

**ERB NEW EUROPE FUNDING B.V.**

Amsterdam, The Netherlands

**ANNUAL REPORT 2011**

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**ERB NEW EUROPE FUNDING B.V.**

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# **ERB NEW EUROPE FUNDING B.V.**

Amsterdam

## **Report of Managing Directors**

In accordance with the Articles of Association of ERB New Europe Funding B.V., the management herewith submits the Annual Report of ERB New Europe Funding B.V. (the Company) for the year 2011.

### **Key Activities**

ERB New Europe Funding B.V. (the Company) was incorporated on October 19, 2006 and has its registered address at Naritaweg 165, Amsterdam, The Netherlands. The Company is incorporated in The Netherlands and is wholly owned by Eurobank Ergasias S.A. in Greece. 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 Ergasias Group Companies.

In 2006, the Company initiated a corporate loan portfolio originating from the Eurobank Ergasias Group's activities in Serbia.

### **Overview of activities**

During the financial year 2011 the Company decreased its loan portfolio.

### **Impact of the economic crisis and situation in Greece**

Since late 2009, fears of a European sovereign debt crisis developed among investors as a result of the rising government debt levels, together with a wave of downgrading of government debt in some European states. Concerns intensified in early 2010 making it difficult for some countries in the euro area to re-finance their government debt without external assistance. The three countries most affected by this were Greece, Ireland and Portugal.

On the Greek debt front, a new funding program was agreed with the European Commission, the ECB and the Eurozone member-states, in the Eurogroup meeting held on 21 February 2012. The new program aimed to bring the country's public debt-to-GDP below the 120.0% by 2020, target envisioned in the European Council session held on 26 and 27 October 2011 via Private Sector's Involvement (PSI) in the reduction of Greek debt.

Following the Eurogroup meeting held on 26 November 2012 further initiatives were introduced to support Greece to bring public debt to a sustainable path and facilitate a gradual return to market financing. Target for debt-to-GDP ratio was amended to 124% in 2020 and substantially lower than 110% in 2022.

The funding program is expected to have a significant beneficial effect on the country's solvency outlook. This is due, not only to the reduction of public debt, but also to the expected decline of interest expenditure from 2012 onwards. The funding program constitutes a credible opportunity for the Greek economy to remove uncertainty surrounding it from the middle of 2010 onwards, regarding both sustainability of fiscal position as well as preservation of the country's Eurozone participation.

In addition, the Eurogroup has confirmed that the necessary elements have been put in place for Member States to carry out the relevant national procedures to allow for the support by European Financial Stability Fund (EFSF), including the necessary financing for recapitalisation of Greek banks (including Eurobank Ergasias S.A.) following their participation in the recent sovereign debt restructuring (PSI).

Given the severity of the impact of the Greek Government Bond exchange program (PSI+), on 21 February 2012 the Euro Area finance ministers allocated a total of € 50 bn of the second support program for Greece specifically for the recapitalisation of the Greek banking system. These funds are directed to the Hellenic Financial Stability Fund (HFSF) whose mandate has been extended and enhanced accordingly. € 23 bn of these funds were remitted to Greece in April 2012, € 16 bn in December 2012 and the final € 11 bn is expected in January 2013.

## **ERB NEW EUROPE FUNDING B.V.**

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### **Report of Managing Directors**

#### ***Position of the Group***

Eurobank Ergasias S.A. was significantly affected by the impairment charge on Greek Government bonds (due to its participation in the PSI+).

Eurobank Ergasias S.A. was confirmed as a viable bank and has received the Hellenic Financial Stability Fund's (HFSF) commitment for capital support, which once received, would bring its total Capital Adequacy ratio above the regulatory minimum. Furthermore, following the Presidential Decree published on 30.04.2012 (implementing Law 3864/2012 ruling HFSF's role and responsibilities), the relevant framework was established for HFSF to advance its contribution for participating in the capital support of viable banks, to the banks themselves.

The Bank of Greece (BoG) notified the Bank on 8 November 2012 that capital needs of the Group were assessed at the level of € 5,839 million, in order to be able to achieve the level of EBA Core Tier I capital of 9% throughout the period to end of 2014. The Bank, the HFSF and the European Financial Stability Facility ("EFSF") signed on 28 May 2012 and on 21 December 2012 a trilateral presubscription agreement for the advance to the Bank of EFSF notes of face value of € 3.97 bn and € 1.34 bn respectively (total € 5.31 bn) as advance payment of its participation in the future share capital increase of the Bank. In addition, HFSF provided to the Bank a commitment letter for additional capital support of € 0.53 bn up to the total level of recapitalisation needs of € 5,839 million.

Proforma with the full recapitalisation amount of € 5,839 million, on 30 September 2012 the Group's regulatory capital stands at € 4.7 bn, the EBA Core Tier I capital at € 4.4 bn, its Capital Adequacy ratio at 11.8% and the EBA Core Tier I ratio at 10.9%.

Management of Eurobank Ergasias S.A. has reasonable expectations that the planned recapitalization will be completed successfully in cooperation with the Bank of Greece and the HFSF.

#### **Result**

During the period under review, the Company recorded a profit after tax of EUR 226,220 (2010: profit after tax of EUR 541,975) which is set out in detail in the attached Profit and Loss Account. The decrease of the profit after tax is due to the increase of the interest expense on borrowings.

#### **Risk Management**

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

#### **Outlook**

It is expected that the nature of the activities of the company will remain unchanged during 2012.

#### **Post balance sheet events**

On 22 May 2012, the Second Repeat Extraordinary Shareholders' Meeting of Alpha Bank aborted the merger procedure with Eurobank and recalled Alpha Bank's General Meeting decisions on 15 November 2011.

## **ERB NEW EUROPE FUNDING B.V.**

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### **Report of Managing Directors**

#### **Post balance sheet events (continued)**

Until 23 July 2012, the Eurobank Ergasias S.A. ("Eurobank") was a member of the EFG Group, having as operating parent company the "European Financial Group EFG (Luxembourg) S.A." and ultimate parent company the "Private Financial Holdings Limited", the latter owned and controlled indirectly by members of the Latsis family. In particular, the EFG Group held 44.70% of the Bank's ordinary shares and voting rights, through wholly owned subsidiaries of the ultimate parent company and the remaining ordinary shares and voting rights were held by institutional and retail investors, none of which, to the knowledge of the Bank, held 5% or more.

On 23 July 2012, 43.55% of the ordinary shares and voting rights held by EFG Group were transferred to ten legal entities, each of which acquired approximately 4.4%, while the EFG Group retained the remaining 1.15%. These entities have formally stated they are independent from each other. As a result, from 23 July 2012, onwards, Eurobank ceased to be under EFG Group's control and will no longer be consolidated in the financial statements of the EFG Group. In addition, the Bank's corporate and trade name have already been amended in order to no longer include the "EFG" suffix.

#### **National Bank of Greece S.A. Voluntary Tender Offer (VTO)**

On 5 October 2012, the National Bank of Greece (NBG) announced its intention to launch a voluntary exchange offer to acquire all Eurobank's shares offering 58 new shares of NBG for every 100 shares of Eurobank tendered. NBG also stated that, Eurobank shareholders holding 43.6% of Eurobank's ordinary share capital have committed to tender their shares in the tender offer. The offer is subject to regulatory approvals. On 23 November 2012, the General Meeting of the shareholders of NBG, approved the increase of NBG's share capital, and the issue of new ordinary shares to be offered to Eurobank's ordinary shareholders who will accept NBG's voluntary tender offer at the said exchange ratio. The Bank announced that the exchange offer falls within the context of the on-going consolidation of the Greek banking system.

On 11 January 2013, after Greek Capital Market Committee approval of the relevant offering documentation, NBG published the prospectus of the Voluntary Tender Offer (VTO), stating as offering's acceptance period for Eurobank's shareholders the period from 11 January 2013 to 15 February 2013.

On the same day, the Board of Directors of Eurobank Ergasias S.A., having been informed of the terms and conditions of the VTO submitted by NBG to Eurobank shareholders, convened and produced a reasoned opinion on the VTO.

The Bank's Board of Directors having considered the content of the VTO information memorandum, the reports provided by the Bank's financial advisors Deutsche Bank AG, London Branch and Goldman Sachs International, as well as the fairness opinion on the exchange ratio of the Bank's financial advisor Barclays Bank PLC (acting through its investment bank), concluded in summary as follows:

The Offer Consideration:

- (a) satisfies the requirements of the Law taking also into account the explanatory note of the Hellenic Capital Markets Commission, dated December 19th 2008;
- (b) falls within the range of exchange ratios calculated based on internationally recognised methodologies; and
- (c) is fair from a financial point of view.

## ERB NEW EUROPE FUNDING B.V.

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### Report of Managing Directors

#### Post balance sheet events (continued)

Furthermore, the Bank's Board of Directors stated that through the Tender Offer, the Shareholders are given the opportunity to eventually become shareholders of the enlarged scheme having systemic presence in most of the Southeastern European countries, and that the creation of the new group is expected to allow the optimal utilization of the comparative advantages of the two organisations.

On November 1, 2012 the Company changed its name to ERB New Europe Funding B.V.

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

#### Future Developments

Eurobank Ergasias S.A. is the sole shareholder of ERB New Europe Funding B.V. However, the Company has no significant exposure to Greek sovereign risk. Further and on the basis of the analysis of the Company's profitability, capitalization and funding structure, the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future.

Amsterdam, February 5, 2013.

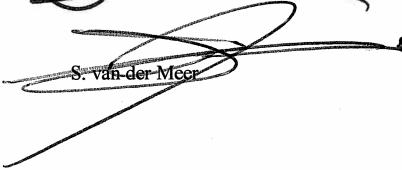
**Managing Directors**

Ch. Kokologiannis

G.N. Meijssen



Th. Karakasis



S. van der Meer

# ERB NEW EUROPE FUNDING B.V.

## Balance Sheet as at December 31, 2011

(In EUR, after appropriation of results)

### ASSETS

	Notes	31/12/2011	31/12/2010
<b>Non-current assets</b>			
Loans & advances to customers	7	145,311,817	208,063,425
		145,311,817	208,063,425
<b>Current assets</b>			
Loans & advances to customers	7	47,351,905	36,814,493
Interest receivable	8	807,535	870,616
Other receivables	9	17,500	17,500
Taxation	15	132,303	13,858
Cash and cash equivalents	10	3,599,040	3,386,991
		51,908,283	41,103,458
<b>TOTAL ASSETS</b>		<b>197,220,100</b>	<b>249,166,883</b>

### EQUITY

<b>Capital and reserves attributable to equity holders of the company</b> 11			
Issued and paid-up capital		18,000	18,000
Share premium		1,982,000	1,982,000
Other reserve		1,657,713	1,431,493
<b>TOTAL EQUITY</b>		<b>3,657,713</b>	<b>3,431,493</b>

### LIABILITIES

<b>Non-current liabilities</b>			
Borrowings from group company	12	145,337,621	208,136,867
		145,337,621	208,136,867
<b>Current liabilities</b>			
Borrowings from group company	12	47,438,031	36,820,031
Interest payable to group company	13	691,644	679,301
Other payables	14	95,091	99,191
		48,224,766	37,598,523
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>197,220,100</b>	<b>249,166,883</b>

The notes to the accounts on pages 10 to 22 form an integral part of these financial statements

# ERB NEW EUROPE FUNDING B.V.

**Profit and Loss Account**  
**for the financial period ended December 31, 2011**  
(in EUR)

	<u>Notes</u>	<u>1/1 - 31/12/2011</u>	<u>1/1 - 31/12/2010</u>
<b>Financial income and expenses</b>			
Interest income on loans & advances		7,363,006	7,422,717
Interest expense on borrowings		(6,673,073)	(6,211,058)
		<u>689,933</u>	<u>1,211,659</u>
Impairment loss on loans and interest receivable	6	(38,488)	(24,710)
Bad debt		--	(5,539)
Commission expenses	16	(317,305)	(469,482)
		<u>334,140</u>	<u>711,928</u>
Financial income and expenses			
Other net income	17	63,844	112,374
Operating expenses	18	(109,690)	(111,584)
		<u>288,294</u>	<u>712,718</u>
<b>RESULT BEFORE TAXATION</b>			
Corporate income tax	15	(62,074)	(170,743)
		<u>226,220</u>	<u>541,975</u>
<b>NET RESULT AFTER TAXATION</b>			

The notes to the accounts on pages 10 to 22 form an integral part of these financial statements



# ERB NEW EUROPE FUNDING B.V.

## Statement of comprehensive income for the financial period ended December 31, 2011 (in EUR)

	<u>Notes</u>	<u>1/1 - 31/12/2011</u>	<u>1/1 - 31/12/2010</u>
<b>Net result after taxation</b>		<b>226,220</b>	<b>541,975</b>
<b>Other comprehensive income:</b>		--	--
		<hr/>	<hr/>
<b>Other comprehensive income for the period, net of tax</b>		--	--
		<hr/>	<hr/>
<b>Total comprehensive income for the period</b>		<b><u>226,220</u></b>	<b><u>541,975</u></b>

The notes to the accounts on pages 10 to 22 form an integral part of these financial statements

# ERB NEW EUROPE FUNDING B.V.

## Cash Flow Statement for the financial period ended December 31, 2011 (in EUR)

	EUR	EUR
	1/1-31/12/2011	1/1-31/12/2010
<b>Operating Activities:</b>		
Profit/(Loss) for the year	226,220	541,975
adjustments for:		
- Interest income	8 (7,363,006)	(7,422,717)
- Interest expense	6,673,073	6,211,058
<b>Operating profit before working capital changes</b>	(463,713)	(669,684)
(Increase) / Decrease other receivables	--	(5,457)
Increase / (Decrease) in other payables	(4,100)	(60,334)
Increase / (Decrease) in taxation	(118,445)	(50,118)
(Increase) / Decrease in loans & advances to custome	7 52,214,196	81,034,077
<b>Cash generated from operations before interest and taxes</b>	51,627,938	80,248,484
Interest received	8 7,415,679	7,686,277
Interest paid	(6,662,372)	(6,522,116)
<b>Net Cash flow generated from operating activities</b>	52,381,245	81,412,645
<b>Cash flow generated from investing activities</b>	--	--
<b>Financing Activities:</b>		
Proceeds from borrowings from group company	51,772,469	14,828,158
Repayments of borrowings from group company	(103,953,715)	(95,831,989)
<b>Cash flow generated from financing activities</b>	(52,181,246)	(81,003,831)
Net Cash flow increase from above activities	199,999	408,814
Cash at bank at January 1	3,386,991	2,894,555
Movement in cash	199,999	408,814
Effect of exchange rate fluctuations on cash held	12,050	83,622
Cash and banks at December 31	<b>3,599,040</b>	<b>3,386,991</b>

The notes to the accounts on pages 10 to 22 form an integral part of these financial statements

## ERB NEW EUROPE FUNDING B.V.

**Statement of Equity**  
**for the financial period ended December 31, 2011**  
(in EUR)

### EQUITY

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

As at December 31, 2011, 18,000 shares were issued and fully paid-up. The movements in EUR in the year under review can be summarized as follows:

	<b>Issued and paid-up capital</b>	<b>Share premium</b>	<b>Other reserve</b>	<b>Total</b>
Balance as at January 1, 2010	18,000	1,982,000	889,518	2,889,518
Result for the period	--	--	541,975	541,975
Balance as at December 31, 2010	18,000	1,982,000	1,431,493	3,431,493
Result for the period	--	--	226,220	226,220
Balance as at December 31, 2011	18,000	1,982,000	1,657,713	3,657,713

ERB New Europe Funding BV is a subsidiary of Eurobank Ergasias, a Bank incorporated in Greece and listed on the Athens Stock Exchange.

The notes to the accounts on pages 10 to 22 form an integral part of these financial statements

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 1 GENERAL

ERB New Europe Funding B.V. (the Company) was incorporated on October 19, 2006 and has its registered address at Naritaweg 165, Amsterdam, The Netherlands. The Company is incorporated in The Netherlands and is wholly owned by Eurobank Ergasias S.A. in Greece. 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 Ergasias Group Companies.

### 2 PRINCIPAL ACCOUNTING POLICIES

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

#### Basis of preparation

The Company prepares its financial statements in accordance with the International Financial Reporting Standards issued by the IASB, as adopted by the European Union and in particular with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements. The policies set out below have been consistently applied to the years 2010 and 2011. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

#### a) Amended and new standards and interpretations effective after 1 January 2011

The amended and new standards and interpretations effective from 1 January 2011 are listed below:

- IAS 24 (Amendment) 'Related Party Disclosures'
- IAS 32 (Amendment) 'Classification of Rights Issues'
- IFRIC 14, Amendment 'Prepayments of a Minimum Funding Requirement'
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to various Standards that form part of IASB's 2010 Annual Improvement Project

The above stated amendments and revisions did not have a materially significant impact on the Company's financial statements.

#### b) Standards and Interpretations issued but not yet effective

The following standards and interpretations, that were issued but not yet effective for accounting periods beginning on 1 January 2011, have not been early adopted:

- IAS 1 (Amendment) 'Presentation of Items of Other Comprehensive Income' (effective 1 January 2013, not yet endorsed by EU)
- IAS 12 (Amendment) 'Deferred tax: Recovery of Underlying Assets' (effective 1 January 2012, not yet endorsed by EU)
- IAS 19 (Amendment) 'Employee Benefits' (effective 1 January 2013, not yet endorsed by EU)
- IAS 27 (Amendment) 'Separate Financial Statements' (effective 1 January 2013, not yet endorsed by EU)
- IAS 28 (Amendment) 'Investments in Associates and Joint Ventures' (effective 1 January 2013, not yet endorsed by EU)
- IAS 32 (Amendment) 'Offsetting Financial Assets and Financial Liabilities' (effective 1 January 2014, not yet endorsed by EU)
- IFRS 7 (Amendment) 'Disclosures, Offsetting Financial Assets and Financial Liabilities' (effective 1 January 2013, not yet endorsed by EU)
- IFRS 7 (Amendment) 'Disclosures, Transfers of Financial Assets' (effective 1 January 2012)
- IFRS 9 'Financial Instruments' (effective 1 January 2015, not yet endorsed by EU)
- IFRS 9 and IFRS 7 (Amendment) 'Mandatory Effective Date and Transition Disclosures' (effective 1 January 2015, not yet endorsed by EU)
- IFRS 10 'Consolidated Financial Statements' (effective 1 January 2013, not yet endorsed by EU)
- IFRS 11 'Joint Arrangements' (effective 1 January 2013, not yet endorsed by EU)
- IFRS 12 'Disclosure of Interests in Other Entities' (effective 1 January 2013, not yet endorsed by EU)
- IFRS 13 'Fair Value Measurement' (effective 1 January 2013, not yet endorsed by EU)

IFRS 9 is part of IASB's project to replace IAS 39 Financial Instruments which has not been finalised yet and as a result, it is not practicable to quantify its impact. The application of the other above mentioned standards and interpretations is not expected to have a material impact on the Company's financial statements in the period of the initial application.

The application of the above mentioned standards and interpretations is not expected to have a material impact on the Company's financial statements in the period of the initial application, although disclosures may be more extensive.

#### Functional and presentation currency

These financial statements are presented in Euro as this is the currency of the primary economic environment in which the Company operates ("the functional currency").

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUE)

#### 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 recognised 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 recognised in the Income Statement.

#### Income tax

Income tax on the profit or loss 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 Profit and Loss account 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 recognised 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. The Company classifies its financial assets and financial liabilities in the categories: loans & advances to customers and borrowings from group company.

##### (a) Loans and receivables/payables

Loans and receivables/payables are non-derivative financial assets and financial liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities except for maturities greater than 12 months after balance sheet date. These are classified as non-current assets and non-current liabilities.

##### Loans and receivables

These represent Loans and Advances to customers, and are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowance for impairment for estimated irrecoverable amounts are recognized in the Profit and Loss account 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 appropriate their fair value.

##### Cash and cash equivalents

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

##### Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets should be impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUE)

#### Impairment (continued)

The Company assesses at each balance sheet date whether objective evidence of impairment exist for each financial asset individually. We refer you to note 6, section 'Impairment policy'.

The estimated period between a loss occurring and its identification is determined by management for each identified loan.

#### Interest-bearing borrowings

Interest-bearing borrowings are stated at amortized cost using the effective interest method. Applying the effective interest method, the entity amortizes any fees, transaction cost and other premiums or discounts included in the calculation of the effective interest rate over the expected life of the underlying liability. Any such amortization would be recognized in the Profit and Loss account.

#### Other payables

The nominal or cost value of the other payables is assumed to appropriate their fair value.

#### 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 2011 has not changed in comparison for the year 2010.

### 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.

#### Interest income and expenses

Interest income and interest expense are recognised in Profit & Loss Account 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 amortised 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.

#### (b) Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognised in the Profit & Loass Account in the period that they arise. Exchange rate differences on non-current assets and non-current liabilities are recognized in the Profit & Loss Account in the period they arise.

#### (c) Taxation

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

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### Critical accounting estimates and judgements

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

In the current financial statements no estimates and judgments are included, except for impairment of loans and advances (refer to note 6.1).

### 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 which provides the management of the Company the outcome periodically.

The Company's overall risk management policy focus on the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The management considers there is no significant concentration of the following risks at the balance sheet date. The procedures for assessing the risk are also shown below:

#### 6.1 Credit risk

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

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

#### Risk grading system for wholesale clients

The 11 grade system defines the credit rating of the borrower (and not the credit facility), and is based on the weighted average of the following risk 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 ratios (main ratios: profitability, leverage, liquidity) emerging from the borrower's financial statements (Balance Sheet, Profit and Loss account, notes to financial statements etc.).

Each grade carry a defined impairment requirement.

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

#### Collateral

The customers to whom were granted loans & advances are obligated to provide the Company with irrevocable and unconditional payment guarantee issued by Eurobank A.D. Beograd with exemption of Telekom Srbija a.d.

#### Guarantees

All loans & advances to third party customers, except Telekom Srbija a.d., are 99% guaranteed for repayment by Eurobank A.D. Beograd. Eurobank Ergasias S.A. issued a guarantee for the loans & advances to Telekom Srbija a.d.. All loans & advances to Eurobank Ergasias Group companies, except Reco Real Property AD Beograd, are 99% guaranteed by Eurobank Ergasias S.A. Eurobank A.D. Beograd issued a guarantee for the loans & advances to Reco Real Property AD Beograd. The total combined exposure for the Company will not exceed 1% of its total loans & advances with a maximum of 2 million.

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. Beograd and Eurobank Ergasias S.A. to fulfill its commitments from the guarantee given to the Company.

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 6 FINANCIAL RISK MANAGEMENT (CONTINUE)

#### Impairment policy

Impaired loans and advances are loans and advances for which the Bank determines that it is probable that it will be unable to collect entire principal and interest due according to the contractual terms of the loan / securities agreement(s). Loans and advances are individually impaired and not on a portfolio basis. Individually impaired assets are those which have been individually assessed for impairment and for which an impairment loss has been recognized. For individually assessed accounts, loans are treated as impaired as soon as there is objective evidence that an impairment loss has been incurred.

Depending on the internal credit rating and existing collateral the Company determine whether an impairment charge is required.

#### 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.

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

	2011	2010
Credit risk exposures relating to on-balance sheet assets are as follows:		
Loans & advances to customers	192,775,652	244,951,360
Less: allowance for impairment	(111,930)	(73,442)
	192,663,722	244,877,918
Interest receivable	807,535	870,616
Other receivables	17,500	17,500
Cash and cash equivalents	3,599,040	3,386,991
<b>Total</b>	<b>197,087,797</b>	<b>249,153,025</b>
Loans and advances are summarized as follows:		
Neither past due nor impaired	164,316,604	202,799,845
Past due not impaired	28,059,276	42,091,574
Individually impaired	399,772	59,941
Gross	192,775,652	244,951,360
Less: allowance for impairment	(111,930)	(73,442)
Net	192,663,722	244,877,918

Included in the gross loans and advances are:

Past due more than 90 days - EUR 1,859,068 (2010: EUR 1,527,681)

Of which non-performing loans - EUR 84,497 (2010: EUR 53,412)

#### *Loans and advances neither past due nor impaired*

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

The credit quality of the portfolio of loans and advances that were neither past due nor impaired at 31 December 2011 can be assessed by reference to the Company's standard grading system. The following information is based on that system:

	2011	2010
Grades:		
Satisfactory risk (wholesale grades 1 to 6)	135,895,580	185,079,536
Watch list and special mention (wholesale grade 7)	28,421,024	17,720,309
<b>Total</b>	<b>164,316,604</b>	<b>202,799,845</b>



## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 6 FINANCIAL RISK MANAGEMENT (CONTINUE)

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 wachlisted 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*

	2011	2010
	Loans and advances to customers	Loans and advances to customers
Past due up to 29 days	25,980,017	36,517,320
Past due 30 - 89 days	619,963	4,106,514
Past due 90 - less than 1 year	1,459,296	1,467,740
<b>Total</b>	<b>28,059,276</b>	<b>42,091,574</b>

#### *Impaired loans and advances individually assessed*

As at 31 December 2011 and 2010 the Company did have loans and advances that were individually impaired.

	2011	2010
	Loans and advances to customers	Loans and advances to customers
Individually impaired loans - gross	399,772	59,941
<b>Total</b>	<b>399,772</b>	<b>59,941</b>

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

	2011	2010
Opening balance	73,442	48,732
Impairment charge	38,488	24,710
<b>Total</b>	<b>111,930</b>	<b>73,442</b>

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 6 FINANCIAL RISK MANAGEMENT (CONTINUE)

#### 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:

	2011	2010
Loans and advances to customers:		
Serbia	192,775,652	244,951,360
<b>Total</b>	<b>192,775,652</b>	<b>244,951,360</b>

##### *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:

	2011	2010
Loans and advances to customers:		
Commerce and services	143,542,247	158,782,127
Manufacturing	41,469,133	74,485,516
Construction	7,679,786	11,668,796
Other industries	84,486	14,921
<b>Total</b>	<b>192,775,652</b>	<b>244,951,360</b>

#### 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 Profit and Loss account is the effect of the assumed changes in interest rates and FX rate on the net interest income for one year.

The effect on the income statement as a result of parallel shift in yield curve is nil, due to the back to back offset.

Sensitivity analysis used for monitoring market risk do not represent worst case scenario:

	Sensitivity of income statement	
	2011	2010
Foreign exchange sensitivity		
10% change of EUR/CHF and USD exchange rate	63,767	58,948
	63,767	58,948

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

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

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 6 FINANCIAL RISK MANAGEMENT (CONTINUE)

#### 6.5 Liquidity risk (continued)

##### *Contractual undiscounted cash flows*

	2011	2010
<i>Up to 1 month:</i>		
Borrowings from group companies	4,879,906	6,109,514
Interest payable to group companies	691,644	679,301
Other payables	95,091	99,191
	5,666,641	6,888,006
<i>1-3 months:</i>		
Borrowings from group companies	1,934,272	16,109,149
Interest payable to group companies	--	--
Other payables	--	--
	1,934,272	16,109,149
<i>4-12 months:</i>		
Borrowings from group companies	44,721,581	20,841,025
Interest payable to group companies	--	--
Other payables	--	--
	44,721,581	20,841,025
<i>1-5 years:</i>		
Borrowings from group companies	105,232,728	187,502,556
Interest payable to group companies	--	--
Other payables	--	--
	105,232,728	187,502,556
<i>Over 5 years:</i>		
Borrowings from group companies	50,318,419	79,463,862
Interest payable to group companies	--	--
Other payables	--	--
	50,318,419	79,463,862
<i>Total:</i>		
Borrowings from group companies	207,086,906	310,026,106
Interest payable to group companies	691,644	679,301
Other payables	95,091	99,191
	207,873,641	310,804,598

#### 6.6 Fair values of financial assets and liabilities

The fair values of the financial assets and liabilities approximate their carrying amounts. As a result the management of the Company considers the fair value of the loans & advances to customers as not materially different from the book value.

#### 6.7 Capital management

The Company's policy is to maintain 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.

There have been no material changes in the Company's management of capital during the period.

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 7 LOANS & ADVANCES TO CUSTOMERS

	2011	2010
Loans to Serbian corporate clients - gross	192,775,652	244,951,360
Less: allowance for impairment	(111,930)	(73,442)
	192,663,722	244,877,918
Loan repayments due:		
Up to 1 month	4,820,997	6,103,063
1-3 months	818,790	14,060,060
4-12 months	41,712,118	16,651,370
	47,351,905	36,814,493
1-5 years	98,189,575	162,905,403
Over 5 years	47,122,242	45,158,022
	145,311,817	208,063,425

Loans bear variable interest ranging from 1 month to 6 month Euribor/Libor plus a spread ranging from a minimum 1.35% to a maximum of 6.1% 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.

During 2011 and 2010 there was an impairment charge on loans and advances to customers and not on the interest receivable.

### 8 INTEREST RECEIVABLE

	2011	2010
Interest on loans to Serbian corporate clients	740,643	815,201
Default interest receivable	66,892	55,416
	807,535	870,616

### 9 OTHER RECEIVABLES

	2011	2010
Prepaid management fees	17,500	17,500
	17,500	17,500

### 10 CASH AND CASH EQUIVALENTS

<u>Description</u>	2011	2010
Cash at banks	3,599,040	3,386,991
	3,599,040	3,386,991

The total balance of cash and cash equivalents consists of a total balance in euro of EUR 2,962,260, in Swiss Franc of CHF 772,701 and in USD of USD 3,078.

There are no restrictions on the availability of cash and cash equivalents. These are readily available. In the total amount of EUR 3,599,040 is included a total amount to be settled of EUR 2,008,363. This amount will be settled during 2012.

### 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, 2011, 18,000 shares were issued and fully paid-up. For the movements in the Equity we refer to the Statement of Equity on page 7 of this report.

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### LIABILITIES

#### 12 BORROWINGS FROM GROUP COMPANY

	2011	2010
Financing borrowings from group company:		
Eurobank Private Bank Luxembourg	192,775,652	244,956,898
	192,775,652	244,956,898
Repayment due:		
Up to 1 month	4,907,122	6,108,601
1-3 months	818,790	14,060,060
4-12 months	41,712,119	16,651,370
	47,438,031	36,820,031
1-5 years	98,189,574	162,978,845
Over 5 years	47,148,047	45,158,022
	145,337,621	208,136,867

Borrowings bear variable interest ranging from 1 month to 6 month Euribor/Libor plus 2.075%. 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 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

	2011	2010
Eurobank Private Bank Luxembourg	691,644	679,301
	691,644	679,301

Repayments are due within 3 months.

#### 14 OTHER PAYABLES

	2011	2010
Several services and fees due to Eurobank Ergasias S.A.	35,330	56,136
Accrued audit fees	36,185	21,020
Accrued management and domiciliation fees	21,450	21,319
Service due to Eurobank A.D. Beograd	2,126	716
	95,091	99,191

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 15 TAXATION

As at December 31, 2011, this item can be detailed as follows:

	<b>2011</b>
Profit before income tax	288,294
Less: Tax free or non-taxable income:	
- Non-deductible costs	-
- Exemptions	-
	288,294
Taxable profit	288,294
Statutory tax rate 20% over 200,000	<b>40,000</b>
Statutory tax rate 25% over remaining amount	<b>22,074</b>
	<b>62,074</b>
Corporate Income tax current year	<b>62,074</b>
	<b>62,074</b>

The movements in the Taxation are as follows:

	<b>2011</b>	<b>2010</b>
Opening balance	(13,858)	36,260
Estimate tax charge for the year	62,074	170,743
Refund on payments made via final assessment 2008	-	24,495
Payments made via final assessment 2009	-	(68,884)
Payments made via preliminary assessment 2010	-	(180,250)
Payments made via preliminary assessment 2011	(180,015)	-
Value added tax reclaimed	4,352	8,130
Value added tax reclaimable	(4,856)	(4,352)
	<b>(132,303)</b>	<b>(13,858)</b>

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 21.68%.

### 16 COMMISSION EXPENSES

	<b>2011</b>	<b>2010</b>
Commission to Eurobank Ergasias S.A.	280,418	385,920
Service fee to Eurobank Ergasias S.A.	8,327	28,167
Introduction fee to Eurobank A.D. Beograd	7,500	2,100
Finance expense breakage Eurobank Private Bank Luxembourg	4,073	1,264
Guarantee fee to Eurobank Ergasias S.A.	16,987	52,032
	<b>317,305</b>	<b>469,482</b>

### 17 OTHER NET INCOME

	<b>2011</b>	<b>2010</b>
Interest income on bank deposits	11,927	13,359
Other income	39,867	15,393
Foreign exchange gain/loss	12,050	83,622
	<b>63,844</b>	<b>112,374</b>

### 18 OPERATING EXPENSES

	<b>2011</b>	<b>2010</b>
Management and domiciliation fee	70,000	70,000
Tax advisory fee	9,531	12,480
Other	30,159	29,104
	<b>109,690</b>	<b>111,584</b>

The audit fees of EUR 26,320 (2010: EUR 20,095) included under "Other" solely comprises the fees of external auditor PricewaterhouseCoopers Accountants N.V. for the statutory audit of the financial statements. The external auditor has not charged any fees relating to other assurance related services, tax, consulting or any other consulting services.

## ERB NEW EUROPE FUNDING B.V.

**Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011**

(in EUR)

### 19 RELATED PARTIES

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

The Company is involved in several related party transactions, mainly with regard to the issuing of loans - refer to the Profit and Loss account and notes 11, 12, 13, 14 and 16. In addition, one of the borrowers is a wholly owned group company, namely ERB Leasing A.D. Beograd, which pays standard rates on its borrowings. As at December 31, 2011 it has credit facilities and borrowings valued at EUR 54,969,055.

Other related parties are ERB Asset Fin. d.o.o. Beograd, Reco Real Property AD Beograd and IMO Property Investments AD Beograd. The credit facilities for and borrowings valued at EUR 2,315,189, EUR 3,490,000 and EUR 12,600,000 respectively.

The related party transactions refer to the Profit & Loss Account can be specified as follows:

	2011	2010
Interest income on loans & advances ERB Leasing A.D. Beograd	1,646,426	1,236,026
Interest income on loans & advances IMO Property Investments AD Beograd	191,882	--
Interest income on loans & advances Reco Real Property AD Beograd	128,671	100,042
Interest income on loans & advances ERB Asset Fin. d.o.o. Beograd	63,872	70,330
Interest expense on borrowings	(6,673,073)	(6,211,058)
Commission expenses	(317,305)	(469,482)
Interest income on bank deposits	11,927	13,359
	(4,947,599)	(5,260,783)

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

	2011	2010
Loans & advances to customers ERB Leasing A.D. Beograd	54,969,055	54,331,151
Loans & advances to customers IMO Property Investments AD Beograd	12,600,000	--
Loans & advances to customers Reco Real Property AD Beograd	3,490,000	3,660,000
Loans & advances to customers ERB Asset Fin. d.o.o. Beograd	2,315,189	2,781,164
Current account with Eurobank Private Bank Luxembourg	2,474,460	2,129,224
Current account with Eurobank Ergasias S.A.	58,969	40,487
Term deposits with Eurobank Private Bank Luxembourg	1,037,943	1,188,925
Borrowings from group company	(192,775,652)	(244,956,898)
Interest payable to group company	(691,644)	(679,301)
Other payables	(37,457)	(56,852)

The Company is wholly owned by EFG Eurobank Ergasias (the Bank) which is listed in the Athens Stock Exchange. The Bank is a member of the worldwide EFG Group, which consists of credit institutions, financial services and financial holding companies.

The operating parent company of the EFG Group is European Financial Group EFG (Luxembourg) S.A., whilst its ultimate parent company is Private Financial Holdings Limited (PFH), which is owned and controlled indirectly by members of the Latsis family.

As at 31 December 2011, the EFG Group held 44.7% of the ordinary shares and voting rights of the Bank through wholly owned subsidiaries of the ultimate parent company, the remaining ordinary shares and voting rights being held by institutional and retail investors, none of which, to the knowledge of the Bank, holds 5% or more.

#### Events after the balance sheet date

Until 23 July 2012, Eurobank Ergasias S.A. ("Eurobank") was a member of the EFG Group, the operating parent company of which is "European Financial Group EFG (Luxembourg) S.A.". On 23 July 2012, 43.55% out of 44.70% held by EFG Group, was transferred to ten independent legal entities, each of which acquired 4.4%. As a result, from 23 July 2012 onwards, Eurobank has ceased to belong to the EFG Group, is not included in its consolidated financial statements and operates as an independent company, not controlled by any (one or more) individuals or legal entities. In accordance with the above and following the resolution of the Annual Shareholders Meeting held on 29 June 2012, the corporate name and trade name of Eurobank, was amended on 2 August 2012, so as no longer include the EFG suffix.

### 20 OFF BALANCE SHEET COMMITMENTS

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

### 21 NUMBER OF EMPLOYEES AND EMPLOYEES COSTS

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

## ERB NEW EUROPE FUNDING B.V.

Notes to the Balance Sheet and Profit and Loss Account as at December 31, 2011  
(in EUR)

### 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.

As per January 31, 2012 Mr. S. Boermans resigned as Managing Director B of the Company and Mr. G.N. Meijssen was appointed instead effective January 31, 2012.

As per May 25, 2012 Mr. P. Pradelli and Mr. I. Helder resigned as Managing Director A and Managing Director B respectively and Mr. Ch. Kokologiannis and Mr. S. Van der Meer were appointed instead effective May 25, 2012.

As per November 30, 2012 Mrs. E.A. Giannopoulou resigned as Managing Director A and Mr. Th. Karakasis was appointed instead effective February 1, 2013.

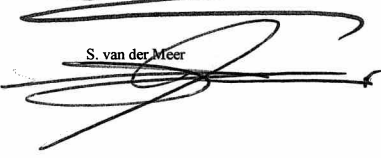
The Board of Managing Directors.

  
Ch. Kokologiannis

  
G.N. Meijssen

Amsterdam, February 5, 2013.

  
Th. Karakasis

  
S. van der Meer



## **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.

Any decision to distribute profits, requires the approval of the Board of Directors. Such approval can only be refused, if the Board of Directors knows or can be reasonably expected to know that the company will no longer be in a position to meet its financial obligations after such distribution.

### **Post balance sheet events**

On 22 May 2012, the Second Repeat Extraordinary Shareholders' Meeting of Alpha Bank aborted the merger procedure with Eurobank and recalled Alpha Bank's General Meeting decisions on 15 November 2011.

Until 23 July 2012, the Eurobank Ergasias S.A. ("Eurobank") was a member of the EFG Group, having as operating parent company the "European Financial Group EFG (Luxembourg) S.A." and ultimate parent company the "Private Financial Holdings Limited", the latter owned and controlled indirectly by members of the Latsis family. In particular, the EFG Group held 44.70% of the Bank's ordinary shares and voting rights, through wholly owned subsidiaries of the ultimate parent company and the remaining ordinary shares and voting rights were held by institutional and retail investors, none of which, to the knowledge of the Bank, held 5% or more.

On 23 July 2012, 43.55% of the ordinary shares and voting rights held by EFG Group were transferred to ten legal entities, each of which acquired approximately 4.4%, while the EFG Group retained the remaining 1.15%. These entities have formally stated they are independent from each other. As a result, from 23 July 2012, onwards, Eurobank ceased to be under EFG Group's control and will no longer be consolidated in the financial statements of the EFG Group. In addition, the Bank's corporate and trade name have already been amended in order to no longer include the "EFG" suffix.

### **National Bank of Greece S.A. Voluntary Tender Offer (VTO)**

On 5 October 2012, the National Bank of Greece (NBG) announced its intention to launch a voluntary exchange offer to acquire all Eurobank's shares offering 58 new shares of NBG for every 100 shares of Eurobank tendered. NBG also stated that, Eurobank shareholders holding 43.6% of Eurobank's ordinary share capital have committed to tender their shares in the tender offer. The offer is subject to regulatory approvals. On 23 November 2012, the General Meeting of the shareholders of NBG, approved the increase of NBG's share capital, and the issue of new ordinary shares to be offered to Eurobank's ordinary shareholders who will accept NBG's voluntary tender offer at the said exchange ratio. The Bank announced that the exchange offer falls within the context of the on-going consolidation of the Greek banking system.

On 11 January 2013, after Greek Capital Market Committee approval of the relevant offering documentation, NBG published the prospectus of the Voluntary Tender Offer (VTO), stating as offering's acceptance period for Eurobank's shareholders the period from 11 January 2013 to 15 February 2013.

On the same day, the Board of Directors of Eurobank Ergasias S.A., having been informed of the terms and conditions of the VTO submitted by NBG to Eurobank shareholders, convened and produced a reasoned opinion on the VTO.

The Bank's Board of Directors having considered the content of the VTO information memorandum, the reports provided by the Bank's financial advisors Deutsche Bank AG, London Branch and Goldman Sachs International, as well as the fairness opinion on the exchange ratio of the Bank's financial advisor Barclays Bank PLC (acting through its investment bank), concluded in summary as follows:

**Post balance sheet events (continued)**

The Offer Consideration:

- (a) satisfies the requirements of the Law taking also into account the explanatory note of the Hellenic Capital Markets Commission, dated December 19th 2008;
- (b) falls within the range of exchange ratios calculated based on internationally recognised methodologies; and
- (c) is fair from a financial point of view.

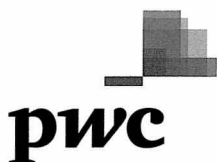
Furthermore, the Bank's Board of Directors stated that through the Tender Offer, the Shareholders are given the opportunity to eventually become shareholders of the enlarged scheme having systemic presence in most of the Southeastern European countries, and that the creation of the new group is expected to allow the optimal utilization of the comparative advantages of the two organisations.

On November 1, 2012 the Company changed its name to ERB New Europe Funding B.V.

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

**Auditors report**

Reference is made to the auditor's report hereinafter.



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

To: the General Meeting of Shareholders of ERB New Europe Funding B.V.

### ***Report on the financial statements***

We have audited the accompanying financial statements 2011 as set out on pages 5 to 22 of ERB New Europe Funding B.V., Amsterdam, which comprise the balance sheet as at 31 December 2011, the profit and loss account, the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

### ***Director's responsibility***

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of ERB New Europe Funding B.V. as at 31 December 2011, and of its result and its cash flows for the year then

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ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

***Report on other legal and regulatory requirements***

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

Amsterdam, 5 February 2013  
PricewaterhouseCoopers Accountants N.V.

  
V.S. van der Reijden RA