING B.V.

Statement of comprehensive income
for the financial year ended December 31, 2018
(in EUR)

	Notes	1/1 - 31/12/2018	1/1 - 31/12/2017
Profit/(loss) after taxation		**22.363**	**18.569**
Other comprehensive income:		--	--
Other comprehensive income for the year, net of tax		--	--
Total comprehensive income/(exepense) for the year		**22.363**	**18.569**

The notes to the Financial Statements on pages 12 to 39 form an integral part of these financial statements

ERB NEW EUROPE FUNDING B.V.

Cash Flow Statement
for the financial year ended December 31, 2018
(in EUR)

	Notes	1/1-31/12/2018		1/1-31/12/2017	
Cash flow from operating Activities:					
Profit/(loss) before taxation		41.677		37.883	
Adjustments for:					
Impairment (Profit)/Loss on loans and advances	6.1	-12.281		26.288	
Interest income		-1.269.237		-1.393.386	
Interest expense		1.076.450		1.240.598	
		-163.392		-88.617	
Decrease in other receivables	6.1	2.059		-478	
Decrease / (Increase) in other payables	14	37.874		-3.954	
Decrease in loans & advances to customers	7	7.720.011		4.784.580	
Cash generated from operations		7.596.552		4.691.531	
Income Tax received	15	-16.084		-6.387	
Income Tax paid	15	30.138		62.196	
Interest received		1.247.142		1.398.710	
Interest paid		-1.095.393		-1.245.355	
Net cash generated from operation activities			7.762.356		4.900.695
Cash flow from financing activities:					
Proceeds from borrowings from group company	12	-56.382		-150.630	
Repayments of borrowings from group company	12	-4.580.205		-5.844.724	
Net cash used in financing activities			-4.636.586		-5.995.354
Net decrease in cash and cash equivalents			3.125.769		-1.094.659
Cash and cash equivalents at the beginning of the year			795.911		1.890.571
Cash and cash equivalents at the end of the year	10		**3.921.680**		**795.911**

Cash flow from investing activities:
During the financial year 2018 & 2017 there were no investing activities in the Company.

The notes to the Financial Statements on pages 12 to 39 form an integral part of these financial statements

ERB NEW EUROPE FUNDING B.V.

Statement of Changes in Equity
for the financial year ended December 31, 2018
(in EUR)

EQUITY

As at December 31, 2018, 18.000 shares were issued and fully paid-up. The movements in EUR in the year under review can be summarized as follows:

	Attributable to owner's parent			
	Issued and paid-up capital	**Share premium**	**Other reserve**	**Total equity**
Balance as at December 31, 2016	**18.000**	**1.982.000**	**2.096.005**	**4.096.005**
Profit for the year	--	--	18.569	18.569
Balance as at December 31, 2017	**18.000**	**1.982.000**	**2.114.574**	**4.114.574**
Effects of initial application of IFRS 9 as at January 1, 2018	**--**	**--**	-8.999	-8.999
Balance as at January 1, 2018	**18.000**	**1.982.000**	**2.105.575**	**4.105.575**
Profit for the year	--	--	22.363	22.363
Balance as at December 31, 2018	**18.000**	**1.982.000**	**2.127.938**	**4.127.938**

The notes to the Financial Statements on pages 12 to 39 form an integral part of these financial statements

1 GENERAL

ERB New Europe Funding B.V. (the Company) was incorporated on October 19, 2006 and has its registered and office address at Herengracht 500,
Amsterdam, the Netherlands. As of 1 January 2023 the Company changed its address to Strawinskylaan 569, 1077 XX, Amsterdam, The Netherlands.
The Company is incorporated in The Netherlands and is wholly owned by Eurobank Ergasias S.A. in Greece. The Company's Chamber of Commerce number is 34258424.

On November 1, 2012 the Company changed its name to ERB New Europe Funding B.V. (former name: EFG New Europe Funding B.V.)

The key activities of the Company are to invest in loans granted to Serbian Corporates (originated by the Eurobank Ergasias Group in Serbia) or Eurobank Ergasias Group companies in Serbia. The Company itself is funded directly by the Eurobank Private Bank in Luxembourg. All loans and advances to customers are 99% guaranteed for repayment by Eurobank A.D. and Eurobank Ergasias S.A.

These financial statements were approved and authorized for issue by the Board of Managing Directors on September 25, 2023.

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as endorsed by the European Union (EU), and in particular with those IFRSs and IFRS Interpretation Committee's (IC) interpretations, issued and effective or issued and early adopted as at the time of preparing these statements.

The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets measured at fair value through other comprehensive income (FVOCI) 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. Except as indicated, financial information presented in Euro.

Going concern

The financial statements have been prepared on the basis that the Company will not continue as a going concern, since its Board of Directors intent to liquidate the Company. Nevertheless, the preparation on this basis did not have any significant effect on the Company's accounting policies which continue to be in accordance with IFRSs and had no impact on the amounts in its financial statements, given that from the year end 2022 all loans and advances to customers have been fully repaid / transferred internally (with no haircut applied) within Eurobank Group.

2.1.1 New and amended standards and interpretations

The policies set out below have been consistently applied to the years 2018 and 2017, except as described below as well as in notes 2.2.5, 2.2.9 and 2.2.25 as result of transition to IFRS 9. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Annual Improvements to IFRSs 2014-2016 Cycle
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 adoption of the amendment had no impact on the Company's financial statements.

IFRIC 22, Foreign Currency Transactions and Advance Consideration
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 amendment had no impact on the Company's financial statements.

IFRS 9 Financial Instruments
On 1 January 2018, the Group adopted IFRS 9 'Financial Instruments', which replaces IAS 39, 'Financial Instruments: Recognition and Measurement'. The adoption of IFRS 9 in 2018 resulted in changes in accounting policy in two principal areas, classification and measurement of financial assets and liabilities and impairment of financial assets. The Company elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

Differences arising from the adoption of IFRS 9 have been recognized directly in reserves and retained earnings as of 1 January 2018 and are disclosed in note 2.3. The Company has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Changes in the 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.

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. Reclassifications between categories are made only in rare circumstances.
In accordance with the IFRS 9 transition requirements, the Group performed an assessment of business model at the date of initial application i.e. 1 January 2018 (see section 2.3.2).
The IAS 39 categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity (HTM) and Loans and Receivables) have been replaced by:

• Debt instruments measured at amortized cost
• Debt instruments measured at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on de-recognition
• Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on de-recognition
• Financial assets measured at FVTPL

The Group may at initial recognition, designate a financial asset at FVTPL in order to eliminate or significantly reduce 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 Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.
The IFRS 9 eligibility requirements for applying the fair value option to measure financial liabilities at FVTPL are consistent with those of IAS 39. 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.

Changes to the impairment calculation

The adoption of IFRS 9 has changed significantly the Company's accounting for the impairment of financial assets by replacing IAS 39 incurred loss approach with a forward-looking expected credit loss (ECL) approach, which requires the use of complex models and significant judgment about future economic conditions and credit behavior. Credit losses are recognized earlier under IFRS 9 compared to IAS 39.
IFRS 9 requires to record an allowance for credit loss for all financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, which are off-balance sheet items. The allowance is based on the ECL calculation of the related probability of default of the debtor in the next twelve months unless there has been a significant increase in credit risk since origination of the exposure, when lifetime ECL is measured. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECL over the life of the asset. Details of the Company's impairment policy are disclosed in Section 2.2 of this note. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in note 2.3.2.

IFRS 4, Amendment-Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018)

The amendment addresses the accounting consequences of the different effective dates of IFRS 9 'Financial Instruments' and the forthcoming new insurance contracts Standard. It introduces two options for entities that issue insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance, allowing them to continue to apply IAS 39 'Financial Instruments: Recognition and Measurement' while they defer the application of IFRS 9 until 1 January 2021 at the latest.

The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets, effectively resulting in IAS 39 accounting for those designated financial assets. This approach can be used provided that the entity applies IFRS 9 in conjunction with IFRS 4 and classifies financial assets as fair value through profit or loss in accordance with IFRS 9, when those assets were previously classified at amortized cost or as available-for-sale in accordance with IAS 39.

The amendment is not relevant to the Company's activities, other than through its associate Eurolife ERB Insurance Group Holdings S.A., which has elected the optional temporary exemption from IFRS 9 (see section 2.1.2).

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

IFRS 15, Revenue from Contracts with Customers and IFRS 15 Amendments

IFRS 15 establishes a single, comprehensive revenue recognition model for determining when and how much revenue to recognize and replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'.

IFRS 15 applies to all contracts with customers, except those in the scope of other standards such as:

• Financial instruments and other contractual rights or obligations within the scope of IFRS 9 'Financial Instruments', IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures';
• Lease contracts within the scope of IAS 17 'Leases' (or IFRS 16 'Leases'); and
• Insurance contracts within the scope of IFRS 4 'Insurance Contracts'.

Therefore, interest and fee income integral to financial instruments will continue to fall outside the scope of IFRS 15.

IFRS 15 specifies that revenue should be recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services. It introduces the concept of recognizing revenue for performance obligations as they are satisfied and the control of a good or service (i.e. the ability to direct the use of and obtain the benefits from them), is obtained by the customer. For services provided over time, such as management fee income earned for asset management services provided and variable performance fee income based on the return of the underlying asset at a particular date, consideration is recognized as the service is provided to the customer provided that it is probable that a significant reversal of consideration will not occur.

Extensive disclosures will be required in relation to revenue recognized and expected from existing contracts.

IFRS 15 was amended in April 2016 to provide several clarifications, including that in relation to the identification of the performance obligations within a contract.

The adoption of the amendment had no impact on the Company's condensed financial statements as net interest income, which is a primary revenue stream of the Company, is not impacted by the adoption of IFRS 15 and the existing Company accounting treatment for revenue from contracts with customers, including fee and commission income, is generally in line with IFRS 15.

IFRS 2, Amendment-Classification and Measurement of Share-based Payment Transactions

The amendment addresses (a) the measurement of cash-settled share-based payments, (b) the accounting for modifications of a share-based payment from cash-settled to equity-settled and c) the classification of share-based payments settled net of tax withholdings.

Specifically, the amendment clarifies that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments. It also clarifies that the liability of cash-settled share-based payment modified to equity-settled one is derecognized and the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted and any difference is recognized in profit or loss immediately.

Furthermore, a share-based payment net by withholding tax on the employee's behalf (a net settlement feature) is classified as equity settled in its entirety, provided it would have been classified as equity-settled had it not included the net settlement feature.

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

IAS 40, Amendment-Transfers of Investment Property

The amendment clarifies that a transfer of property, including property under construction or development, into or out of investment property should be made only when there has been a change in use of the property. Such a change in use occurs when the property meets, or ceases to meet, the definition of investment property and should be supported by evidence.
The adoption of the amendment is not expected to impact the Company's financial statements.

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

A number of new standards, amendments to existing standards and interpretations are effective after 2018, as they have not yet been endorsed by the European Union or have not been early applied by the Group. Those that may be relevant to the Group are set out below:

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

IFRS 9, Amendment–Prepayment Features with Negative Compensation (effective 1 January 2019)

The amendment changes IFRS 9 requirements in order to allow measurement of a financial asset at amortized cost or at FVOCI, depending on the business model, even in the case of prepayment options which could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). Therefore, measurement of these financial assets will be regardless of the event or circumstance that caused the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination. Applying IFRS 9 before the amendment would probably result in the measurement of these financial assets at FVTPL.

The amendment also confirms the modification accounting of financial liabilities under IFRS 9. In specific, when a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss, calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognized in profit or loss.

The adoption of the amendment is not expected to impact the Company’s financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments (effective 1 January 2019)

The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 ‘Income Taxes’ when there is uncertainty over income tax treatments. In such a circumstance, recognition and measurement of current or deferred tax asset or liability according to IAS 12 is based on taxable profit (tax loss), tax bases, unused tax losses and tax credits and tax rates determined applying IFRIC 23.
According to the interpretation, each uncertain tax treatment is considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty and the entity should assume that a tax authority with the right to examine tax treatments will examine them and will have full knowledge of all relevant information.
If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, it should determine its accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, the effect of the uncertainty in its income tax accounting should be reflected in the period in which that determination is made, using the method that best predicts the resolution of the uncertainty (ie the most likely amount or the expected value method).
Judgments and estimates made for the recognition and measurement of the effect of uncertain tax treatments should be reassessed whenever circumstances change or new information that affects those judgments arise (eg actions by the tax authority, evidence that it has taken a particular position in connection with a similar item or the expiry of its right to examine a particular tax treatment).
The adoption of the interpretation is not expected to impact the Company’s financial statements.

IAS 28, Amendment – Long Term Interests in Associates and Joint Ventures (effective 1 January 2019, not yet endorsed by EU)

The amendment clarifies that IFRS 9 ‘Financial Instruments’ including its impairment requirements, applies to long term interests in associates or joint ventures that form part of the entity’s net investment in the associate or joint venture but are not accounted for using equity accounting.
According to the amendment, any adjustments to the carrying amount of long term interests resulting from the application of IAS 28 should not be considered when applying the IFRS 9 requirements which apply to long term interests before applying the loss allocation and impairment requirements of IAS 28.
The adoption of the amendment is not expected to impact the Company’s financial statements.

IAS 19, Amendment –Plan Amendment, Curtailment or Settlement (effective 1 January 2019, not yet endorsed by EU)

The amendment clarifies that when a change to a defined benefit plan i.e. an amendment, curtailment or settlement takes place and a remeasurement of the net defined benefit liability or asset is required, the updated actuarial assumptions from the remeasurement should be used to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Additionally, the amendment includes clarifications about the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.
The adoption of the amendment is not expected to impact the Company’s financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle (effective 1 January 2019, not yet endorsed by EU)

The amendments introduce key changes to four IFRSs following the publication of the results of the IASB’s 2015-17 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

• IFRS 3 ‘Business Combinations’ and IFRS 11 ‘Joint Arrangements’: The amendments clarified how an entity accounts for increasing its interest in a joint operation that meets tl definition of a business. Specifically:

- If a party obtains control of a business that is a joint operation, then the transaction constitutes a business combination achieved in stages and the acquiring party re-measures the entire previously held interest in the assets and liabilities of the joint operation at fair value.
- If a party obtains joint control, then the previously held interest is not re-measured.

• IAS 12 ‘Income Taxes’: IASB clarified that all income tax consequences of dividends, including payments on financial instruments classified as equity, should be recognized in profit loss, other comprehensive income or equity, depending on where the originating transaction or event that generated distributable profits giving rise to the dividend, was recognized.
• IAS 23 ’Borrowing costs’: The amendments clarified that any borrowing originally made to develop a qualifying asset should be treated as part of general borrowings when substantiall all of the activities necessary to prepare that asset for its intended use or sale are complete.

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020, not yet endorsed by EU)

In March 2018, the IASB issued its revised Conceptual Framework. This replaces the previous version of the Conceptual Framework issued in 2010. Revisions performed by IASB introduced a new chapter of measurement, updated definitions of an asset/liability and recognition criteria, as well as clarifications on important areas. The adoption of the amendments is not expected to impact the Company's financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020, not yet endorsed by EU)

The IASB issued amendments to the definition of a business in IFRS 3 "Business Combinations" to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, and add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The adoption of the amendments is not expected to impact the Company's financial statements.

Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020, not yet endorsed by EU)

The amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The adoption of the amendments is not expected to impact the Company's financial statements.

IFRS 17, Insurance Contracts (effective 1 January 2021, not yet endorsed by EU)

IFRS 17, which supersedes IFRS 4 'Insurance Contracts' provides a comprehensive and consistent accounting model for insurance contracts. It applies to insurance contracts issued, all reinsurance contracts and to investment contracts with discretionary participating features that an entity issues provided it also issues insurance contracts. Financial guarantee contracts are allowed to be within the scope of IFRS 17 if the entity has previously asserted that it regarded them as insurance contracts.

According to IFRS 17 general model, groups of insurance contracts which are managed together and are subject to similar risks, are measured based on building blocks of discounted, probability-weighted future cash flows, a risk adjustment and a contractual service margin ('CSM') representing the unearned profit of the contracts. Under the model, estimates are remeasured in each reporting period. A simplified measurement approach may be used if it is expected that doing so a reasonable approximation of the general model is produced or if the contracts are of short duration.

Revenue is allocated to periods in proportion to the value of expected coverage and other services that the insurer provides during the period, claims are presented when incurred and any investment components i.e amounts repaid to policyholders even if the insured event does not occur, are not included in revenue and claims. Insurance services results are presented separately from the insurance finance income or expense.

IFRS 17 is not relevant to the Company's activities, other than through its associate Eurolife ERB Insurance Group Holdings S.A.

2.2 IFRS 9 'Financial Instruments' – Impact of adoption

2.2.1 Adoption of IFRS 9

The Company adopted IFRS 9 in the first quarter of 2018, whereas the Standard's requirements were applied retrospectively by adjusting the Group's balance sheet on the date of transition on 1 January 2018. The Company applied the Standard's exemption not to restate comparative figures for prior periods; therefore the Company's 2017 comparatives are presented on an IAS 39 basis. The effect on the carrying amounts of financial assets and liabilities at the date of transition to IFRS 9 was recognized as an adjustment to opening reserves and retained earnings. The detailed effects of the adoption of IFRS 9 on 1 January 2018 are presented in note 2.2.2. The adoption of the amendments is not expected to impact the Company's financial statements.

2.2.2 Transitioning impact of the IFRS 9 first time adoption is given in the following table:

Impact atributed to:	***IFRS 9 Impact as of 1 January 2018***
Impairment	
- Loans and advances to customers	64.564
- Other financial assets	-
Total Impairment	**64.564**

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Classification and measurement

IFRS 9 establishes 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 principal 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 principal 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 through 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 Group manages the assets in order to generate cash flows. That is, whether the Group'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 managed on a fair value basis will be measured at FVTPL.
The Group'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 Group 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;
- past experience on how the cash flows from those portfolios were collected and how the Group's stated objective for managing the financial assets is achieved; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Irrespective of their frequency and value, sales due to an increase in the financial assets' credit risk and sales made due to liquidity needs in case of an unexpected stress case scenario, are consistent with a hold-to-collect business model.

SPPI assessment

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group 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.

Assessment of changes to the classification and measurement on transition

For the purpose of the transition to IFRS 9, the Group is carrying out a business model assessment across various portfolios and a detailed review of the contractual terms (SPPI review) for its debt instruments portfolios to determine any potential changes to the classification and measurement. The assessment is being performed based on the facts and circumstances that exist at the date of initial application i.e. 01/01/2018. Furthermore, it is performed on a sample basis for the retail and part of the wholesale portfolio where contracts are of standardized form, whereas for the remaining wholesale portfolio is being performed on an individual basis. The business model assessment and the SPPI review are not expected to result in any significant changes compared to how financial assets are measured under IAS 39, except where noted below. In particular:

- loans and advances to banks and customers that are measured at amortized cost under IAS 39, are also expected to be measured at amortized cost under IFRS 9;
- the majority of debt securities classified as available-for-sale under IAS 39, are expected to be measured at FVOCI ;
- held-to-maturity investment securities and assets in the debt securities lending portfolio that are measured at amortized cost under IAS 39, are expected to be measured at amortized cost or FVOCI depending on the business model within which they are held;
- limited cases of debt instruments that are expected to fail the SPPI test which are measured at FVTPL;
- trading and derivative assets that are measured at FVTPL under IAS 39 are also expected to be measured at FVTPL under IFRS 9;
- equity securities classified as available-for-sale under IAS 39 are expected to be measured at FVTPL under IFRS 9; and
- Financial liabilities that are designated at FVTPL under IAS 39 (structured notes, structured deposits) are expected to be measured at amortized cost, while any embedded derivatives will be separated from the host contracts where appropriate.

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, which introduces a "three stage approach" that will reflect changes in credit quality since initial recognition, will apply to financial assets that are not measured at FVTPL, including loans, lease receivables, debt securities, financial guarantee contracts and loan commitments issued. Accordingly, no impairment loss will be recognized on equity investments.

Upon initial recognition of instruments in scope of the new impairment principles, the Group will record a loss allowance equal to 12-month ECL, being the ECL that result from default events that are possible within the next twelve months. Subsequently, for those financial instruments that have experienced a significant increase in credit risk since initial recognition, a loss allowance equal to lifetime ECL will be recognized, arising from default events that are possible over the expected life of the instrument. Financial assets for which 12-month ECL are recognized will be considered to be in 'stage1'; financial assets which are considered to have experienced a significant increase in credit risk will be allocated in 'stage2', while financial assets that are considered to be credit impaired will be in 'stage3'. The loss allowance for purchased or originated credit impaired (POCI) financial assets will always be measured at an amount equal to lifetime ECL, as explained below.

SPV	o/b	IFRS 9 Effect	o/b			IFRS 9 Effect		
			S1	S2	S3	S1	S2	S3
Corporate Large	29.801.636	62.817	26.222.430	-	3.579.206	56.532	-	6.285
Corporate SME	29.244.387	1.746	10.940.643	18.292.747	10.997	196	1.324	226
Total:	59.046.023	64.564	37.163.073	18.292.747	3.590.203	56.728	1.324	6.511
Out of which Referals								
Corporate Large	-	-	-	-	-	-	-	-
Corporate SME	14.893.660	1.089	-	14.893.660	-	-	1.089	-
Out of which Intercompany								
Corporate Large	21.042.300	55.564	21.042.300	-	-	55.564	-	-
Corporate SME	-	-	-	-	-	-	-	-
Without Intercompany								
Corporate Large	8.759.336	7.253	5.180.130	-	3.579.206	968	-	6.285
Corporate SME	29.244.387	1.746	10.940.643	18.292.747	10.997	196	1.324	226
Total:	38.003.723	8.999	16.120.773	18.292.747	3.590.203	1.164	1.324	6.511

Allocation of Exposures to Stages

The Group will distinguish financial assets between those which are measured based on 12-month ECLs (stage 1) and those that carry lifetime ECLs (stage 2 and 3), depending on whether there has been a significant increase in credit risk as evidenced by the change in the risk of default occurring on these financial assets since initial recognition.

To determine the risk of default, the Group applies a default definition for accounting purposes, which is consistent with the EBA definitions. In particular, the Group will determine that financial instruments are in stage 3 by applying as consistent measures of default across all of its portfolios:

- the objective criterion of 90 days past due and;
- the existence of unlikeness to pay (UTP) criteria.

Accordingly, upon transition, the Group considers all non-performing exposures in accordance with EBA definitions as credit-impaired and classifies those exposures at stage 3 for financial reporting purposes.

Purchased or originated credit impaired (POCI) financial assets, which include assets purchased at a deep discount and substantially modified assets arising from derecognition of the original asset and are considered originated credit impaired, are not subject to stage allocation and are always measured on the basis of lifetime ECL. The Group will recognize interest income of financial assets at stage 3 as well as POCI by applying the effective interest rate (EIR) on their net carrying amount.

Financial assets that experience a significant increase in credit risk since initial recognition will be in stage 2. In assessing whether a financial asset has experienced a significant increase in credit risk since initial recognition, the Group intends to use a combination of quantitative, qualitative and backstop criteria including:

- relative changes on the residual lifetime probability of default;
- absolute thresholds on the residual lifetime probability of default;
- relative changes on credit risk ratings;
- watch list status;
- forbearance; and
- 30 days past due as backstop indicator.

Management may apply temporary individual or collective overlays on exposures sharing the same credit risk characteristics to take into account specific situations which otherwise would not be fully reflected in the impairment models.

Hence, upon transition, the Group, considers all performing forborne loans as stage 2, along with any performing exposures that have been assessed to have experienced a significant increase in credit risk since initial recognition.

The Group will classify all remaining financial assets which are not classified at stage 2, 3 or POCI in stage 1, measured based on 12-month ECL. The Group will recognize interest income of financial assets at stage 2 and at stage 1, by applying the EIR on their gross carrying amount.

When the criteria for stage 2 classification are no longer met and the financial asset is not credit impaired, it will be reclassified to stage 1. In addition, subsequent transfers from stage 3 to stage 2 will take place when the financial asset ceases to be credit impaired based on the assessment as described above.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Functional and presentation currency

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

Foreign currency

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

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

Income tax

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

The tax effects of income tax losses available for carry forward are recognized as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the investment. A financial asset is derecognized when the contractual cash flows of the loan expire or the Company transfers its rights to receive those cashflows in an outright sale in which substantially all the risk and rewards of ownership have been transferred. The Company classifies its financial assets and financial liabilities in the categories: loans and advances to customers and borrowings from group Company.

Loans and receivables

The Loans and receivables include Loans and Advances to customers, which are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowance for impairment for estimated irrecoverable amounts are recognized in the Income Statement when there is objective evidence that the asset should be impaired.

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

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.

Impairment

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

For financial assets subject to impairment, the general three-stage approach applies. Accordingly, ECL are recognized using a three-stage approach based on the extent of credit deterioration since origination:

• Stage 1 – When there is no significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12-months ECL is recorded. The 12 – month ECL represent a portion of lifetime losses, that result from default events that are
possible within the next 12 months after the reporting date and is equal to the expected cash shortfalls over the life of the instrument or group of instruments, due to loss events probable within the next 12 months. Not credit-impaired financial assets that are either newly originated or purchased, as well as, assets recognized following a substantial modification accounted for as a derecognition, are classified initially in Stage 1.
• Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. Lifetime ECL represent the expected credit losses that result from all possible default events over the expected life of the financial instrument.
• Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.
• POCI - Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. They are not subject to stage allocation and are always measured on the basis of lifetime expected credit losses. Accordingly, ECL are only recognized to the extent that there is a subsequent change in the assets' lifetime expected credit losses. Any subsequent favorable change to their expected cash flows is recognized as impairment gain in the income statement even if the resulting expected cash flows exceed the estimated cash flows at initial recognition. Apart from purchased assets, POCI assets may also include financial instruments that are considered new assets, following a substantial modification accounted for as a derecognition.

Significant increase in credit risk (SICR) and staging allocation

Determining whether a loss allowance should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk (SICR) of the financial assets, issued loan commitments and financial guarantee contracts, since initial recognition.
At each reporting date, the Company performs an assessment as to whether the risk of a default occurring over the remaining expected lifetime of the exposure has increased significantly from the expected risk of a default estimated at origination for that point in time.
The assessment for SICR is performed using both qualitative and quantitative criteria based on reasonable and supportable information that is available without undue cost or effort including forward looking information and macroeconomic scenarios as well as historical experience. Furthermore, regardless of the outcome of the SICR assessment based on the above indicators, the credit risk of a financial asset is deemed to have increased significantly when contractual payments are more than 30 days past due.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that exposure have occurred:
• The borrower faces a significant difficulty in meeting his financial obligations.
• There has been a breach of contract, such as a default or past due event.
• The Company, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession(s) that the Company would not otherwise consider.
• There is a probability that the borrower will enter bankruptcy or other financial re-organization.
• For POCI financial assets, a purchase or origination at a deep discount that reflects incurred credit losses is considered a detrimental event. The Company assesses the deep discount criterion following a principle -based approach with the aim to incorporate all reasonable and supportable information which reflects market conditions that exist at the time of the assessment.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Interest-bearing borrowings

The Company classifies its financial liabilities in the following categories, financial liabilities measured at amortized cost and financial liabilities measured at fair-value-through-profit-or-loss. Regarding measurement Financial liabilities at amortised cost are initially recognised at fair value less transaction costs and are thereafter carried at amortised cost using the effective interest method and financial liabilities at fair value through profit or loss are initially recognised at fair value and are thereafter carried at fair value.

De-recognition of financial liabilities

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

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

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account risks and uncertainties surrounding the amount to be recognized as a provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If, subsequently, it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Trade payables

Trade payable are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rate method.

Other payables

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

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

3 CASH FLOW STATEMENT

The Cash Flow statement has been prepared in accordance with the indirect method. The presentation for the year 2018 has not changed in comparison for the year 2017.

4 PRINCIPLES OF DETERMINATION OF RESULT

(a) General

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

(b) Interest income and expenses

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

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

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

(c) Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognized in the Income Statement in the period that they arise. Exchange rate differences on non-current assets and non-current liabilities are recognized in the Income Statement in the period they arise.

(d) Taxation

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and judgements

The most important areas in which the Company use judgement in applying its accounting policies is in relation to:

Measurement of Expected Credit Losses

The measurement of ECL is an unbiased probability-weighted average estimate of credit losses that reflects the time value of money, determined by evaluating a range of possible outcomes. A credit loss is the difference between the cash flows that are due to the Company in accordance with the contractual terms of the instrument and the cash flows that the Company expects to receive (i.e. cash shortfalls) discounted at the original effective interest rate (EIR) of the same instrument, or the credit-adjusted EIR in case of purchased or originated credit impaired assets (POCI). In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions are considered. For undrawn commitments, ECL are calculated as the present value of the difference between the contractual cash flows due if the commitment was drawn and the cash flows expected to be received, while for financial guarantees ECL are measured as the expected payments to reimburse the holder less any amounts that the Company expects to receive.

The Company estimates expected cash shortfalls, which reflect the cash flows expected from all possible sources, including collateral, guarantees and other credit enhancements that are part of the contractual terms and are not recognized separately. In case of a collateralized financial instrument, the estimated expected cash flows related to the collateral reflect the amount and timing of cash flows that are expected from liquidation less the discounted costs of obtaining and selling the collateral, irrespective of whether liquidation is probable.

ECL are calculated over the maximum contractual period over which the Company is exposed to credit risk, which is determined based on the substantive terms of the instrument, or in case of revolving credit facilities, by taking into consideration factors such as the Company's expected credit risk management actions to mitigate credit risk and past practice.

ECL Key Inputs

The ECL calculations are based on the term structures of the probability of default (PD), the loss given default (LGD), the exposure at default (EAD) and other input parameters such as the credit conversion factor (CCF) and the prepayment rate. The PD represents the likelihood of default assessed on the prevailing economic conditions at the reporting date, adjusted to take into account estimates of future economic conditions that are likely to impact the risk of default, over a given time horizon. Two types of PD are used for calculating ECL:

- 12-month PD, which is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial asset if this is less than 12 months). It is used to calculate 12-month ECL for Stage 1 exposures.
- Lifetime PD, which is the estimated probability of a default occurring over the remaining life of the financial asset. It is used to calculate lifetime ECL for Stage 2, Stage 3 and POCI exposures.

The Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest and expected drawdowns on committed facilities. The EAD includes both on and off balance sheet exposures. The on balance sheet exposure corresponds to the total amount that has been withdrawn and is due to be paid, which includes the outstanding principal, accrued interest and any past due amounts. The off balance sheet exposure represents the credit that is available to be withdrawn, in excess of the on balance sheet exposure.

Furthermore, the CCF factor is used to convert the amount of a credit facility and other off-balance sheet amounts to an EAD amount. It is a modelled assumption which represents a proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring.

LGD represents the Company's expectation of the extent of loss on a defaulted exposure and it is the difference between the contractual cash flows due and those that the Company expects to receive including any amounts from collateral liquidation. LGD varies by type of counterparty, type and seniority of claim, availability of collateral or other credit support, and is usually expressed as a percentage of EAD.

6 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 risk management of the Company is organized from Serbia and the management of the Company is provided with the outcome periodically. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The management considers there is no significant concentration of the following risks at the balance sheet date. The procedures for assessing the risk are also shown below:

6.1 Credit risk

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

The credit risks are reduced to the fact that all loans and advances to customers are 99% guaranteed for repayment by Eurobank Ergasias Group companies, Eurobank A.D. Beograd and Eurobank Ergasias S.A. All these companies are sufficiently capitalized to cover the granted guaranties, and therefore the Company has only a 1% risk with a maximum of 2 million on its loan portfolio.

Risk grading system for wholesale clients

The rating of the borrower (and not the credit facility) is based on the following parameters:

-Financials
-Sector
-Management
-Operations

In addition, other factors such as debt servicing, change in the borrower's ownership, etc., may affect the final rating of a customer.

The credit rating is based on a profound analysis of qualitative and quantitative factors performed by the Company:

-Qualitative factors: are those that deal with the borrower's management, industry, operating conditions, etc.

-Quantitative factors: are those that refer to a set of various rations (main rations: profitability, leverage, liquidity) emerging from the borrower's financial statements (Balance Sheet, Income Statement, notes to financial statements etc.).

Each grade carries a defined impairment requirement.

Based on the above-mentioned parameters the rating of clients is defined.

Collateral

The customers which were granted loans & advances are obligated to provide the Company with irrevocable and unconditional payment guarantee issued by Eurobank A.D. Beograd.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

Guarantees

All loans and advances to third party customers are 99% guaranteed for repayment by Eurobank A.D. Beograd. All loans and advances to Eurobank Ergasias Group companies, except Reco Real Property A.D. Beograd, are 99% guaranteed by Eurobank Ergasias S.A. Eurobank A.D. Beograd issued a guarantee for the loans and advances to Reco Real Property A.D. Beograd. The total combined exposure for the Company will not exceed 1% of its total loans and advances with a maximum of EUR 2 million.
Maximum cumulative exposure of the Company cannot exceed EUR 2 million. The risk of exposures of EUR 2 million are covered with the share capital and share premium.

Management of the Company has performed an assessment on the recoverability of all loans and the ability (financial resources and liquidity) of Eurobank A.D. and Eurobank S.A. and concluded that Eurobank A.D. and Eurobank Ergasias S.A. are able to fulfil their commitments regarding the guarantee given to the Company.

Impairment policy

The Company assesses at each reporting date whether there is objective evidence of impairment. If there is objective evidence that an impairment loss on a financial asset carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring the impairment loss is the current effective interest rate determined under the contract. The carrying amount of the asset is reduced through the use of an allowance account for loans and advances or directly for all other financial assets, and the amount of the loss is recognized in the income statement.

Credit monitoring

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

"Loans" as mentioned in the below notes, referred to a combination of both short and long-term loans.

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

	31/12/2018	**31/12/2017**
Credit risk exposures relating to on-balance sheet assets are as follows:		
Loans and advances to customers (net)	**51.243.996**	58.964.007
Allowance for impairment	**39.272**	17.991
	51.283.268	58.981.998
Interest receivable	41.929	64.024
Other receivables	-	2.059
Cash and cash equivalents	3.921.680	795.912
Total	55.207.606	59.826.002
Loans and advances are summarized as follows:		
Neither past due nor impaired	51.247.476	55.392.692
Individually impaired	35.792	3.589.306
Gross	51.283.268	58.981.998
Less: allowance for impairment	**-39.272**	-17.991
Net	51.243.996	58.964.007

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

Tabel 3

Lending exposure to credit risk and the value of the collateral held as of December 31st 2018 is presented in the following table:

	31 December 2018						
				Impairment allowance			
	Performing	**Non-Performing**	**Total gross amount**	**Performing**	**Non-Performing**	**Total net amount**	**Value of collateral**
Wholesale Lending	**51.289.405**	**35.792**	**51.325.198**	**(3.480)**	**(35.792)**	**51.285.926**	**50.776.931**
- Large corporate	25.473.281	35.792	25.509.073	(3.286)	(35.792)	**25.469.995**	-
Value of collateral	-	-	-	-	-	-	-
Guarantees	*25.218.708*	-	25.218.708				**25.218.708**
- SMEs	25.816.124	-	25.816.124	(194)	-	**25.815.930**	-
Value of collateral	-	-	-	-	-	-	-
Guarantees	*25.558.223*	-	25.558.223	-	-	-	**25.558.223**
	-	-	-	-	-	-	-
Total Value of collateral	**50.776.931**	-	**50.776.931**	-	-	-	**50.776.931**

Ageing of credit impaired loans as of December 31st 2018 is presented in the bellow table:

	31 December 2018				
	Large corporate	**SMEs**	**Greece**	**Other countries**	**(Lifetime ECL credit-impaired)**
up to 90 days	-	-	-	-	-
90 to 179 days	*35.792*	-	-	-	**35.792**
180 to 360 days	-	-	-	-	-
more than 360 days	-	-	-	-	-
	-	-	-	-	-
Total Gross Carrying Amount	**35.792**	-	-	-	**35.792**
	-	-	-	-	-
Impairment Allowance	(35.792)	-	-	-	**(35.792)**
	-	-	-	-	-
Net Carrying amount at 31 December	-	-	-	-	-

Loans Gross Balance Movement as of December 31st 2018 is presnted in the below table:

	31 December 2018					
			Wholesale			
	12-month ECL	**Lifetime ECL**	**credit-impaired**	**POCI**		**Total**
Gross carrying amount at 1 January	**37,163**	**18,293**	**3,590**	-		**59,046**
New financial assets originated or purchased	-	-	-	-	-	-
	-	-	-	-	-	-
Transfers:	-	-	-	-	-	-
to 12-month ECLs	-	-	-	-	-	-
to lifetime ECLs -not credit-impaired loans	*(101.178)*	*101.178*	-	-	-	-
to lifetime ECLs -credit-impaired loans	-	-	-	-	-	-
Financial assets derecognised during period	-	-	-	-	-	-
Amounts written-off	-	-	-	-	-	-
Repayments	*(3.414.187)*	*(752.228)*	*(3.554.411)*	-	-	**(7.720.826)**
Changes to contractual cash flows due to movements	-	-	-	-	-	-
Gross Carrying amount at 31 December	**33.647.708**	**17.641.697**	**35.792**	-	-	**51.325.198**
Cumulative Loss Allowance	-	-	-	-	-	-
	-	-	-	-	-	-
Net Carrying amount at 31 December	**33.647.708**	**17.641.697**	**35.792**	-	-	**51.325.198**

Included in the gross loans and advances are:

Past due more than 90 days - EUR 0 (2017: EUR 0)

Of which non-performing loans - EUR 0 (2017: EUR 0)

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

Loans and advances neither past due nor impaired

The loans and advances to customers represent the fully drawn amounts in accordance with the agreements.

Portfolio quality classsification is based on the following criteria:

Credit Quality Classification

Quality Classification	Wholesale Lending	Retail Lending
	(MRA/ICR)	Internal Credit Rating
		(PD's)
Strong	stage 1 and ICR 1- 4	n/a
Satisfactory	stage 1 and ICR 5-6	n/a
Watch list	stage 2 and ICR 7	n/a
Impaired (Defaulted)	stage 3	n/a

The following table presents the quality of the lending portfolio and commitments based on the Bank's classification system as at 31 December 2018:

	31 December 2018					
		Non Impaired		Credit Impaired	POCI	
	Internal credit rating	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired		Total gross amount
Large Corporate	Strong	*20.415.867*	-	-	-	20.415.867
	Satisfactory	*5.000.000*	*57.414*	-	-	5.057.414
	Watch list	-	-	-	-	-
	Impaired (Defaulted)	-	-	*35.792*	-	35.792
		-	-	-	-	-
SMEs		-	-	-	-	-
	Strong	*8.231.842*	-	-	-	8.231.842
	Satisfactory	-	*17.584.283*	-	-	17.584.283
	Watch list	-	-	-	-	-
	Impaired (Defaulted)	-	-	-	-	-
		-	-	-	-	-
Total lending portfolio		**33.647.708**	**17.641.697**	**35.792**	**-**	**51.325.198**
		-	-	-	-	-
Commitments	Strong	*1.200.000*	-	-	-	**1.200.000**
	Satisfactory	-	-	-	-	-
	Watch list	-	-	-	-	-
	Impaired (Defaulted)	-	-	-	-	-
		-	-	-	-	-
Total commitments		**1.200.000**	**-**	**-**	**-**	**1.200.000**
		-	-	-	-	-
Total		**34.847.708**	**17.641.697**	**35.792**	**-**	**52.525.198**

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

The credit quality of the portfolio of loans and advances that were neither past due nor impaired at 31 December 2018 can be assessed by reference to the Company's standard grading system. The following information is based on that system:

	31/12/2018	31/12/2017
	Loans and advances to customers	Loans and advances to customers
Grades:		
Satisfactory risk (wholesale grades 1 to 6)	51.289.405	55.455.820
Watch list and special mention (wholesale grade 7)	-	-
Total	51.289.405	55.455.820

Watch list is a list of loans singled out for special surveillance by management to spot irregularities. In order to put a loan on watch list the Company considers many different aspects , quantitative and qualitative. Main criteria for watch listed loans are:

I Quantitative data :
Financial ratios deterioration.
Fluctuations in profitability.
High leverage.
Low financial expenses coverage.

II Qualitative data :

A) Sector characteristic - position and conditions in the sector
· Market share reduction.
· The sector is influenced by cyclical factors - seasonality.
· No new entrance barriers.
· Production/ commerce of a single product.

B) Management Skills - Market Knowledge / Experience
· Management is performed actually by one person (one-man show).
· Potential movements in the highest management executive levels.

C) Ability to forecast / Access to funding
· Difficulties in predicting future performance of Company
· Limited or no access to other sources of financing
· Loans serviced in line with forecasts

Loans and advances past due but not impaired **Tabel 4**

	31/12/2018	31/12/2017
	Loans and advances to customers	Loans and advances to customers
Past due up to 29 days	1.380	10.100
Total	1.380	10.100

Impaired loans and advances individually assessed

As at 31 December 2018 and 2017 the Company did have loans and advances that were individually impaired.

	31/12/2018	31/12/2017
	Loans and advances to customers	Loans and advances to customers
Individually impaired loans - gross	35.792	3.589.306
Total	35.792	3.589.306

Ageing of credit impaired loans as of December 31st 2018 is presented in the bellow table:

	31 December 2018				
	Large corporate	**SMEs**	**Greece**	**Other countries**	**(Lifetime ECL credit-impaired)**
up to 90 days	-	-	-	-	-
90 to 179 days	*35.792*	-	-	-	**35.792**
180 to 360 days	-	-	-	-	-
more than 360 days	-	-	-	-	-
	-	-	-	-	-
Total Gross Carrying Amount	**35.792**	**-**	**-**	**-**	**35.792**
	-	-	-	-	-
Impairment Allowance	(35.792)	-	-	-	**(35.792)**
	-	-	-	-	-
Net Carrying amount at 31 December	**-**	**-**	**-**	**-**	**-**

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

Movements in impairment allowance for the loans & advances to customers are:

	2018	2017
Opening balance	-17.991	-44.279
Impairment charge	-21.281	26.287
Closing balance	-39.272	-17.991

Concentration of risks of financial assets with credit risk exposure

Geographical sectors

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

Loans and advances to customers:	31/12/2018	31/12/2017
Serbia and Montenegro	51.283.268	58.981.998
Total	51.283.268	58.981.998

Industry sectors

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

Loans and advances to customers:	31/12/2018	31/12/2017
Commerce and services	43.058.268	49.581.998
Construction	8.225.000	9.400.000
Total	51.283.268	58.981.998

Loans and Advances to Customers, Impaired Loans and Impairment Allowance by Product Line, Industry and Geographical Region as of December 31st 2018 are presented in the following table:

	31 December 2018				
	Rest of Europe				
	Gross amount				**Impairment allowance**
	12-month ECL	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**		
Wholesale Lending	**33.647.708**	**17.641.697**	**35.792**	**-**	**(39.272)**
-Commerce and services	*5.000.000*	*17.584.283*	-	0	*(719)*
-Manufacturing	-	-	-	0	-
-Shipping	-	-	-	0	-
-Construction	*28.647.708*	*57.414*	*35.792*	0	*(38.553)*
-Tourism	-	-	-	0	-
-Energy	-	-	-	0	-
-Other	-	-	-	0	-
Total Lending	**33.647.708**	**17.641.697**	**35.792**	**-**	**(39.272)**
Credit related Commitments	0	0	0	0	0
Guarantees and Letters of credit	-	-	-	0	-
'Commitments	*1.200.000*	-	-	0	-
	0	**0**	**0**	**0**	**0**
Total Commitments	**1.200.000**	**-**	**-**	**-**	**-**

Restructured loans

In order to protect from the risk of borrower default or to minimize losses arising from default, the Company undertakes the following measures in managing receivables: restructuring, repossession of assets in collection of receivables, initiation of court proceedings and other measures. The Company approves restructuring of receivables to the borrowers who experience certain setbacks in their business operations. Such loans are classified as forborne.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

Forbearance is a modification of contract terms and conditions, which is considered as concession due to financial difficulties of the obligor. According to internal definition, the Bank distinguishes between performing and non-performing category of forborne loans as follows:

a) Exposures are considered as Forborne Performing in the following cases (it is assumed that the exposure fulfils conditions not to be classified as Non-performing):

- Modified contract with more favorable terms than other debtors with similar risk profile
- Total or partial refinancing of a troubled debt contract due to financial difficulties
- Modified contract which has been more than 30 days past due even if the clause was included in the original contract
- Forborne Non Performing exposures for which conditions to be treated as cured have been met, after at least one year from the date of modification.

b) The following cases are considered as Forborne Non Performing exposure:

- Modification of contract terms and conditions or refinancing, when the client was under Non Performing status and for at least one year after the last concession
- A Forborne Performing exposure, which during the Forborne Performing probation period met the criteria for Non Performing status
- Modifications of exposures which were Non Performing and after one year under Forborne Non Performing probation period met the criteria for entering the Forborne Performing („cured“) status, but during the Forborne Performing probation period, the exposure was either re-modified or more than 30 days past due,
- Renewals of forbearance coming from Forborne Performing exposure (less than 90 days past due and not unlikely to pay/defaulted/impaired), will be classified as Forborne Non Performing if there has been more than one additional concession during probation period.

A forborne contract is considered under probation either from the moment of forbearance, if at the time of forbearance it was not classified as non-performing and forbearance did not lead to its being classified as non-performing, or from the moment it was classified as performing.

The forbearance classification shall be discontinued when all the following conditions are met:

- a minimum 2-year probation period has passed from the date the forborne exposure was considered as performing;
- regular payments of more than an insignificant aggregate amount of principal or interest have been made during at least half of the probation period;
- none of the exposures to the debtor is more than 30 days past-due at the end of the probation period.

Segmentation of Forbearance measures (indicative):

1. Short-term forbearance measures (duration up to 2 years): Arrears Capitalization, Arrears Repayment Plan, Reduced Payment above interest only, Interest only, Reduced Payment below interest only and Grace Period.

2. Long-term forbearance measures (duration > 2 years): Interest Rate Reduction, Loan term extension, Split balance, Partial Debt Forgiveness/Write Down, Operational Restructuring and Debt/Equity Swap.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

The following table presents the types of the Company's forborne activities as at 31 December 2018:

	Gross Carrying Amount 31 December 2018
Forbearance measures:	
Split balance	18
less cumulative impairment allowance	*(0)*
Total net carrying amount	***18***

Credit Quality of Forborne Loans and Advances to Customers as of December 31st 2018 is depicted in the following overview:

	31 December 2018		
	Total loans & advances	**Forborne loans & advances**	**% of Forborne loans & advances**
Gross carrying amounts:			
12-month ECL	33.647.708	-	*0,0%*
Lifetime ECL not credit-impaired	17.641.697	17.641.697	*100,0%*
Lifetime ECL credit-impaired	35.792	-	*0,0%*
Total Gross Amount	**51.325.198**	**17.641.697**	*34,4%*
	0	0	
Cumulative ECL Loss allowance :	0	0	
12-month ECL allowance	(3.381)	-	
Lifetime ECL (not credit-impaired) allowance	(99)	(99)	
Lifetime ECL (credit-impaired) allowance of whch:	(35.792)	-	
- Individually assessed	(35.792)	-	
- Collectively assessed	-	-	
POCI	-	-	
- Individually assessed	-	-	
- Collectively assessed	-	-	
	-	-	
Total Net carrying amount	**51.250.134**	**17.641.598**	*34,4%*
	0	0	
Collateral received	**25.589.001**	**17.446.251**	

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

Forberance Measures as of December 31st 2018:

	31 December 2018
Gross Balance at 1 January	**21.882.950**
Forbearance measures in the year	57.414
Forbearance measures arising from acquisitions	-
Repayment of loans	(4.262.875)
Forborne loans derecognised	-
Write-offs of forborne loans	-
Loans & advances that exited forbearance status	(35.792)
Loss on derecognition:	-
- Fair Value of new loans recognised	-
- Carrying amount of old loans derecognised	-
Other	-
less cumulative impairment allowance	-
Net Balance at 31 December	**17.641.697**

Forborne Loans and Advances to Customers by Product Line as of December 31st 2018 are presented in the below table:

	31 December 2018
Wholesale Lending	**17.641.697**
-Large corporate	*57.414*
-SMEs	*17.584.283*
Total gross carrying amount	**17.641.697**
less cumulative impairment allowance	*(99)*
Net Carrying amount at 31 December	**17.641.598**

Forborne Loans and Advances to Customers by Geographical Region as of December 31st 2018:

	31 December 2018
Greece	-
Rest of Europe	**17.641.697**
Other countries	**-**
Total gross carrying amount	**17.641.697**
	0
less cumulative impairment allowance	*(99)*
Net Carrying amount at 31 December	**17.641.598**

Credit risk mitigation (collaterals)

The amount and type of the requested collateral depends on estimated credit risk of a borrower or transaction. Conditions for all collaterals are determined by the analysis of the client’s solvency, type of credit risk exposure, loan maturity, as well as the exposure amount.

Through its internal methodology, the Bank determined acceptable types of collateral and the parameters of their valuations.

Valuations of collaterals are performed at the time of loan origination, and generally are updated periodically in accordance with the relevant internal regulations.

The Bank monitors the movements in the collateral market value and demands additional collateral in accordance with the loan agreements (where it is applicable).

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

Tabel 3

Collateral overview

Breakdown of Collateral and Guarantees as of December 31st 2018 is presented in the following table:

	31 December 2018				
	Value of collateral received				-
	Real Estate	Financial	Other Collateral	Total	Guarantees received
Retail Lending	-	-	-	-	-
Wholesale Lending	-	-	-	-	*50.776.931*
Public sector	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**50.776.931**

Included in the gross loans and advances are:

Past due more than 90 days - EUR 35,792.06 (2017: EUR 0)

Of which non-performing loans - 35,792.06 (2017: EUR 0)

6.2 Market risk

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

6.3 Interest rate risk

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

6.4 Foreign currency risk

The risk that assets or liabilities in foreign currencies will fluctuate in value due to exchange rate fluctuations. Loan assets and loan liabilities are undertaken back to back in the identical currencies. Thus this risk is fully compensated by this balance. Hence there is only immaterial foreign currency risk, which is on the difference between interest receivable and interest payable stated in a foreign currency. At this time, the only foreign currency exposure is CHF (Swiss Francs).

Sensitivity analysis

The sensitivity of the Income Statement is the effect of the assumed changes in interest rates and FX rate on the net interest income for one year.

There is no effect on P&L as result of parallel shift in yield curve. Sensitivity analysis used for monitoring market risk do not represent worst case scenario:

	Sensitivity of income statemen	
	2018	2017
Foreign exchange sensitivity		
10% change of EUR/CHF exchange rate	10.038	7.282
	10.038	7.282

The foreign currency risk is only applicable on cash and cash equivalents and not on loans & advances to customers and borrowings from group Company.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Liquidity risk

The risk that daily calls on its cash may exceed available cash resources. Loan assets and loan liabilities are undertaken back to back and on a non-recourse basis. This risk is fully compensated by this balance.

The table below presents the cash flow receivable and payable by the Company under financial assets and liabilities by remaining contractual maturities at the balance sheet date.

ERBNEF SER Assets maturity

31/12/2018	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Loans & advances to customers	0	0	**20.397.337**	13.281.588	17.565.072	**51.243.996**
Interest receivable	41.929	-	-	-	-	**41.929**
Other receivables	-	-	-	-	-	**0**
Taxation	-	-	44.433	-	-	**44.433**
Cash and cash equivalents	3.921.680	-	-	-	-	**3.921.680**
Total Assets held for managing liquidity risk	**3.963.609**	**0**	**20.441.769**	**13.281.588**	**17.565.072**	**55.252.038**

ERBNEF SER Liabilities maturity

31/12/2018	Up to 1 month	1-3 months	4-12 months	1-5 years	Over 5 years	Total
Borrowings from group companies	-	0	20.400.000	13.086.111	17.565.169	**51.051.280**
Interest payable to Group companies	35.926	-	-	-	-	**35.926**
Other payables	36.895	-	-	-	-	**36.895**
Total Liabilities held for managing liquidity risk	**72.820**	**0**	**20.400.000**	**13.086.111**	**17.565.169**	**51.124.101**

31/12/2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Loans & advances to customers	631.378	101.094	24.073.892	15.887.474	18.270.169	**58.964.007**
Interest receivable	**64.024**	-	-	-	-	**64.024**
Other receivables	2.059	-	-	-	-	**2.059**
Taxation	-	-	49.692	-	-	**49.692**
Cash and cash equivalents	795.912	-	-	-	-	**795.912**
Total Assets held for managing liquidity risk	**1.493.373**	**101.094**	**24.123.585**	**15.887.474**	**18.270.169**	**59.875.694**

ERBNEF SER Liabilities maturity

31/12/2017	Up to 1 month	1-3 months	4-12 months	1-5 years	Over 5 years	Total
Borrowings from group companies	-	101.094	21.372.748	15.887.474	18.270.169	**55.631.485**
Interest payable to Group companies	54.868	-	-	-	-	**54.868**
Other payables	74.773	-	-	-	-	**74.773**
Total Liabilities held for managing liquidity risk	**129.641**	**101.094**	**21.372.748**	**15.887.474**	**18.270.169**	**55.761.126**

6.6 Fair values of financial assets and liabilities

Fair value presented in financial statements is the amount for which an asset may be exchanged, or a liability settled, between informed, willing parties in an arm's length transaction.

Fair value is calculated using market information available as at the reporting date as well as the individual assessment methods of the Company.

Fair value of a financial instrument presented at nominal value is equal to its bookkeeping value. This includes cash as well as liabilities and receivables without defined maturity or fixed interest rate. For other liabilities and receivables the expected future cash flow is discounted up to their present value by means of current interest rate. Bearing in mind that the variable interest rates are contractual for the majority of Company assets and liabilities, changes in the current interest rates lead to changes in the agreed interest rates.

Fair value of irrevocable loan obligations and potential obligations is the same as their bookkeeping values.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Fair values of financial assets and liabilities (continued)

Assessment of financial instruments
Company measures fair value by means of the following fair value hierarchy reflecting the importance of the inputs used in measurement.

Level 1: quoted market prices (uncorrected) in active markets for identical instrument.

Level 2: Assessment techniques based on the observable inputs that are not the quoted prices from the level 1, whether directly (as prices) or indirectly (derived from prices). This category includes instruments valued through their use: quoted prices in active markets for similar instruments; stated prices for same or similar instruments in the markets considered as less active; or other assessment techniques in which all important inputs are directly or indirectly observable from the market data.

Level 3: Assessment techniques used for non-observable inputs. This category includes all instruments relative to which the valuation techniques include inputs not based on observable data and non-observable inputs that have a significant effect on the valuation of the instruments. This category includes instruments valued on the basis of quoted prices of similar instruments with significant non-observable adjustments or assumptions necessary to maintain the difference between the instruments.

Fair value of financial assets and liabilities traded in active markets is based on quoted market prices or prices quoted by dealers. For all other financial instruments the Company determines fair value by means of assessment techniques.

Assessment techniques include net present value and discounted cash flow models, comparisons with similar instruments for which there is an observable market price and other assessment models. Assumptions and inputs used in assessment techniques include risk free and benchmark interest rates, loan margins and other premiums used in assessment of discount rate, bond and share prices, foreign currency exchange rates, capital and capital indexed prices and expected oscillations of the prices and correlations. The aim of assessment techniques is to determine the fair value which reflects the price of a financial instrument as at the reporting date that would be defined by market participants in free transactions carried out at an arm’s length.

The availability of the observable market prices and model inputs decreases the need for assessment by management and reduces the uncertainty arising from determining the fair value. The availability of the observable market data and inputs varies based on the product and market and is prone to change due to particular occurrences and general condition of the future markets.

The Company does not have any financial instruments which is measured at fair value.

The following table presents the fair value of financial instruments not measured at fair value and analyses them according to the fair value hierarchy within which the fair value measurement takes place:

	31/12/2018		31/12/2017	
In EUR	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial (monetary) assets				
Cash and cash equivalents	3.921.680	3.921.680	795.912	795.912
Loans and advances from customers	**51.243.996**	51.034.273	58.964.007	58.192.065
Other assets	-	-	-	-
Total	**55.165.676**	**54.955.953**	**59.759.919**	**58.987.977**
Financial (monetary) liabilities				
Borrowings	51.051.280	51.051.280	55.631.485	55.631.485
Other liabilities	112.098	112.098	147.633	147.633
Total	**51.163.378**	**51.163.378**	**55.779.117**	**55.779.117**

The fair values of the financial assets and liabilities are estimated using discounted cash flow models developed in-house by the Company's management. Due to the size of the Company, creating a sophisticated and detailed model is not feasible and therefore the model is subject to certain limitations.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Fair values of financial assets and liabilities (continued)

In EUR	Fair value			
31/12/2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Loans and advances from customers	-		51.034.273	51.034.273
Total	**-**	**-**	**51.034.273**	**51.034.273**
Liabilities				
Borrowings	-		51.051.280	51.051.280
Total	**-**	**-**	**51.051.280**	**51.051.280**

31/12/2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Loans and advances from customers	-		58.192.065	58.192.065
Total	**-**		**58.192.065**	**58.192.065**
Liabilities				
Borrowings	-		55.631.485	55.631.485
Total	**-**		**55.631.485**	**55.631.485**

Where possible, fair value of borrowings and advances is based on the observable market transactions. If observable market transactions are not available, fair value is assessed by means of assessment models such as cash flow discount techniques. Assessment technique inputs include the expected loan losses over the course of loan duration, interest rates, advances, and source data or secondary market data. For collateral dependant reduced (impaired) loans, fair value is measured based on the value of the attending collateral. Model inputs may include data by third party brokers based on the OTC trading activity, and information obtained from other market participants which include observable primary and secondary transactions.

6.6 Fair values of financial assets and liabilities (continued)

Methodologies and assumptions used in determining fair value of those financial instruments not yet recorded at fair value in the financial statements are described below.

Assets whose fair value approximates their bookkeeping value.

For financial assets and liabilities that are liquid or have short-term maturity (less than one year), the assumption is that their bookkeeping value approximates their fair value. This assumption is also applied to borowings and financial instruments with variable rate.

Financial instruments with fixed rate.

Fair value of financial assets and liabilities with fixed rate recorded at amortized value is assessed by comparison with market interest rates at initial recognition based on the current market rates offered for similar financial instruments.

The assessed fair value of borrowings with fixed interest rate is based on the discount of cash flows by applying the prevailing interest rates to money market debt with similar risk and maturity.

6.7 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 as 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.

Capital consists of issued and paid up capital, share premium and other reserves. 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:

	31/12/2018	**31/12/2017**
Issued and paid-up capital	18.000	18.000
Share premium	1.982.000	1.982.000
Other reserve	2.127.938	2.114.574
Total equity	**4.127.938**	**4.114.574**

7 LOANS & ADVANCES TO CUSTOMERS

	31/12/2018	31/12/2017
Loans to Serbian corporate clients	51.283.268	58.981.998
(Less) / Added: allowance for impairment	-39.272	-17.991
	51.243.996	58.964.007
Loan repayments due:		
Up to 1 month	35.792	631.473
1-3 months	-	101.094
4-12 months	20.400.000	24.091.788
	20.435.792	24.824.355
1-5 years	13.282.307	15.887.474
Over 5 years	17.565.169	18.270.169
	30.847.476	34.157.643

Loans bear variable interest ranging from 1 month to 3 month Euribor/Libor plus a spread ranging from a minimum **2.00%** to a maximum of **3.15%** and according to the client specific Credit Facility Agreements. 99% of the loan value is secured by a guarantee from either Eurobank A.D. Beograd, in Serbia, (under Master and Guarantee Agreement dated December 4, 2006) or by the Company's shareholder, Eurobank Ergasias S.A.

8 INTEREST RECEIVABLE

	31/12/2018	31/12/2017
Interest on loans to Serbian corporate clients	41.916	63.120
Default interest receivable	14	904
	41.930	64.024

9 OTHER RECEIVABLES

	31/12/2018	31/12/2017
Other receivables	-	2.059
	-	2.059

10 CASH AND CASH EQUIVALENTS

Description			31/12/2018	31/12/2017
Eurobank Privatebank Luxembourg S.A.	EUR	1,00000	3.761.804	466.695
Eurobank Privatebank Luxembourg S.A.	CHF	1,12590	81.046	56.599
			3.842.851	*523.294*
Eurobank Private Bank Luxembourg S.A.	EUR	1,00000	35.257	228.440
Eurobank Ergasias S.A.	EUR	1,00000	43.235	43.235
Eurobank Serbia	RSD	118,195	337	942
			3.921.680	795.911

The total balance of cash and cash equivalents consists of a total balance in euro of EUR 3.840.634 (2017: EUR 739.313) and in Swiss Franc of CHF 91.250 (2017: CHF 66.204).

The outlook of the credit ratings of the Eurobank Privatebank Luxembourg S.A. and Eurobank Ergasias S.A. can be classified as 'Stable'.

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

11 EQUITY

The Company's authorized share capital amounts to EUR 90.000 and consists of 90.000 ordinary shares with a nominal value of EUR 1 each.

As at December 31, 2018, 18.000 shares were issued and fully paid-up. For the movements in the Equity we refer to the Statement of Equity on page 10 of this report.
ERB New Europe Funding B.V. is a subsidiary of Eurobank Ergasias S.A., a Bank incorporated in Greece and listed on the Athens Stock Exchange.

LIABILITIES

12 BORROWINGS FROM GROUP COMPANY

	31/12/2018	31/12/2017
Financing borrowings from group Company:		
Eurobank Private Bank Luxembourg S.A.	51.051.280	55.631.485
	51.051.280	55.631.485
Repayment due:		
Up to 1 month	-	-
1-3 months	-	101.094
4-12 months	20.400.000	21.372.748
	20.400.000	21.473.842
1-5 years	13.086.111	15.887.474
Over 5 years	17.565.169	18.270.169
	30.651.280	34.157.643

Borrowings bear variable interest ranging from 1 month to 3 month Euribor/Libor plus 2%; From 01.01.2020 the G-ALCO rate is amended to 1,65%.

They are fully secured by virtue of the Request for the Issuance of a Letter of Guarantee, dated December 14, 2006, however amended, in which the Eurobank Ergasias S.A. undertakes to repay the Eurobank Private Bank Luxembourg S.A. in case of default by the Company after being called to repay. The current loans are repayable on a basis mirroring that in the Loans in note 7 above.

13 INTEREST PAYABLE TO GROUP COMPANY

	31/12/2018	31/12/2017
Default interest payable	35.926	54.868
	35.926	54.868

Repayments are due within 3 months.

14 OTHER PAYABLES

	2018	2017
Trade payables	19.354	40.911
Accrued audit fees	15.000	33.250
Several services and fees due to Eurobank Ergasias S.A.	509	511
Other payables	2.032	97
	36.895	74.768

15 Corporate Income Tax

For the year ended as at December 31, 2018, this item can be detailed as follows:

	2018	2017
Profit/(Loss) before income tax	32.672	31.495
Less: Tax free or non-taxable income:		
- Dividend from associates		
- CIT income previous years	-	-
- Non-deductable costs	(1.204)	-
- Exemptions	65.102	65.075
Taxable profit	96.570	96.570
Statutory tax rate 20% over 200,000	19.314	19.314
Statutory tax rate 25% over remaining amount	-	-
Corporate Income tax current year	19.314	19.314
	19.314	19.314
Effective tax rate	59%	61%

The movements in the Taxation are as follows:

	2018	2017
Opening balance as at 1 January	49.692	2.254
Payments made via final assessment 2015	-	26.848
Final receipt of the CIT 2016 from preliminary assessment	-16.084	-
Release of the rest CIT 2017 payable accrual	602	35.348
Payments made via preliminary assessment 2018	27.162	-
Paybale CIT 2017	-	-19.314
Paybale CIT 2018	-19.314	
The movement in the Value Added Tax reclaimable	2.374	4.557
Balance as at December 31, 2018	44.433	49.692

The nominal Corporate income tax rate in the Netherlands is 20% for the first EUR 200.000 and 25% for the remaining taxable result. Based upon the taxable result of the Company during the year under review, the effective Corporate income tax is 0%.

16 COMMISSION EXPENSES

	2018	2017
Interest expense banks	--	344
Introduction fee to Eurobank A.D. Beograd	39.996	39.996
	39.996	40.340

17 OTHER NET (EXPENSES)/INCOME

	2018	2017
Other income	471	2.059
Foreign exchange gain/(loss)	3.040	-7.111
Other expense	-610	-
	2.901	-5.052

18 GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Management and domiciliation fee	70.375	70.000
Tax advisory fee	8.728	6.907
CIT (income) / expenses	-1.204	-6.387
Notary and Legal fees	3.607	745
Audit fees	15.000	18.250
Other	5.227	6.286
	101.734	95.801

The audit fees of EUR 15.000 (2017: EUR 16.000) included under "Other" solely comprises the fees of external independent auditor KPMG Certified Auditors S.A. 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.

19 RELATED PARTY TRANSACTIONS

The Bank's shareholding structure

Eurobank Ergasias Services and Holdings S.A. (Eurobank Holdings) is the parent company of Eurobank S.A. (the Bank). The Board of Directors (BoD) of Eurobank Holdings is the same as the BoD of the Bank and part of the key management personnel (KMP) of the Bank provides services to Eurobank Holdings according to the terms of the relevant agreement between the two entities.

As at 31 December 2022, the percentage of Eurobank Holdings' ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%. The HFSF is considered to have significant influence over the Bank pursuant to the provisions of the Law 3864/2010, as in force, including the amendments under law 4941/2022 and the Tripartite Relationship Framework Agreement (TRFA) between Eurobank S.A., Eurobank Holdings and the HFSF signed on 23 March 2020 and amended on 3 February 2022.

In 2023, Eurobank Holdings announced its intention to submit an offer for the buyback of its 52.08 million shares (corresponding to a participation of 1.4%), presently owned by the HFSF, subject to the receipt of the required approvals from the regulator and the General Meeting of the Company's Shareholders.

Fairfax Group, which holds 32.99% of Eurobank Holdings voting rights as of 31 December 2022 (31 December 2021: 33%), is considered to have significant influence over Eurobank Holdings and accordingly over the Bank.

Transactions with related parties for the year ended on 31 December 2018 are presented in the table below:

	2018	2017
Interest income on loans & advances ERB Leasing A.D. Beograd	99	11.375
Interest income on loans & advances IMO Property Investments AD Beograd	328.242	416.424
Interest income on loans & advances Reco Real Property AD Beograd	789	43.790
Interest expense on borrowings	-1.076.450	-1.240.598
Commission expenses	-39.996	-40.340
	-787.317	-809.349

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

	31/12/2018	31/12/2017
Loans & advances to customers ERB Leasing A.D. Beograd	-	621.373
Loans & advances to customers IMO Property Investments AD Beograd	20.400.000	20.400.000
Loans & advances to customers Reco Real Property AD Beograd	-	70.000
Current account with Eurobank Private Bank Luxembourg S.A.	3.842.851	523.294
Current account with Eurobank Ergasias S.A.	43.235	43.235
Borrowings from group Company	-51.051.280	-55.631.485
Interest payable to group Company	-35.926	-54.868
Other payables	-2.541	-607
	-26.803.661	-34.029.058

20 COMMITMENTS AND CONTINGENCIES

The EUR 5 mln. relates to the guarantee provided by Eurobank Ergasias S.A. for an overdraft provided by Eurobank Private Bank Luxembourg (overdraft is not utilised).
The EUR 0.2 mln guarantee provided by Eurobank Ergasias S.A. has been cancelled as of 16 May 2016 since the residual credit risk not covered by Eurobank A.D Beograd is covered by the Company's capital amounting to EUR 2 mln.

21 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.

22 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.

23 OTHER INFORMATION

POSITION OF EUROBANK GROUP
Macroeconomic environment

2022 was marked by the war in Ukraine, which gave rise to a global - but predominantly European - energy crisis, added to the mounting inflationary pressures, and led to widespread economic uncertainty and increased volatility in the global economy and financial markets. Nevertheless, the post-pandemic recovery continued for a second consecutive year in Greece, with its GDP growth overperforming that of most of its EU peers. According to the Hellenic Statistical Authority (ELSTAT) provisional data, the Greek economy expanded by 5.9% on an annual basis in 2022, with the European Commission (EC) estimating the full-year 2022 growth rate at 5.5% and 1.2% in 2023 in its winter economic forecast (February 2023). The inflation rate, as measured by the change in the 12-month average Harmonized Index of Consumer Prices (HICP), increased to 9.3% in 2022 according to ELSTAT, primarily as a result of supply-side shocks (including the hikes in energy, food and other raw material prices, the continued disruptions in the supply chain and the rising nominal wages), alongside the steep post-pandemic recovery of domestic and external demand. The EC expects that the inflation rate will decline to 4.5% in 2023, and further de-escalate to 2.4% in 2024.

Moreover, provisional ELSTAT data shows that the average monthly unemployment in 2022 decreased to 12.4%, from 14.8% in 2021, while the Organisation for Economic Co-operation and Development (OECD) in its latest report (January 2023) expects unemployment to decline to 11.5% in 2023. On the fiscal front, the general government primary balance was to post a deficit of 1.6% of GDP in 2022 according to the 2023 Budget (latest outlook point to a primary deficit of ca. 1% of GDP or even lower), and a surplus of 0.7% of GDP in 2023 (2021: deficit of 5%). The gross public debt-to-GDP ratio is expected to decline to 168.9% and 159.3% in 2022 and 2023 respectively (2021: 194.5%). The above forecasts may change in case of potential adverse international developments that could affect energy and other goods prices, interest rates, external and domestic demand, and bring about the need for additional fiscal support measures.

A significant boost to growth in Greece and in other countries of presence is expected from European Union (EU) funding, mainly under the Next Generation EU (NGEU) instrument and the Multiannual Financial Framework (MFF) 2021–2027, EU's long-term budget. Greece shall receive EU funds of more than € 30.5 billion (€ 17.8 billion in grants and € 12.7 billion in loans) up to 2026 from NGEU's Recovery and Resilience Facility (RRF) to finance projects and initiatives laid down in its National Recovery and Resilience Plan (NRRP) titled "Greece 2.0". A pre-financing of € 4 billion was disbursed in August 2021, and the first two regular payments of € 3.6 billion each in April 2022 and January 2023 respectively. Greece has been also allocated about € 40 billion through MFF 2021-2027. On the monetary policy front, although net bond purchases under the temporary Pandemic Emergency Purchase Programme (PEPP) ended in March 2022, as scheduled, the European Central Bank (ECB) will continue to reinvest principal from maturing securities at least until the end of 2024, including purchases of Greek Government Bonds (GGBs) over and above rollovers of redemptions. Furthermore, the Governing Council of the ECB, in line with its strong commitment to its price stability mandate, has proceeded with six rounds of interest rate hikes (in July, September, October, December 2022, February and in March 2023), raising the three key ECB interest rates by 350 basis points in aggregate. Moreover, it approved a new instrument (the "Transmission Protection Instrument" – TPI) aimed at preventing fragmentation in the sovereign bonds market. Finally, following the expiration of the special terms and conditions applying to the TLTRO III (Targeted Longer-Term Refinancing Operations) on 23 June 2022, the ECB will keep assessing how targeted lending operations are contributing to its monetary policy stance.

In 2022, the Greek State proceeded with the issuance of nine bonds of various maturities (5-year, 10-year, 15-year and 20-year) through the Public Debt Management Agency (PDMA), raising a total of € 8.3 billion from international financial markets. On 17 January 2023, the PDMA issued a 10-year bond of € 3.5 billion at a yield of 4.279% and more recently, on 29 March 2023, issued a 5-year bond of € 2.5 billion at a yield of 3.919%. As of end 2022, the cash reserves of the Greek State stood in excess of € 30 billion, and as of early February 2023, its sovereign rating was one notch below investment grade by three of the four External Credit Assessment Institutions (ECAIs) accepted by the Eurosystem (DBRS Morningstar: BB (high); S&P Ratings, Fitch Ratings: BB+).

Liquidity risk

The merger with Grivalia completed in May 2019 has further enhanced Eurobank's capital, leading the total CAD and the CET1 ratios to 18.4% and 15.9% respectively as at 30 June 2019. The net profit attributable to shareholders amounted to € 26 million (€ 90 million net profit from continuing operations before € 61 million restructuring costs, after tax) for the first half of 2019. Furthermore, the Bank has eliminated the use of ELA as of end January 2019. In the first half of 2019, the Group deposits have been increased by € 2.2 bn (out of which € 1.1 bn is associated with the acquisition of Piraeus Bank Bulgaria) to € 41.3 bn (31 December 2018: € 39.1 bn), improving the Group's (net) loans to deposits (L/D) ratio to 86.5% as at 30 June 2019 (31 December 2018: 92.6%).

Solvency risk

As at 31 December 2022, the Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios of Eurobank Holdings Group, stood at 19.2% (31 December 2021: 16.1%) and 16% (31 December 2021: 13.7%) respectively. At the same date, the Total CAD and CET1 ratios of Eurobank S.A. (the Bank) amount to 18.9% (31 December 2021: 15.3%) and 15.1% (31 December 2021: 12.4%) respectively.

In terms of liquidity, as at 31 December 2022, the Eurobank Holding's Group deposits increased to € 57.2 billion (31 December 2021: € 53.2 billion), while the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme decreased by € 2.9 billion amounting to € 8.8 billion (Bank: € 7.9 billion) (31 December 2021: € 11.7 billion, Bank: € 10.8 billion). During the year, the Bank proceeded with the issuance of a preferred senior note of € 500 million and the Parent Company completed the issuance of a Tier 2 instrument of € 300 million. More recently, in January 2023, the Bank successfully completed the issue of a € 500 million senior preferred note (note 33). The rise in high quality liquid assets of the Eurobank Holding Group led the respective Liquidity Coverage ratio (LCR) to 173% (31 December 2021: 152%). In the context of the 2022 ILAAP (Internal Liquidity Adequacy Assessment Process), the liquidity stress tests results indicated that the Bank has adequate liquidity buffer to cover the potential outflows that could occur in all scenarios both in the short term (1 month horizon) and in the medium term (1 year horizon).

OTHER INFORMATION (CONTINUED)

Post balance sheet events

From 2022 the loans and advances which were granted to third parties customers and Eurobank Holding Group companies have been fully repaid or transferred internally within Eurobank Group. More specifically, in 2020 the gross book value of the loan portfolio was reduced to 37 mil and was related to two corporate loans, Metropol Palace and IMO Property Investments Beograd. Both exposures, have been transferred to another Eurobank Group subsidiary (Eurobank Cyprus) and proceeds received from the aforementioned transactions, were used to fully repay entity's borrowing towards Eurobank Private Bank Luxembourg S.A. Hence, the entity year end 2022 had nil balance in loans and advances to customers and financing borrowings from Eurobank Private Bank Luxembourg S.A.

Other events

COVID-19 developments

During 2020 and the first quarter of 2021, the outbreak of Covid-19 pandemic and the measures adopted to contain the virus expansion defined the economic environment in Greece and globally. More specifically, the Covid-19 pandemic posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including countywide and local lockdowns, adopted to contain the virus expansion.

Current conflict between Russia and Ukraine developments

In 2022, the geopolitical and economic upheaval caused by the Russian invasion in Ukraine, along with the persistent - albeit decelerating - inflationary pressures, high energy prices and rising borrowing costs affected negatively the global economic environment, worsened the macroeconomic outlook of the European economies, which are now confronted with a slowdown in growth and, accordingly, exacerbated economic uncertainty in the regions that the Bank operates. In this volatile environment, the Greek economy has exhibited notable resilience, mainly driven by the increase in consumption, export of services, strong performance in tourism and further acceleration of new investments supported by the RRF funds, which is expected to continue, at a slower pace though.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

The Board of Managing Directors,

S. Psychogyios

E. Zois

L.P. Elstershamis

R. Wemmi

Amsterdam, November 10, 2023

ERB NEW EUROPE FUNDING B.V.

Amsterdam

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 other reserves are at the disposal of the shareholder in accordance with Article 13 of the Company's Articles of Association.

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

Appropriation of result

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

Distributions to shareholders are subject to two tests, namely, the equity test and the distribution or liquidity test.
The directors of the B.V. must approve a proposed distribution and may only refuse if they know (or ought to reasonably foresee) that the B.V. after the distribution would no longer be able to repay its debts as and when they fall due (art. 2:216.2 DCC).

Independent auditor's report

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

KPMG Certified Auditors S.A.
3 Stratigou Tombra Street
Aghia Paraskevi
153 42 Athens, Greece
Telephone +30 210 6062100
Fax +30 210 6062111
Email: info@kpmg.gr

Report on the Audit of the Financial Statements

To the Board of Directors of
ERB New Europe Funding B.V.

Opinion

We have audited the accompanying Financial Statements of ERB New Europe Funding B.V. (the "Company") which comprise the Statement of Financial Position as at 31 December 2018, the Income Statement and Statement of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of ERB New Europe Holding B.V. as at 31 December 2018 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants *(including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Greece and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2.1 in the financial statements, which describes that the going concern basis of preparing the financial statements has not been used because the Company's Board of Directors intends to liquidate the Company. Our opinion is not modified in respect of this matter.

Other Matter

The Financial Statements of the Company for the prior year ended 31 December 2017 were audited by another Audit Firm, for which the Certified Auditor issued an audit report on 20 December 2018 expressing an unmodified opinion.

KPMG Auditing S.A.
GCR 148599601000

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report, but does not include the Financial Statements and our auditors' report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 override of internal control.
- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Athens, 10 November 2023