

Company Registration Number: 671742

**ERB RECOVERY DESIGNATED ACTIVITY COMPANY
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

ERB RECOVERY DESIGNATED ACTIVITY COMPANY
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

CONTENTS	PAGE
Directors and other information	1
Directors' report	2 - 7
Statement of Directors' responsibilities	8
Independent auditor's report	9-13
Statement of comprehensive income	14
Statement of financial position	15
Statement of changes in equity	16
Statement of cash flows	17
Notes to the financial statements	18-37

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

DIRECTORS' AND OTHER INFORMATION

Company number	671742
Directors	Eileen McMahon Xiuyan Hou
Registered Office	Fourth Floor 3 George's Dock IFSC Dublin 1 Ireland
Company Secretary and Corporate Service Provider	Wilmington Trust SP Services (Dublin) Limited Fourth Floor 3 George's Dock IFSC Dublin 1 Ireland
Independent Auditor	KPMG Chartered Accountants, Statutory Audit Firm 1 Harbourmaster Place IFSC Dublin 1 Ireland
Solicitor	Arthur Cox 10 Earlsfort Terrace Dublin 2 D02 T380 Ireland
Seller, Delegated Servicer & Cash Manager	Eurobank S.A. 8 Othonos Street 10557 Athens Greece
Servicer	DoValue Greece and Credit Claim Management Société Anonyme 27 Kyprou and Archimidou Street Attica Greece
Principal Paying Agent, Agent Bank, Security Trustee, Note Trustee & Registrar	Citibank, N.A London Branch, 13th floor Citigroup Centre Canada Square Canary Wharf London E14 5LB

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Directors present their audited financial statements of ERB Recovery Designated Activity Company (the “Company” or the “Issuer”) for the financial year ended 31 December 2021. The comparative period covers the period from 4 June 2020 to 31 December 2020. In accordance with IFRSs as adopted by EU, and IFRS 10 - Consolidated financial statements, the Company is considered to be controlled by Eurobank S.A. (the “Transferor” or the “Originator” or the “Servicer”), a bank incorporated in Greece. The Company was incorporated in Ireland on 4 June 2020.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the Company is a receivable finance facility structure that holds the legal title to a portfolio of loans (predominately non-performing) originated by Eurobank S.A. (the “Seller”). The loans are denominated in multiple currencies and are corporate and retail loans. The initial purchase price of the loan Portfolio was €5,565,367,566 and the gross book value of the loan portfolio was €9,561,723,000 on 13 July 2020. The Company has financed the purchase of the Portfolio by issuing notes. These notes are held by the Seller. The notes issued in two tranches: (a) Class A Notes, and (b) Class B Notes, collectively the ‘Notes’. The Class A Notes (the “Senior Notes”) rank in seniority to the Class B Notes (the “Junior Notes”).

On 13 July 2020, the Company issued the following notes with nominal values as follows:

- Class A – EUR 1,000,000,000
- Class B – EUR 8,561,723,000

The issued price of the Class A and B Notes was €9,561,723,000 and as both Notes are held by the Seller there was no cash settlement as the payment obligation on the loan portfolio purchase was netted against the payment obligation on the Notes.

The notes are due to mature in April 2035 and are listed on the Vienna Stock Exchange. The Seller as at 31 December 2021 owned 100% of the notes in issue and hence consolidates the results of the Company.

The interest rate on the Class A Note is floating at 3 month Euribor plus 1.6%. The Class B Note is not subject to interest.

The Company retains €250 on each interest payment date as profit before tax based on the contractual documents.

The Company’s only sources of funds for the payment of principal and interest due on the Notes and operating expenses are the principal and interest collections which the Company receives from the loan portfolio. As per the priority of payments outlined in the securitisation agreements, the order of payment of principal and interest due on the Notes is as follows: payment towards class A noteholders of all interest and principal due on the class A notes and then payment towards class B noteholders of all interest and principal due on the class B notes.

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Company to the Noteholders are limited in recourse to the property, assets and undertakings of the Company the subject of any security created under the Deed of Charge and the Greek Security (the Charged Assets). If:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and
- (c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes (including payments of principal, premium (if any) or interest), then the Noteholders shall have no further claim against the Company in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

The Seller holds a Call Option to purchase all (but not part) of the Portfolio exercisable at any time. The purchase (exercise) price of the Portfolio is the tax book value of all loan receivables on the relevant interest payment date. Following the exercise of the call option, the Company shall be bound to redeem the Notes in a nominal amount equal to the call option purchase price.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES (CONTINUED)

As the Seller has retained substantially all the risks and rewards of the securitised loan Portfolio and, therefore, the Company does not recognise the underlying loan portfolio on its Statement of Financial Position, but rather a Net Deemed Loan to the Originator.

The deemed loan to the originator is the securitised loan portfolio. The Seller can transfer additional loan receivables to the Company and the consideration for the purchase of the additional loan receivables will be settled net with the proceeds from the issuance of additional Class B Notes. Additionally, the Seller may repurchase any loan receivables in compliance with the eligibility criteria. The Repurchase price will be settled net with the reduction of the Class B Notes.

RESULTS AND DIVIDENDS

In monitoring performance the Directors and management have regard to a range of key performance indicators ("KPIs"), including the following:

Key performance indicators	2021	2020
Gross book value of underlying portfolio of loans	€3,867,029,605	€7,274,110,315
Additions to the portfolio	€554,373,236	€415,527,000
Repurchases of loans in the portfolio	(€2,965,194,859)	(€89,388,000)
Number of underlying loans in the portfolio	216,765	479,420
Net Deemed Loan to the Originator at FVTPL	€691,950,304	€845,495,293
Total assets	€789,840,863	€986,345,308
Loan notes in issue designated at FVTPL	€760,884,891	€952,573,305
Total equity	€939	€189

During the year, collections of €313,191,256 (2020: €174,085,236) were received on the net deemed loan and €191,253,000 (2020: €49,269,000) of the Class A Notes in issue were repaid. The net gain on financial assets during the year was €37,368,944 (2020: €21,422,835) and interest expense of €8,601,542 (2020: €5,853,305) on the Class A and B Notes.

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements. The profit before tax for the year was €1,000 (2020: €250). At the year end, the Company had net assets of €939 (2020: €189). The Directors have not recommended a dividend for the financial year.

AUDIT COMMITTEE

As at the date of these financial statements, the Company is operating within the turnover threshold limits as set out under Section 167(1) of the Act and as such the Company does not meet the requirements to establish an audit committee for the current financial year ended 31 December 2021.

DIRECTORS' COMPLIANCE STATEMENT

The directors acknowledge that they are responsible for securing compliance by the Company with its Relevant Obligations as defined in the Companies Section 225 of the Company Act 2014 (hereinafter called the Relevant Obligations). The Directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company's policies that, in the directors' opinion, are appropriate to the Company in respect of its compliance with its Relevant Obligations.

The Directors further confirm the Company has put in place appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with its Relevant Obligations and that they have reviewed the effectiveness of these arrangements or structures to which this Report relates.

DIRECTORS

The Directors who served the Company during the period are as stated on page 1:

- Xiuyan Hou
- Eileen McMahon

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

SECRETARY

Wilmington Trust SP Services (Dublin) Limited served as Company Secretary for the year ended 31 December 2021 and remains as the current Company Secretary.

DIRECTORS, SECRETARY AND THEIR INTERESTS

The Directors and Secretary who served during the financial year are set out on page 1 of these financial statements. The Directors, their family members and secretary do not have any direct or beneficial interest in the shares, share options, deferred shares and debentures of the Company during the financial year. The Directors of the Company, Eileen McMahon and Xiuyan Hou, are employees of Wilmington Trust SP Services (Dublin) Limited ("Wilmington Trust"), being the entity that acts as secretary and administrator of the Company.

During the year the Company obtained services to the value of €36,356 (2020: €16,108) from Wilmington Trust.

GOING CONCERN

The Coronavirus (covid-19) outbreak posed substantial uncertainties and risks for both macroeconomic environment and the ability of lots of businesses to operate under the restrictive measures adopted to contain the virus's expansion. The directors anticipate that the underlying receivables will continue to generate sufficient cashflow on an ongoing basis to meet the Company's liabilities as they fall due.

The political unrest between Russia and Ukraine does not have any impact on the Company as the Company has no presence in those countries. Since 7 October 2023 armed conflict between Israel and Hamas-led Palestinian militant groups have been taking place chiefly in and around the Gaza Strip, this culminated in continued warfare between these two groups. The Company's revenue is generated from a portfolio of Greek corporate and retail loans denominated in multiple currencies (EUR, CHF, JPY and USD) and as a result this conflict has not had an impact on the performance of the entity.

Under the non-recourse nature of the financing of this entity, however, to the extent that the loan notes and other obligations cannot be funded from receipts from the underlying receivables, these are not otherwise obliged to be repaid, and in such circumstances, the loan note obligations are forfeited in a particular priority. Consequently, a significant deterioration in the creditworthiness of the underlying receivables is not expected to impact on the company's ability to continue as a going concern.

The Seller has a Call Option to purchase all (but not part) of the Portfolio exercisable at any time. The Call Option is not expected to be exercised in the near term.

In April 2021, the Company completed a significant buyback and transferred loans with a repurchase price of €5,039,867,356 to the Seller. The fair value of the transferred loans were €2,793,094,489. Note that other buybacks were performed during the period, with a repurchase price of €310,437,644 to Eurobank and the fair value of these other transferred loans was €172,100,370. The fair value of the total repurchases for the period was €2,965,194,859.

The Directors anticipate that the underlying receivables will continue to generate sufficient cashflow on an ongoing basis to meet the Company's liabilities as they fall due. The financial liabilities are limited recourse in nature and repayable to the extent that cashflows are generated by the financial assets.

In making the going concern assessment for the Company, the Directors of the Company, in addition to the above have also considered the ILAAP (Internal Liquidity Adequacy Assessment Process) and the Call Option. The liquidity stress tests results indicate that the Bank has adequate liquidity buffer to cover all 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). The Seller has a Call Option to purchase all (but not part) of the Portfolio exercisable at any time. It is not anticipated that the call option will be exercised in the near future.

Considering the above, the Board of Directors have made an assessment of the Company covering at least 12 months from the date of approval of these financial statements and up to the Final Maturity Date, and are satisfied that the financial statements of the Company can be prepared on a going concern basis.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

MACROECONOMIC ENVIRONMENT AND PARENT COMPANY POSITION

Eurobank S.A. (the “Seller”) and also being the Noteholder as well, considers itself to be the controlling party of the Company and the results of the Company will be included in the consolidated financial statements of Eurobank S.A. Eurobank S.A. has faced significant challenges over recent years and it still has a large non-performing loan portfolio. In addition, it is systemically linked to the Greek economy, which itself has had very significant and well publicised difficulties, including high unemployment and slow growth. Whilst the position of both the Seller and the Greek economy have improved, there remain challenges ahead as set out below, which are a potential uncertainty for the Company.

On monetary policy developments, after ten rounds of interest rate hikes in 2022 and in 2023 and on the back of an improved inflation outlook, the European Central Bank (ECB) implemented eight interest rate cuts from June 2024 to June 2025, lowering its deposit facility rate by 200 basis points in total. The ECB shifted its policy stance in June 2026, increasing its key interest rates by 25 basis points. As a result, the deposit facility rate rose to 2.25%, reflecting renewed inflationary pressures and a more uncertain inflation outlook.

a) The major macroeconomic risks and uncertainties in Greece and the region for the next 12 months, including (a) the elevated geopolitical and economic uncertainty stemming from the fragile situation in the Middle East, especially due to the war between Iran and USA/Israel, for which the assessment of any impact is premature, as well as the United States foreign and trade policy decisions and the ongoing war in Ukraine, (b) the persistent above target inflation in Greece and Bulgaria, and (c) the challenges in fully absorbing European Union (EU) funds and implementing structural reforms as the relevant deadlines approach. These factors may have adverse effects on financial volatility, economic growth, inflation, employment, competitiveness, international trade, and monetary policy outlook. In 2025, amid a challenging international environment, the macroeconomic conditions remained supportive across the Group’s three core markets. The economies of Greece, Bulgaria and Cyprus have continued to demonstrate resilience and are expected to remain among the faster-growing economies in the EU through 2026. While growth is projected to moderate somewhat, all three countries are forecast to remain in positive growth territory and outperform the EU average. Growth in the Group’s three core markets is also supported by the mobilisation of the EU investment funds, mainly through the Recovery and Resilience Facility (RRF), with the deadline for completing the associated investments and reforms in August 2026.

b) The Group’s profit generation capacity and capital adequacy; specifically in the year ended 31 December 2025, the net profit attributable to equity holders of the parent company amounted to € 1,362 million (2024: € 1,448 million).

At 31 December 2025, the Group’s Total Capital Adequacy (total CAD) and Common Equity Tier 1 (CET1) ratios amounted to 19.5% (31 December 2024: 18.2%) and 15.2% (31 December 2024: 15.4%) respectively, including, inter alia, the impact of (a) the accrual for profit payout (subject to regulatory and AGM approvals in relation to 2025 financial year) and (b) the issuance of € 500 million and € 600 million of AT1 Capital instruments in June and November 2025 respectively. At 31 December 2025, the Bank’s MREL ratio at consolidated level, including the impact of the accrual for profit payout, stands at 29.39% of RWAs (31 December 2024: 27.36%).

c) The Group’s liquidity position, with the Liquidity Coverage ratio (LCR) reaching 172.2% as at 31 December 2025 (31 December 2024: 188.2%). The Group’s (net) loans to deposits (L/D) ratio stood at 66.1% (31 December 2024: 64.8%). In the context of the 2025 ILAAP (Internal Liquidity Adequacy Assessment Process), the liquidity stress tests results indicate that the Bank has adequate liquidity buffer to cover the potential outflows that could occur in all scenarios regarding the short term (1 month), the 3 -month and the medium-term horizon (1 year).

d) The Group’s asset quality with the Group’s NPE ratio standing at 2.6%, (31 December 2024: 2.9%, excluding the NPE covered by the Asset Protection Scheme in Cyprus (APS)). The respective NPE coverage ratio improved to 95.2% (31 December 2024: 88.4%). In December 2025, in the context of the NPE deleveraging strategy, the Group initiated the disposal process for a secured retail NPE portfolio of € 126 million.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to keeping adequate accounting records by contracting service providers with appropriate expertise to provide adequate resources to the financial function. The accounting records of the Company are maintained at the registered office: Fourth Floor, 3 George's Dock, IFSC, Dublin 1, Ireland.

PRINCIPLE RISKS AND UNCERTAINTIES

The material risks and uncertainties faced by the company include the following:

- interest rate risk;
- currency risk;
- price risk
- credit risk; and
- liquidity risk.

At inception of the transaction the Directors have put in place various measures to ensure any significant risks are mitigated and these are disclosed in the notes to the financial statements. See note 15.

The COVID-19 pandemic and its related effects, which emerged in late 2019, have not been treated as a discrete input/assumption in the valuation methodology. The valuation has been performed using reasonable and supportable information/assumptions consistent with the types of analyses and inputs already applied by the Bank in the context of its NPE management function. The key considerations underpinning the valuation methodology include:

- Bank's Credit Policy for the loan portfolio servicing
- Historical observations/behaviors of loan portfolio with similar characteristics
- Bank's NPE business plan
- Expert judgement in order to incorporate market conditions and new initiatives/strategies
- Portfolio characteristics as of cut-off date

SIGNIFICANT TRANSACTIONS DURING THE YEAR

Under IFRS 9 Financial instruments, if a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that the portfolio acquired is a sale transaction from a legal perspective. The Directors of the Company have concluded that the Originator has retained substantially all the risks and rewards of the securitised loan Portfolio as the Originator fully retained the two classes of notes at the period end date. As a consequence, the Company does not recognise the loans on its Statement of Financial Position, but rather a Deemed Loan to the Originator.

In April 2021, the Company completed a significant buyback and transferred loans with a repurchase price of €5,039,867,356 to the Seller. The fair value of the transferred loans was €2,793,094,489.

POLITICAL DONATIONS

The Company made no political donations during the year ended 31 December 2021 (2020: Nil).

RELEVANT AUDIT INFORMATION

The Directors believe they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

FUTURE DEVELOPMENTS

No changes are expected to the Company's operations in the future as the Company's operations are governed by the transaction documents. The future performance of the Company depends on the performance of the loan portfolio. For information on financial risk management, please refer to note 15 of these financial statements.

KEY PERFORMANCE INDICATORS

The key financial performance indicators of the business are considered to be the credit quality of the underlying loans as detailed in note 7, the Company's cash position and the credit enhancements in place. For information on financial risk management, please refer to note 15 of these financial statements.

SUBSEQUENT EVENTS

Details of material events affecting the Company which have taken place since the end of the reporting year are disclosed in note 17.

INDEPENDENT AUDITOR

KPMG, Chartered Accountants and Statutory Audit Firm have indicated their willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the Board of Directors on 29 July 2026 and signed on behalf of the board by:

Eileen McMahon
Director

Xiuyan Hou
Director

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

Signed on behalf of the Board on 29 July 2026

Eileen McMahon
Director

Xiuyan Hou
Director



KPMG

Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent Auditor's Report to the Members of ERB Recovery Designated Activity Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ERB Recovery Designated Activity Company ('the Company') for the year ended 31 December 2021 set out on pages 14 to 37, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows and related notes, including the material accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included using our knowledge of the Company to identify the inherent risks to the Company's business model and analysing how those risk might affect the Company's financial resources or ability to continue as a going concern over the twelve months from the date of when the financial statements are authorised for issue.

Independent Auditor's Report to the Members of ERB Recovery Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

Conclusions relating to going concern *(continued)*

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2020):

Valuation of Net Deemed Loan to Originator at FVTPL €692.0m (2020: €845.5m)

Refer to page 20 (accounting policy) and pages 33 to 36 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
Valuation of Net Deemed Loan to the Originator at FVTPL is considered to be the key audit matter. Net Deemed Loan to the Originator at FVTPL represents 88% of the total assets of the Company and is classified as Level 3 as its fair value is determined using unobservable inputs. Due to the subjective judgements or uncertainties involved in determining the fair value, which requires special audit consideration, along with the materiality in the context of the financial statements as a whole, the engagement team determine this matter to be a key audit matter. For the reasons outlined above the engagement team determine this matter to be a key audit matter.	Our audit procedures included - Obtained an understanding of the nature of the underlying loan portfolio and the associated risks; - Obtained and documented an understanding of the valuation methodology, valuation process and tested the design and implementation of the relevant key controls relating to the valuation of Net Deemed Loan to the Originator at FVTPL. As a result of the control deficiency identified we were unable to place reliance on controls in our audit approach over the valuation of Net Deemed Loan to the Originator at FVTPL; - Inspected the calculation of the fair value of the loan portfolio prepared by the management specialist and traced this to the amounts recorded in the financial statements; - Challenged the appropriateness of the management specialist's methodology and key assumptions used to determine fair value with the support from our own corporate finance specialists and their expectations based on their knowledge of the Company and industry in which it operates;

Independent Auditor's Report to the Members of ERB Recovery Designated Activity Company *(continued)*

The key audit matter <i>(continued)</i>	How the matter was addressed in our audit <i>(continued)</i>
	- Assessed the accuracy of the key data elements that are used by the management specialist in valuing the financial instruments for a selected number of samples by agreeing the data to system outputs; - Recomputed the fair value of Class B notes using limited recourse mechanism; and - Assessed the adequacy of the Company's financial statement disclosures in relation to: the use of judgements and estimates in determining the fair value; the Company's valuation policies adopted; and fair value disclosures in the note 7 and 15.e) to the financial statements for compliance with the relevant accounting standards. Based on evidence obtained, we found that the valuation of Net deemed Loan to the Originator at FVTPL is not materially misstated..

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at €7.9m (2020: €9.6m), determined with reference to a benchmark of total assets (of which it represents 1% (2020: 1%)). We consider total assets to be the most appropriate benchmark as it is one of the principal considerations for members of the Company in assessing the financial performance of the Company which operates in the securitisation industry.

We reported to the Board of Directors any corrected or uncorrected identified misstatements exceeding €395k (2020: €480k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We applied materiality to assist us in determining what risks were significant risks, the overall audit strategy and the procedures to be performed.

Our audit was undertaken to the materiality level specified above and was all performed by a single engagement team in overseen by Dublin office. The Company leverages certain centralised processes primarily in Greece, the outputs of which are included in the financial information of the Company. These centralised processes are subject to specified audit procedures, predominantly the testing of data and IT controls.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report and other information, directors' report and statement of directors' responsibilities in respect of the directors' report and the financial statements. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.



Independent Auditor's Report to the Members of ERB Recovery Designated Activity Company (*continued*)

Report on the audit of the financial statements (*continued*)

Other information (continued)

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, those parts of the directors' report specified for our review, which does not include sustainability reporting when required by Part 28 of the Companies Act 2014, have been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 (Ireland) 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.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.



Independent Auditor's Report to the Members of ERB Recovery Designated Activity Company *(continued)*

Respective responsibilities and restrictions on use *(continued)*

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

29 July 2026

Karen Conboy
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1 D01
F6F5

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December 2021	Period 4 June 2020 to 31 December 2020
	Note	€	€
Net income			
Net gains from financial assets at FVTPL	3	37,368,944	21,422,835
Net loss on financial liabilities designated at FVTPL	4	(8,601,542)	(5,853,305)
		<u>28,767,402</u>	<u>15,569,530</u>
Operating expenses			
Administrative expenses	5	(28,766,402)	(15,569,280)
Profit before tax		<u>1,000</u>	<u>250</u>
Income tax charge	6	(250)	(62)
Profit after tax		<u>750</u>	<u>188</u>
Other comprehensive income		-	-
Total comprehensive income for the year/period		<u><u>750</u></u>	<u><u>188</u></u>

The result for the year/period was derived from continuing operations.

The accompanying notes form part of these financial statements.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

	Note	2021 €	2020 €
Assets			
Net Deemed Loan to the Originator at FVTPL	7	691,950,304	845,495,293
Other receivables	8	14,752,967	42,318,101
Cash and cash equivalents	9	83,137,592	98,531,914
Total assets		789,840,863	986,345,308
Equity			
Share capital	10	1	1
Retained earnings		938	188
Total equity		939	189
Liabilities			
Liquidity facility	11	3,000,000	24,000,000
Loan notes in issue designated at FVTPL	12	760,884,891	952,573,305
Other liabilities	13	25,955,033	9,771,814
Total liabilities		789,839,924	986,345,119
Total equity and liabilities		789,840,863	986,345,308

Approved by the Board and authorised for issue on 29 July 2026.

Eileen McMahon
Director

Xiuyan Hou
Director

The accompanying notes form part of these financial statements.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY**STATEMENT OF CHANGES IN EQUITY****FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Share Capital	Retained Earnings	Total Equity
	€	€	€
Balance as at 1 January 2021	1	188	189
Share issue	-	-	-
Profit for the year and total comprehensive income	-	750	750
Balance as at 31 December 2021	1	938	939

	Share Capital	Retained Earnings	Total Equity
	€	€	€
Balance as at 4 June 2020	-	-	-
Share issue	1	-	1
Profit for the period and total comprehensive income	-	188	188
Balance as at 31 December 2020	1	188	189

The accompanying notes form part of these financial statements

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 December 2021 €	Period 4 June 2020 to 31 December 2020 €
Cash flows from operating activities			
Total comprehensive income for the period		750	188
<i>Adjustment for:</i>			
Net loss on financial liabilities at FVTPL	4	8,601,542	5,853,305
Change in			
Net movement in financial assets at FVTPL	3	153,544,989	(845,495,293)
Net decrease/(increase) in other receivables		27,565,134	(42,318,101)
Net increase in other liabilities and Class A accrued interest		16,183,219	9,771,814
Net cash generated from operating activities		<u>205,895,634</u>	<u>(872,188,087)</u>
Cash flows from financing activities			
Interest expense paid		(9,036,956)	(4,011,000)
Issuance/(Repayments) of the Class A notes		(191,253,000)	950,731,000
Net (decrease)/ increase in liquidity facility	11	(21,000,000)	24,000,000
Proceeds from issue of share capital	10	-	1
Net cash used in financing activities		<u>(221,289,956)</u>	<u>970,720,001</u>
Net (decrease)/increase in cash and cash equivalents		<u>(15,394,322)</u>	<u>98,531,914</u>
Cash and cash equivalents at start of year/period		98,531,914	-
Cash and cash equivalents at end of year/period	9	<u><u>83,137,592</u></u>	<u><u>98,531,914</u></u>

The accompanying notes form part of these financial statements.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. PRINCIPAL ACCOUNTING POLICIES

General information

ERB Recovery DAC is domiciled in Ireland with registered number 671742 and its registered office is as outlined on page 1 of this document. The principal activity of the Company is a receivable finance facility structure that holds the legal title to a portfolio of loans (predominately non-performing) originated by Eurobank S.A. (the “Seller”). The loans are denominated in multiple currencies and are corporate and retail loans. The Company has financed the purchase of the Portfolio by issuing Notes. These Notes are held by the Seller. The Notes issued in two tranches: (a) Class A Notes, and (b) Class B Variable Funding Notes, collectively the ‘Notes’. The Class A Notes (the “Senior notes”) rank in seniority to the Class B Notes (the “Junior notes”).

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. The financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate. Please also refer to the Going Concern section below.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), and as applied in accordance with the Companies Act 2014. The financial statements have been prepared under the historical cost convention except for the Net Deemed Loan to the Originator and the Loan Notes in issue which are designated at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The format of the statement of cash flows has been amended in the current period to more appropriately reflect the cash flows of the entity. Accordingly, the prior period comparative information has been re-presented to conform with the current year presentation.

Functional and presentation currency

The Company mainly transacts in Euros (“€”) and the Notes have been issued in Euros which is the currency in which the Company operates. These financial statements are presented in Euro denominated by the symbol “€” which is the Company’s functional currency and currency of presentation. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital, notes issued and deemed loan are denominated in Euro. The deemed loan is linked to an underlying portfolio of loans, which are denominated in EUR, CHF, JPY, GBP, PLN and USD. The Directors of the Company believe that Euro most faithfully represents the economic effects of the underlying transactions events and conditions. All figures presented in these financial statements are rounded to the nearest Euro.

Going Concern

The political unrest between Russia and Ukraine does not have any impact on the Company as the Company has no presence in those countries. Since 7 October 2023 armed conflict between Israel and Hamas-led Palestinian militant groups have been taking place chiefly in and around the Gaza Strip, this culminated in continued warfare between these two groups. The Company's revenue is generated from a portfolio of Greek loans and as a result this conflict has not had an impact on the performance of the entity.

Under the non-recourse nature of the financing of this entity, however, to the extent that the loan notes and other obligations cannot be funded from receipts from the underlying receivables, these are not otherwise obliged to be repaid, and in such circumstances, the loan note obligations are forfeited in a particular priority. Consequently, a significant deterioration in the creditworthiness of the underlying receivables is not expected to impact on the company's ability to continue as a going concern.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Going Concern (continued)

The Seller has a Call Option to purchase all (but not part) of the Portfolio exercisable at any time. The Call Option is not expected to be exercised in the near term. The Directors anticipate that the underlying receivables will continue to generate sufficient cashflow on an ongoing basis to meet the Company's liabilities as they fall due. The financial liabilities are limited recourse in nature and repayable to the extent that cashflows are generated by the financial assets.

Considering the above, the Board of Directors have made an assessment of the Company covering at least 12 months from the date of approval of these financial statements and up to the Final Maturity Date, and are satisfied that the financial statements of the Company can be prepared on a going concern basis.

The Company's structure

The Directors of the Company have concluded that the Seller has retained substantially all the risks and rewards of the securitised loan Portfolio and, therefore, the Company does not recognise the underlying loan portfolio on its Statement of Financial Position, but rather a Net Deemed Loan to the Originator.

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations applicable to future reporting periods

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following new and amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

Description	Effective date*
<i>Forthcoming requirements</i>	
Annual Improvements to IFRS Standards 2018-2020	1 January 2021
Amendments to IFRS 3 – reference to the Conceptual Framework	1 January 2021
Amendments to IAS 37 – Onerous Contracts – Cost of fulfilling a contract	1 January 2021
Amendments to IAS 1 Classification of Liabilities as Current or Non-Current	1 January 2021
Amendments to IFRS 16b: COVID-19-Related Rent Concessions beyond 30 June 2021	1 January 2021
Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use	1 January 2021
Amendments to IFRS 17 Insurance contracts	1 January 2021
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2021
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice: Statement 2: Disclosure of Accounting policies	1 January 2021
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2021
IFRS 17 Insurance Contracts	1 January 2021

Initial recognition, classification and measurement of financial assets and financial liabilities

The financial assets and financial liabilities of the Company comprise the Net Deemed Loan to the Originator, other receivables, cash and cash equivalents, Loan notes issued and other liabilities.

Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The standard sets out three types of business model:

- Hold to collect: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are accounted for at amortised cost.
- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity as circumstances change. These assets are accounted for at fair value through other comprehensive income (FVOCI).
- Hold to sell: This is a residual category and these assets are held at FVTPL. An entity may also designate assets at FVTPL upon initial recognition where it reduces an accounting mismatch. An entity may elect to measure certain holdings of equity instruments at FVOCI, which would otherwise have been measured at FVTPL.

The Company has assessed its business models in order to determine the appropriate IFRS 9 classification for its financial assets. Financial assets are measured on initial recognition at fair value. The Deemed Loan to the Originator falls into the category of the other business model. The Deemed Loan to the Originator is measured at fair value through profit or loss as they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. As the Seller has an option to purchase the loan portfolio at any time the Company has given up its capacity to hold the assets until maturity and hence the assets are carried at FVTPL. Cash and cash equivalents and other receivables are measured at amortised cost.

The Seller can transfer additional loan receivables to the Company and the consideration for the purchase of the additional loan receivables will be settled net with the proceeds from the issuance of additional Class B Notes.

Additionally, the Seller may repurchase any loan receivables in cases where (a) loan receivables are no longer in compliance with the eligibility criteria, (b) is subject to mitigation modification, (c) will form part of outright disposal or will be used as per the funding initiatives of the Seller, (d) will be refinanced by a new Loan Agreement, (e) in the opinion of the Seller should not continue to remain in the Portfolio. The Repurchase price will be settled net with the reduction of the Class B Notes.

Deemed Loan to the Originator

The deemed loan to the originator is the securitised loan portfolio. The Seller can transfer additional loan receivables to the Company and the consideration for the purchase of the additional loan receivables will be settled net with the proceeds from the issuance of additional Class B Notes.

Additionally, the Seller may repurchase any loan receivables in cases where (a) loan receivables are no longer in compliance with the eligibility criteria, (b) is subject to mitigation modification, (c) will form part of outright disposal or will be used as per the funding initiatives of the Seller, (d) will be refinanced by a new Loan Agreement, (e) in the opinion of the Seller should not continue to remain in the Portfolio. The Repurchase price will be settled net with the reduction of the Class B Notes.

Under IFRS 9 Financial instruments, if a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The Directors of the Company have concluded that the Originator has retained substantially all the risks and rewards of the securitised loan portfolio as the Originator fully retained the Notes issued by the Company at the period end date. As a consequence, the Company does not recognise the loans on its Statement of Financial Position, but rather a Net Deemed Loan to the Originator.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Loan Notes issued

The Class A Loan Notes issued were initially recognised at fair value being their issue proceeds (fair value of consideration received). The Company has on initial recognition, designated the Class A Loan Notes issued as measured at fair value through profit or loss as doing so results in more relevant information, because it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The cash flows of the Loan Notes issued are linked to the cash flows of the deemed loan that is measured at fair value and the Loan notes issued and the deemed loan share the same risks since their credit risk derives from the underlying Portfolio, the Loan Notes are irrevocably designated to be measured at FVTPL considering that such designation eliminates an accounting mismatch which would otherwise arise from measuring the Loan Notes and the deemed loan on different bases.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- Transferred substantially all of the risks and rewards of the asset; or
- Neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired. Similarly, a financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of short-term commitments. Cash and cash equivalents are measured at amortised cost.

Other liabilities

Other liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Liquidity facility

The Company entered into a €55 million secured liquidity loan facility commitment with the Seller. Any drawings on the liquidity facility meets the definition of a financial liability as the Company is contractually obliged to return the funds to the liquidity facility provider. The liability is initially recognised at fair value being the value of the cash consideration transferred to the Company and is subsequently remeasured at amortised cost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown directly in equity in the retained earnings reserve.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

Net gains and losses from financial assets and liabilities at FVTPL

Net gain on financial assets at fair value through profit or loss relates to the deemed loan and includes all realised and unrealised fair value changes, foreign exchanges gains and losses and coupon income. Net loss on financial liabilities designated at fair value through profit or loss relates to the loan notes and includes all realised and unrealised fair value changes and coupon expense. Any gains and losses arising from changes in fair value of financial assets and liabilities at fair value through profit or loss are recorded in the Statement of comprehensive income.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Euros at the rates of exchange ruling at the reporting date. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Interest income and interest expense

Interest income and expense presented in the statement of comprehensive income comprise interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

The effective interest rate' is calculated on initial recognition of a financial instrument as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Expenses

Administrative expenses are accounted for on an accruals basis.

Taxation

Corporation tax payable is provided on the results for the financial period. The Company is subject to Irish Corporation tax on trading operations at the standard rate of 25%. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the end of the reporting period where transactions or events have occurred at that date that will result in an obligation to pay more or right to pay less tax. Provision is made at the rates expected to apply when the temporary differences reverse based on legislation substantively enacted at the end of the reporting period. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements (on an undiscounted basis).

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. In particular, valuation models used to determine the fair value of financial assets and financial liabilities measured at fair value through profit or loss require the use of a number of assumptions. Estimates and underlying assumptions are reviewed on an on-going basis. Actual results may differ from these estimates.

The following are the estimates and critical judgements, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Estimates

Fair value of financial assets measured at fair value through profit or loss

The carrying value of the Deemed Loan to the Originator at the balance sheet date is €691,950,304 (2020: €845,495,293). The fair value of the Deemed Loan to the Originator is driven by the Gross Value of the Deemed Loan which is determined using a valuation model and adjusted for the fair value of the Class B Note. Any future change in the fair value of financial assets will have an equal but opposite impact on the fair value of financial liabilities. As there are significant unobservable inputs the classification in the hierarchy is Level 3. Please refer to note 7 and note 15(e) for further details. For the Deemed Loan to the Originator, the estimates and underlying assumptions are reviewed on an on-going basis.

Fair value of financial liabilities designated at fair value through profit or loss

The carrying value of the Class A loan Notes at the balance sheet date is €760,884,891 (2020: €952,573,305).

Judgements

Net Deemed Loan to Originator

Under IFRS 9 Financial instruments, if a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The Directors of the Company have concluded that the Originator has retained substantially all the risks and rewards of the securitised loan Portfolio as the Originator fully retained the two classes of notes at the period end date. As a consequence, the Company does not recognise the loans on its Statement of Financial Position, but rather a Deemed Loan to the Originator.

Net approach on the Deemed Loan to the Originator

The Seller as originator of the underlying securitised loan portfolio also holds the Class B Notes. The gross Deemed Loan to the Originator and Class B Notes are viewed as a single arrangement and accounted for as a single combined instrument. They are exposed to the same risk and there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction. The deemed loan is measured at fair value through profit or loss based on the business model assessment. The Class B Notes have been netted against the Deemed loan to the Originator and presented within assets on the Statement of Financial Position. This decision to adopt the net approach for presentation of the deemed loan is considered to be a judgement of the Directors of the Company. If the Directors had in their judgement considered the gross approach for presentation of the deemed loan, the Class B Notes would not be netted against the Deemed Loan but would be presented as a financial liability along with the Class A Notes.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. NET GAINS FROM FINANCIAL ASSETS AT FVTPL

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Net gains on financial assets at FVTPL	37,368,944	21,422,835
	37,368,944	21,422,835

The fair value movement from financial assets at FVTPL also include interest income on the Deemed Loan to the Originator and also foreign exchange loss.

4. NET LOSSES ON FINANCIAL LIABILITIES DESIGNATED AT FVTPL

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Net losses on financial liabilities designated at FVTPL including interest expense on Class A Notes	(8,601,542)	(5,853,305)
	(8,601,542)	(5,853,305)

5. ADMINISTRATIVE EXPENSES

Profit before tax is stated after charging:	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Servicing fees	28,470,397	15,408,152
Auditors' remuneration – audit of the statutory financial statements of the Company	135,300	135,300
Tax fees	4,920	4,920
Other expenses *	155,785	20,908
	28,766,402	15,569,280

*Other expenses includes interest expense on the liquidity facility.

Auditor's remuneration (VAT excluded) in respect of the financial period	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Statutory audit	110,000	110,000
	110,000	110,000

Apart from the Directors, the Company has no employees and, other than the fees paid to Wilmington Trust SP Services (Dublin) Limited as set out in note 14, the Directors received no remuneration during the period. The terms of the corporate services agreement provide for a single fee for the provision of corporate services (including making available of individuals to act as Directors of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation. The Company has allocated an amount of €1,000 per Director of the total administration fees paid to Wilmington Trust for the provision of the services of Director. The individuals acting as Directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as Directors of the Company. Tax and other compliance services were not provided by the Company's appointed auditors during the year.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. TAX ON PROFIT

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Current tax:		
Irish corporation tax	250	62
Profit before tax	1,000	250
Profit multiplied by the higher rate of Irish corporation tax for the year/ period of 25%	250	62
Current tax charge for the year/period	250	62

The Company is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such, the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I of Schedule D.

7. NET DEEMED LOAN TO THE ORIGINATOR AT FVTPL

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Fair value of gross deemed loan	3,516,969,083	5,771,392,316
Fair value of class B Notes	(2,825,018,779)	(4,925,897,023)
Closing balance	691,950,304	845,495,293
Fair value of gross deemed loan:		
Opening balance/Purchased value	5,771,392,316	5,565,367,566
Additions	554,373,236	415,527,000
Repurchases	(2,965,194,859)	(89,388,000)
Collections	(313,191,256)	(174,085,236)
Foreign currency adjustment	77,039,727	(30,018,721)
Accrued interest	75,392,000	83,989,707
Fair value movement on the deemed loan	317,157,919	-
	3,516,969,083	5,771,392,316

The Seller holds a Call Option to purchase all (but not part) of the Portfolio exercisable at any time. The purchase (exercise) price of the Portfolio is the tax book value of all loan receivables on the relevant interest payment date. Following the exercise of the Call Option, the Company shall be bound to redeem the Notes in a nominal amount equal to the call option purchase price.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. DEEMED LOAN TO THE ORIGINATOR AT FVTPL (CONTINUED)

Loan type of the underlying Portfolio is disclosed below using the gross book value:

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Small Business Loans	1,054,779,965	1,753,374,958
Mortgage Loans	2,303,761,197	4,012,812,963
Wholesale Loans	139,031,735	693,025,406
Consumer Loans	369,456,708	814,896,988
Total	3,867,029,605	7,274,110,315

Status of the underlying Portfolio is disclosed below using the gross book value:

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Secured	2,701,612,610	5,352,928,921
Unsecured	1,165,416,995	1,948,181,394
Total	3,867,029,605	7,274,110,315

The Secured Loans are (in the majority of cases) secured on commercial, residential or other real estate properties located in Greece or vessels or secured small business loans pursuant to a Pre-Notation or mortgage in favour of the Seller.

Ageing analysis of the underlying Portfolio is disclosed below using the gross book value:

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Current	3,334,054,868	4,360,916,960
Past due 1 – 29 days	44,713,707	363,966,156
Past due 30 – 59 days	56,217,492	101,829,613
Past due 60 – 89 days	31,616,699	53,006,912
Past due 90 – 179 days	63,753,551	74,925,649
Past due > 180 days	336,673,288	2,319,465,025
Gross book value	3,867,029,605	7,274,110,315

8. OTHER RECEIVABLES

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Prepayments	12,012,500	20,462,500
Amounts receivable from Eurobank	241,287	16,314,329
Prepaid expenses	2,300,967	-
Other receivables	198,213	5,541,272
	14,752,967	42,318,101

Other receivables are classified as current.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. CASH AND CASH EQUIVALENTS

All withdrawals from the Company's bank accounts are in accordance with the detailed priority of payments set out in the securitisation agreements.

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Cash and bank current accounts	83,137,592	98,531,914
	83,137,592	98,531,914

Cash is held in accounts with Eurobank.

10. SHARE CAPITAL

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Authorised:		
100 ordinary shares of €1	100	100
Issued and fully paid:		
1 ordinary share of €1	1	1

The Company's capital consists of share capital issued. The Company is not subject to any external capital requirements.

The Company has issued 1 share of the total authorised shares of 100 to Wilmington Trust SP Services (Dublin) Limited. All shares are held under the terms of declarations of trust under which the relevant share trustee holds the issued shares of the Company in trust for a charity.

11. LIQUIDITY FACILITY

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Liquidity facility	3,000,000	24,000,000
	3,000,000	24,000,000

The Seller has provided a secured liquidity loan facility commitment of €55 million to the Company. The balance of the liquidity facility as at 31 December 2021 is €3 million (2020: €24 million). The rate of interest on the liquidity facility is the liquidity margin of 1.65% plus three-month Euribor.

The Cash Manager and the Servicer on behalf of the Company apply all amounts borrowed under the liquidity facility for the payment of expenses as set out in the liquidity facility agreement. The Company shall repay each liquidity loan in full on the earlier of its liquidity facility maturity date and the final maturity liquidity facility date which is April 2035.

The payment obligations of the Company under this Agreement rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. LOAN NOTES IN ISSUE DESIGNATED AT FVTPL

		Year ended 31 December 2021	Period ended 31 December 2020
		€	€
Loan Notes in issue designated at FVTPL		760,884,891	952,573,305
		760,884,891	952,573,305

	Coupon	Nominal issued	Closing balance 2021	Closing balance 2020
Class A	3 month Euribor plus 1.60%	1,000,000,000	760,884,891	952,573,305

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Movement during the period:		
Balance as at beginning of year/period	952,573,305	-
Issuance during the year/period – non cash	-	1,000,000,000
Repayments during the year/period - cash	(191,253,000)	(49,269,000)
Accrued interest – non cash	(435,414)	1,842,305
Balance at end of year/period	760,884,891	952,573,305

The contractual maturity date of the notes is April 2035. The Company has not had any defaults on principal, interest or any other breaches with respect to their liabilities during the year/period.

The Class B1 Noteholders have a Call Option to purchase all (but not part) of the Portfolio exercisable at any time. The purchase (exercise) price of the Portfolio will be equal to the Class 'B1 Call Option Purchase Price' as defined in the Trust Deed.

The Notes issued by the Company are principally secured by way of a first fixed security over the benefit of the Company's interest in the loan portfolio. The Notes are ultimately limited recourse obligations of the Company and, if the Company has insufficient funds to pay amounts due in respect of the Notes in full, following the distribution of all available funds, any amounts outstanding under the Notes will cease to be due and payable to the Note holders.

If the Company has insufficient funds available for the purpose of redeeming the principal outstanding on the Notes in full or interest thereon, such amounts will not be payable to the Noteholders. As per the priority of payments outlined in the securitisation agreements, the order of payment of principal and interest due on the Notes is as follows: payment towards Class A Noteholders of all interest and principal due on the Class A Notes and then payment towards Class B Noteholders of all interest and principal due on the Class B Note.

13. OTHER LIABILITIES

	Year ended 31 December 2021	Period ended 31 December 2020
	€	€
Service and management fees payable	9,787,995	7,048,516
Levy fee payable	1,789,205	1,577,318
Liabilities due to assignment and repurchases of loans	9,448,687	-
Deferred income	4,662,795	-
Other liabilities	-	994,826
Accrued expenses	266,101	151,092
Corporation tax payable	250	62
	25,955,033	9,771,814

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. RELATED PARTY TRANSACTIONS AND KEY CONTRACTORS

The Company has identified the following transactions which are required to be disclosed under the terms of IAS 24 “Related Party Disclosures”.

The Company has no employees during the financial period and the Directors who are also employees of Wilmington Trust received no remuneration during the financial period. The terms of the corporate services agreement provide for a single fee for the provision of corporate services (including making available of individuals to act as Directors of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation. The Company has allocated an amount of €1,000 per Director of the total administration fees paid to Wilmington Trust for the provision of the services of Directors. The individuals acting as Directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as Directors of the Company.

The initial purchase price of the loan Portfolio was €5,565,367,566 and the gross book value of the loan portfolio was €9,561,723,000 on 13 July 2020. The Company has financed the purchase of the Portfolio by issuing Notes. The issued price of the Class A and B Notes was €9,561,723,000 and as both Notes are held by EuroBank S.A there was no cash settlement as the payment obligation on the loan portfolio purchase was netted against the payment obligation on the Notes.

The Company purchased the underlying loan portfolio from Eurobank which has a balance of €691,950,304 at year end (2020: €845,495,293). Please refer to note 7 for details on the movements on the loan portfolio during the period. The carrying value of the Class A Notes at the balance sheet date is €760,884,891 (2020: €952,573,305). Please refer to note 12 for the movements on the Class A Notes.

In April 2021, the Company completed a significant buyback and transferred loans with a repurchase price of €5,039,867,356 to Eurobank. The fair value of the transferred loans was €2,793,094,489. Note that other buybacks were performed during the period, with a repurchase price of €310,437,644 to Eurobank. The fair value of the other transferred loans was €172,100,370, and the fair value of the total repurchases for the period was €2,965,194,859.

The Company has a liquidity facility with the Seller which has a balance as at 31 December 2021 of €3 million (2020: €24 million).

The Company has an other payable balance in the amount of €9,448,687 (2020: other receivable of €2,595,949) due from Eurobank S.A. that relates to cash collected from the underlying loan repayments not yet transferred to the Company’s bank account as 31 December 2021. The Company also has a receivable due from the Seller of €2,542,254 (2020: €16,314,329) relating to intermediate note accounts as at 31 December 2021.

The bank balance held by Eurobank at the period end was €83,137,592 (2020: €98,531,914).

The interest income earned on the underlying loan portfolio for the year was €111,875,296 (2020: €73,918,648). Eurobank earned €160,148,622 (2020: €28,330,397) with respect to interest income on the Class A Note and Class B Note and was owed €156,228,845 (2020: €24,319,397) at the end of the year.

DoValue Greece and Credit Claim Management Société Anonyme act as Servicer and is considered a key contractor of the Company. Refer to note 5 for the servicer fees paid during the period and note 8 for the prepayment to the Servicer.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL RISK MANAGEMENT

Capital risk management

The capital managed by the Company is comprised of the Notes issued and outstanding at the financial year end. The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the Noteholder. The Company is not subject to externally imposed capital requirements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The risk profile of the Company is such that market, credit, liquidity and other risks of the Deemed Loan to Originator are borne fully by the Noteholder. The principal and income payments to the Noteholder are determined with reference to priorities of payment schedule as contained in their terms and conditions of the Notes issued.

The Originator considers the Company to be its subsidiary. The Originator manages the underlying loan portfolio under the servicer agreement with the Company. In managing the loans, the Originator applies its own formal risk management structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures. This structure is reviewed regularly by the Originator's Assets and Liabilities Committee (ALCO), which is charged with the responsibility for managing and controlling the statement of financial position exposures of the Originator.

Financial instruments

The Company's financial instruments comprise of a Net Deemed Loan to the Originator, cash and cash equivalents, Notes issued and receivables and payables that arise directly from its operations.

(a) Market risk

Market risk is the potential adverse change in value caused by unfavourable movements in interest rates, foreign exchange or market prices of financial instruments. The market risks associated with the Company's activities are outlined below.

(i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rates on the underlying loan receivables are floating rates and the interest rates on the Class A Notes is floating at 3 months Euribor plus 1.6%. There is no interest on the Class B Notes. There may be a timing mismatch between payments of interest on the loan notes and receipts of interest on the financial assets, and in the case of the assets, the rates at which they bear interest may adjust more or less frequently, and on different dates and based on different indices than the interest rates on financial liabilities. Please refer to note 7 for details on the financial assets.

Interest risk is significant on the Deemed Loan however, interest risk is largely mitigated because the risk of first loss will be borne by the Noteholders.

A 10% change in interest rates on the Class A Note would result in an increase/decrease of interest expense of €781,503. This risk is borne by the noteholder as the Notes are limited recourse instruments.

A 10% change in the liquidity facility interest rate would result in an increase/decrease of liquidity facility interest expense of €3,234 (2020: €26,520).

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Price risk is significant on the Deemed Loan, however, price risk is largely mitigated because the risk of first loss will be borne by the Noteholders.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Currency risk

The Company's asset is a deemed loan from the originator denominated in EUR. The deemed loan is linked to an underlying portfolio of predominantly non-performing loans, which are denominated in EUR, CHF, JPY, GBP, PLN and USD. Please see the currency split of the gross book value of the underlying portfolio below.

As the Notes issued are limited recourse, all gains and losses are passed on to the Noteholders, and there is no residual risk remaining for the Company. Currency risk is significant on the Deemed Loan however, currency risk is largely mitigated because the risk of first loss will be borne by the Noteholders.

The liabilities are denominated in EUR, hence there is no foreign currency exposure in relation to these balances.

Currency –Gross book value of underlying loan portfolio	31 December 2021 %	31 December 2020 %
EUR	74.35	76.84
CHF	25.45	22.80
USD	0.10	0.16
JPY	0.10	0.15
PLN	0.00	0.03
GBP	0.00	0.02
Total	100%	100%

A sensitivity analysis has been completed on the loans denominated in CHF as the exposure to currency fluctuations in the other denominations is much smaller. If the CHF exchange rates were to increase by 5% this would result in a decrease in the gross book value of the CHF loans of €46.9 million (2020: €78.9 million). If the CHF exchange rates were to decrease by 5% this would result in an increase in the gross book value of the CHF loans of €51.8 million (2020: €87 million).

(b) Credit risk

Credit risk is the risk of financial loss to the Company if the customer of the financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, Deemed Loan to Originator and other receivables. However ultimately this risk is borne by the noteholders due to the terms of conditions of the loan notes in issue being on a non recourse basis, meaning that the noteholders are directly exposed to cash-flows generated by the assets, and will suffer losses where these are insufficient in line with the priorities of payments of the loan notes in issue.

The maximum exposure to credit risk is considered by the Directors to be the carrying value of the Net Deemed Loan to the Originator (see note 7), other receivables and cash and cash equivalents. The maximum exposure to credit risk at the reporting date is:

	2021 €	2020 €
Deemed Loan to the Originator at FVTPL	691,950,304	845,495,293
Other receivables	14,752,967	42,318,101
Cash and cash equivalents	83,137,592	98,531,914
	789,840,863	986,345,308

In relation to cash and cash equivalents, the Company monitors the rating (Moody's) of the bank accounts ensuring that the Bank continues to be eligible institutions. The short-term credit rating for Eurobank at the reporting date are is NP. Given the short-term nature of other receivable and cash and cash equivalents balances and its credit quality, management believes that the ECL on these are not material.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Please refer to note 7 for the ageing analysis, loan type and secured or unsecured status of the loan portfolio.

As the Company's financial assets is a Deemed loan from the Originator and the credit risk of the underlying loan portfolio is borne by the Noteholders, the Company is not exposed to any credit risk. At the reporting date, the rating analysis by Moody's for Eurobank is NP.

(c) Concentration risk

At the reporting date, 100% of the Company's financial assets were concentrated in Greece.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company has mitigated this risk by obtaining sufficient resources to continue in business for the foreseeable future. The Company's obligations under the loan notes are matched with the receipts of interest and proceeds from the redemption of the financial assets.

The contractual maturity of the Notes is in April 2035. The Seller has a Call Option to purchase all (but not part) of the Portfolio exercisable at any time. The purchase (exercise) price of the Portfolio will be equal to the tax book value of all Loan Receivables on the relevant interest payment date. The Notes as a result of the Call Option are repayable on demand.

The following table details the Company's liquidity analysis for its financial liabilities as at 31 December 2021.

At 31 December 2021	Carrying Amount	Gross nominal outflow	On demand	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
	€	€	€	€	€	€	€
Liabilities							
Loan Notes issued designated at FVTLP	759,478,000	759,478,000	759,478,000	-	-	-	-
Other liabilities	28,955,033	28,955,033	3,000,000	25,955,033	-	-	-
Total liabilities	788,433,033	788,433,033	762,478,000	25,955,033	-	-	-

At 31 December 2020	Carrying Amount	Gross nominal outflow	On demand	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
	€	€	€	€	€	€	€
Liabilities							
Loan Notes issued designated at FVTLP	950,731,000	950,731,000	950,731,000	-	-	-	-
Other liabilities	33,771,814	33,771,814	24,000,000	9,771,814	-	-	-
Total liabilities	984,502,814	984,502,814	974,731,000	9,771,814	-	-	-

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Fair value financial assets and financial liabilities

The Deemed Loan to the Originator is fair valued by reference to the fair value of the Loan notes. The valuation methodology applied is based on discounting the future cash flows over the time period they are expected to be recovered, using an appropriate discount rate (Discounted Cash Flow Method).

Considering that the cashflows of the Company stem from the cashflows of the underlying loan portfolio, the valuation technique effectively models the performance of the portfolio, with projections for the timing and recovery method of the potential outcomes. This is done by employing reasonable and supportable information and assumptions that are consistent with the types of analyses and inputs already applied by the Seller in the context of its Non Performing Exposure (“NPE”) management function. Such assumptions and information are considered relevant from an IFRS 13 perspective, as they are considered as factors that market participants would use when pricing the portfolio.

More specifically, the key considerations regarding the valuation methodology adopted are set out below and are based on the existing framework of the Seller developed over the years in the context of its successful Non Performing Exposure management (“NPE”):

- Seller’s Credit policy for the loan portfolio servicing
- Historical observations/behaviors of loan portfolio with similar characteristics
- Bank’s NPE business plan
- Expert judgement in order to incorporate market conditions and new initiatives/strategies
- Portfolio characteristics as of cut-off date

Any deviation in the fair value of the loan portfolio would be netted between the deemed loan and the Class B note, and hence the valuation of the net deemed loan also incorporates a decrease in the Class B note in case of outflows (repurchases of the loan portfolio from the Originator).

The below factors have been considered in the fair value methodology:

- The fair value of the structure takes into account all expected cash flows that lead to Class A and B Note repayments; as well expected net inflows.
- In accordance with IFRS 13 any potential willing investors (market participants) assessing an acquisition of the Notes would take into account for pricing purposes any inflows/outflows relevant to the portfolio.
- The asset to be fair valued, is the net Deemed loan, ie the Deemed Loan netted off with the Class B note, in which the latter act as a credit enhancement and liquidity support to the Class A notes as they are subordinated in payment to the Class A notes. Hence, all expected cashflows arising from the Class B notes are reflected in the valuation.
- Any deviation in the fair value of the loan portfolio is netted between the deemed loan and the Class B note, and hence the valuation of the net deemed loan incorporates a decrease in the Class B note in the case of outflows (repurchases of the loan portfolio from the Originator) and an increase in case of inflows (transfer of new loan portfolio by the Originator).

Fair value hierarchy

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset or liability as follows:

Level 1 - valued using quoted prices in active markets for identical assets or liabilities.

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data. The valuation techniques used by the Company are explained in the accounting policies note.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Fair value financial assets and financial liabilities (continued)

Fair value hierarchy (continued)

It is noted that expected cash flows, which incorporate credit risk, represent significant unobservable input in the valuation and as such, the entire fair value measurement is categorised as Level 3 in the fair value hierarchy. All other financial assets and liabilities are defined as being level 2 due to their immediate or short-term nature.

December 2021	Level 1	Level 2	Level 3	Total
	€	€	€	€
Net Deemed Loan to the Originator at FVTPL	-	-	691,950,304	691,950,304
	-	-	691,950,304	691,950,304
Loan Notes in issue designated at FVTPL	-	-	760,884,891	760,884,891
	-	-	760,884,891	760,884,891
December 2020	Level 1	Level 2	Level 3	Total
	€	€	€	€
Net Deemed Loan to the Originator at FVTPL	-	-	845,495,293	845,495,293
	-	-	845,495,293	845,495,293
Loan Notes in issue designated at FVTPL	-	-	952,573,305	952,573,305
	-	-	952,573,305	952,573,305

Since the loan notes in issue are limited recourse, amounts received from the disposal of the underlying loan receivables would be used to repay the loan notes after the settlement of all other creditors.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Fair value financial assets and financial liabilities (continued)

Note 7 shows a reconciliation from the beginning gross balances to the ending balances for the fair value measurements in level 3 of the fair value hierarchy of the deemed loan asset and the class B note liability. There were no transfers in or out of level 3 during the year ended 31 December 2021 (2020: no transfers).

Fair value measurement sensitivity to unobservable inputs

Although the Company believes its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The fair value of the loans and receivables and Notes issued are both being driven by the underlying loan portfolio, hence a 10% change in the value of the underlying loan portfolio will result in an impact of €69,195,030 on the fair values.

The significant unobservable inputs used in determining fair value include the expected future cash flows and the discount rates applied.

A sensitivity analysis indicates that if the underlying assumptions for future expected cash flows are stressed by 5%, it would result in a decrease of €185 million (2020: €321 million) in the projected cash flows.

e) Fair value financial assets and financial liabilities (continued)

Fair value measurement sensitivity to unobservable inputs (continued)

The discount rates applied in the valuation methodology are as follows:

Class A Notes: 1.6% + 3-month Euribor

Class B Notes: 3.57% + 3-month Euribor

Fair value measurement sensitivity to unobservable inputs (continued)

Changes in these discount rates would have a corresponding impact on the fair value of the deemed loan to the originator. A sensitivity analysis has been performed to illustrate the effect of changes in the discount rate on the fair value of the deemed loan, assuming all other valuation inputs remain constant including the fair value of the Class B Notes. The results of this analysis are presented below.

Discount rate	2021 Fair value	-10%	+10%
Deemed Loan to the Originator at FVTPL – discounted cash flow method	691,950,304	717,147,553	676,038,309
Discount rate	2020 Fair value	-10%	+10%
Deemed Loan to the Originator at FVTPL – discounted cash flow method	845,495,293	913,464,242	779,697,140

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The shares in the Company are held by Wilmington Trust SP Services (Dublin) Limited under Declarations of Trust for charitable purposes dated 8 July 2020. Eurobank S.A. has no direct equity ownership interest in the Company. However, in accordance with IFRS, and particularly IFRS 10, the Originator being the noteholder as well, considers itself to be the controlling party of the Company and the results of the Company will be included in the consolidated financial statements of Eurobank S.A., which are available online at www.eurobank.gr.

The financial statements of Eurobank S.A. are available from its head office: 8 Othonos Street, 105 57, Athens, Greece, and from its website at www.eurobank.gr.

17. SUBSEQUENT EVENTS

In 2022 and 2023 the global and European economy showed signs of deceleration amid sustained, albeit abated, inflation pressures, financial volatility and geopolitical uncertainty. More specifically, in Greece, amid strong negative base effects and easing energy prices, the annual inflation rate based on the Harmonized Index of Consumer Prices (HICP) receded to 2.4% in September 2023, from 3.5% in August 2023, and its 12.1% peak in September 2022, according to the Hellenic Statistical Authority (ELSTAT). On monetary policy developments, after ten rounds of interest rate hikes in 2022 and in 2023 and on the back of an improved inflation outlook, the European Central Bank (ECB) implemented eight interest rate cuts from June 2024 to June 2025, lowering its deposit facility rate by 200 basis points in total. The ECB shifted its policy stance in June 2026, increasing its key interest rates by 25 basis points. As a result, the deposit facility rate rose to 2.25%, reflecting renewed inflationary pressures and a more uncertain inflation outlook.

On February 24, 2022, Russia launched a large-scale military invasion of Ukraine and is now engaged in a broad military conflict with Ukraine. In response, the United States, the European Union, the United Kingdom and other countries have imposed broad, far-reaching sanctions against Russia, certain Russian persons and certain activities involving Russia or Russian persons. The Russia/Ukraine conflict has not had an impact on the performance of the entity.

Since 7 October 2023, armed conflict between Israel and Hamas-led Palestinian militant groups has been taking place chiefly in and around the Gaza Strip. The regional security situation has subsequently expanded to include direct hostilities between Israel and Iran, including missile, drone and air strikes during 2024 and 2025, increasing the risk of wider regional instability across the Middle East. This conflict has not had an impact on the performance of the entity. Management are aware that this is an unprecedented and ever evolving matter and will continue to monitor developments to ensure they are knowledgeable on the current situation.

Since 1 January 2022, the Company has completed buybacks and transferred loans with a repurchase price of €4,176,793,132 to the Seller.

Management have concluded that the call option does not impact on the going concern assumption. It is not anticipated that the call option will be exercised in the near future.

The Board of Directors have made an assessment of the Company covering at least 12 months from the date of approval of these financial statements and up to the Final Maturity Date, having taken into consideration the factors relating to (a) the Company's financial position, (b) the Seller's financial position, (c) the performance of the underlying Receivables, and are satisfied that the financial statements of the Company can be prepared on a going concern basis.

Other than the above, there were no other material events after the reporting financial year.

ERB RECOVERY DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. CHARGES

Citibank N.A., in their capacity as the Trustee, have registered two charges against the Company in favour of the Noteholders.

19. SEGMENT RISK AND REPORTING

The Company is structured in a way that the assets and liabilities are managed as a whole and there are no distinct identifiable segments. The reporting, risk management and administration are performed on a collective basis rather than based on segments. The Company's revenue is generated from the portfolio held during the financial year. The Company has no other product or revenue generating source.

Refer to note 7 for the breakdown of the Deemed Loan from Originator based on geography industry categories.

As required by IFRS 8 Operating Segments ("IFRS 8"), the information provided to the Board and the Servicer, who are the Chief Operating Decision Makers, can be classified into one segment as at 31 December 2021.

The Company regards the holder of Notes as customers, because it relies on their funding for continuing operations and meeting its objectives hence Eurobank S.A. is considered as the major customer.

20. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments as of 31 December 2021.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29 July 2026.