



## **Eurobank Property Services S.A.**

### **Financial Statements**

**for the year ended 31 December 2017**

Eslin 7 & Amaliados 20, 115 23 Athens  
[www.eurobankpropertyservices.gr](http://www.eurobankpropertyservices.gr)  
Company Registration number 2296701000

This financial report has been translated from the original report that has been prepared in the Greek language. Reasonable care has been taken to ensure that this report represents an accurate translation of the original text. In the event that differences exist between this translation and the original Greek language financial report, the Greek language financial report will prevail over this document.

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(Translation from the original text in Greek)

## **Independent Auditor's Report**

To the Shareholder of Eurobank Property Services SA

### **Our opinion**

We have audited the accompanying financial statements of Eurobank Property Services S.A. (the 'Company'), which comprise the balance sheet as of 31 December 2017, the statement of comprehensive income, changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, the financial performance of the Company and the cash flow of the company for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements and consolidated financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

### **Other Information**

The members of the Board of Directors are responsible for the Other Information. The Other Information, is the Report of the Directors for the period 1.1-31.12.2017 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise, explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We considered whether the Report of the Directors includes the disclosures required by Codified Law 2190/1920.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Report of the Directors for the year ended at 31 December 2017 is consistent with the financial statements,
- The Report of the Directors has been prepared in accordance with the legal requirements of articles 43a and 107A of the Codified Law 2190/1920,

In addition, in light of the knowledge and understanding of the Company and the environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Report of the Directors and Other Information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

### **Responsibilities of Board of Directors and those charged with governance for the financial statements**

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Codified Law 2190/1920, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Our opinion on the on the Report of Directors is mentioned above under "Other Information".



PricewaterhouseCoopers S.A.  
Certified Auditors  
268 Kifissias Avenue  
152 32 Halandri  
Soel Reg. No 113

Athens, 29 June 2018

The Certified Auditor

Konstantinos Michalatos  
Soel Reg. No 17701

**DIRECTORS REPORT  
EUROBANK PROPERTY SERVICES S.A.  
FOR THE PERIOD ENDED 1/1-31/12/2017**

**Dear Shareholders,**

This fiscal year is the thirty second and includes the period from January 1, 2017 up to December 31, 2017.

During the current period, the Company's activities were consistent with applicable law and the purpose of the Company, as defined by its article of association.

The financial statements of current year, as submitted to the Annual General Meeting, have been prepared in accordance with International Financial Reporting Standards. Detailed information on key accounting policies followed out in the explanatory notes to Financial Statements December 31, 2017.

The financial statements are approved by the Board of Directors meeting of June, 29 2018.

**Information regarding the company's activities during 2017:**

**Commission income:** The Company's commission income during the year 2017 was € **6.898ths** compared to € 5.144ths in 2016, representing an increase of **34%**.

**Commission related expenses:** The Company's commission related expenses during the year 2017 were € **3.934ths** compared to € 2.864ths in 2016, representing an increase of **37%**.

**Operating expenses:** The Company's other operating expenses, before depreciation and amortisation expenses (€461χιλ) and voluntary exit scheme expense (€141χιλ) were € **2.994ths** compared to €3.096ths in 2016 representing a decrease of **-3%**. Staff costs (excluding the voluntary exit scheme expense) during the year 2017 were € **2.103ths** compared to € 2.212 in 2016, representing a decrease of **-5%**.

**Interest income:** Interest income for the year 2017 at €**5ths**.

**Operating lossess:** Company's operating loss amounted to € **627ths** representing a decrease by **-37%**

The Company's staff as of 31 December 2017 was 49 persons (2016: 51).

**Macroeconomic environment**

In 2018, Greece's real GDP is expected to grow by 1.9%, according to the May 2018 forecast by European Commission (2017: 1.4%, according to the Hellenic Statistical Authority's (ELSTAT) estimate). Based on ELSTAT and Ministry of Finance data, the unemployment rate in February 2018 was at 20.8%, remaining stable as in December 2017 and the 2017 primary surplus was at 4.2% of GDP, outperforming the respective 2017 Third Economic Adjustment Program (TEAP) target of 1.75% of GDP.

Greece nears the completion of the cycle of economic adjustment programs. The conclusion of the fourth and final review of the TEAP, the expected significant rise in investments (2018 Budget estimate at 11.4% compared to 9.6% increase in 2017), and a forecasted strong tourism season support

expectations for a further improvement in domestic economic activity in 2018. The decisive implementation of the reforms agreed in the context of the TEAP, the implementation of further debt relief measures in accordance with 24 May 2016 Eurogroup decisions, the mobilization of European Union (EU) funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model will improve the confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment.

Currently, the relation between Greece and the European Institutions in the post program period, as well as the parameters of the sovereign debt relief proposal, the nature of a safety cash buffer that would facilitate its market access after the end of the program in August 2018 and the establishment of a framework that secures the continuation of reforms in the Greek economy, are under discussion.

The main risks and uncertainties are associated with (a) the possible delays in the implementation of the reforms' agenda in order to meet the remaining targets and milestones of the TEAP, (b) the possible delays in the agreement of the post-program relation between Greece and the Institutions, (c) an agreement regarding debt relief measures that may be conceived by the markets that is not sufficient or includes too many conditionalities, (d) the impact on the level of economic activity and on the attraction of direct investments from the fiscal and social security-related measures agreed under the reviews of the TEAP, (e) the ability to attract new investments in the country, (f) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (g) the possible slow pace of deposits inflows and/ or possible delays in the effective management of non-performing exposures (NPEs) as a result of the macroeconomic conditions in Greece and (h) the geopolitical conditions in the near or in broader region and the external shocks from a slowdown in the global economy.

### **Prospects**

The Company's strategy is to maintain its dominant position for the provision of high quality real estate services. The Company's Management objective is improve further the quality of its services, both to the Bank and third parties, and promises to do its best to achieve this goal.

### **Risks**

The Company due to its activities is exposed to various financial risks as mentioned in Note 3 of the Financial Statements. The Company's policy is to minimize those risks, in order to avoid any impact on its financial position.

The Company does not have any branches used for its operations for the current 2017.

There are no other significant events or any company's assets referred to in Article 43a p.3 b. of law 2190/20 which should be included in the current report.

**Key Ratios**

The key ratios for the Company are as follows:

<b>Ratios</b>		<b>31.12.2017</b>	<b>31.12.2016</b>
Profitability ratios	Operating loss (before tax) / Revenue	<b>-9%</b>	-19%
	Net Loss before Tax / Revenue	<b>-9%</b>	-19%
	Net Loss after Tax / Revenue	<b>-7%</b>	-18%
Financial Ratios	Total Assets / Current Liabilities	<b>303%</b>	376%
	Total Liabilities / Equity	<b>0,4</b>	0,3
	Tangible Assets & Intangible Assets / Equity	<b>16%</b>	16%
	Current Assets / Current Liabilities	<b>3,0</b>	3,8

Athens, June 29, 2018

The President of BoD



## Balance Sheet

	Note	31 December	
		2017	2016
		€'000	€'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	605	471
Intangible assets	6	154	400
Investments in associates	8	556	556
Available for sale financial assets	7	20	20
Deferred tax asset	13	241	81
		<b>1.576</b>	1.528
<b>Current Assets</b>			
Trade and other receivables	9	3.768	3.371
Income tax receivable	22	-	110
Cash and cash equivalents	10	1.201	1.738
		<b>4.969</b>	5.219
<b>Total Assets</b>		<b>6.545</b>	6.747
<b>EQUITY &amp; LIABILITIES</b>			
<b>EQUITY &amp; RESERVES</b>			
Share capital	11	666	666
Other reserves	12	351	351
Retained earnings		3.782	4.276
<b>Total equity &amp; reserves</b>		<b>4.799</b>	5.293
<b>Long-term Liabilities</b>			
Retirement benefit obligation	15	104	66
		<b>104</b>	66
<b>Current liabilities</b>			
Trade payables and other liabilities	14	1.642	1.388
		<b>1.642</b>	1.388
<b>Total Liabilities</b>		<b>1.746</b>	1.454
<b>Total Equity and Liabilities</b>		<b>6.545</b>	6.747

## Statement of Comprehensive Income

	Note	For the year ended 31 December	
		2017 €' 000	2016 €' 000
<b>Income from operating activities</b>			
Commission income	16	6.898	5.144
Commission related expenses	17	(3.934)	(2.864)
<b>Other operating expenses</b>			
Staff costs	18	(2.244)	(2.212)
Other expenses	19	(891)	(884)
Depreciation & amortisation expense	20	(461)	(184)
<b>Operating lossess</b>		<b>(632)</b>	<b>(1.000)</b>
Interest income	21	5	9
<b>Loss before tax</b>		<b>(627)</b>	<b>(991)</b>
Income tax	22	152	69
<b>Loss after tax</b>		<b>(475)</b>	<b>(922)</b>
<b>Other comprehensive income</b>			
Gain / (Loss) recognised through Equity under IAS19	15	(19)	10
<b>Loss attributable to shareholders</b>		<b>(494)</b>	<b>(912)</b>

## Cash flow Statement

	Note	For the year ended	
		31 December	2016
		2017	2016
		€'000	€'000
<b>Loss before tax</b>		<b>(627)</b>	<b>(991)</b>
<b>Adjustments for:</b>			
Interest income	21	(5)	(9)
Depreciation and amortization expense	20	461	184
Other income		(241)	-
Provisions		31	9
<b>Cash flows used in operating activities before changes in working capital</b>		<b>(381)</b>	<b>(807)</b>
Increase in trade and other receivables		(156)	(516)
(Decrease) / Increase in trade and other payables		234	(49)
Tax receipts		110	
<b>Net cash from / (used in) operating activities (a)</b>		<b>(193)</b>	<b>(1.372)</b>
<b>Cash flows from investing activities</b>			
Acquisition of tangible assets	5	(208)	(423)
Acquisition of intangible assets	6	(141)	(17)
Acquisition of shares in associate companies	8	-	(2)
Interest received		5	9
<b>Net cash used in investing activities (b)</b>		<b>(344)</b>	<b>(433)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash used in financing activities (c)</b>		<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents (a)+(b)+(c)</b>		<b>(537)</b>	<b>(1.805)</b>
<b>Cash and cash equivalents at beginning of year</b>	10	<b>1.738</b>	3.543
<b>Cash and cash equivalents at end of year</b>	10	<b>1.201</b>	1.738

## Statement of changes in equity

Σημ.	Share Capital €'000	Other Reserves €'000	Retained Earnings €'000	Totals €'000
<b>Balance 1/1/2016</b>	<b>666</b>	<b>351</b>	<b>5.188</b>	<b>6.205</b>
Loss for the year	-	-	(922)	<b>(922)</b>
Other comprehensive income	-	-	10	<b>10</b>
<b>Balance 31/12/2016</b>	<b>666</b>	<b>351</b>	<b>4.276</b>	<b>5.293</b>
<b>Balance 1/1/2017</b>	<b>666</b>	<b>351</b>	<b>4.276</b>	<b>5.293</b>
Loss for the year	-	-	(475)	<b>(475)</b>
Other comprehensive income/(loss)	-	-	(19)	<b>(19)</b>
<b>Balance 31/12/2017</b>	<b>666</b>	<b>351</b>	<b>3.782</b>	<b>4.799</b>

The Company's financial statements were approved by the Board of Directors on June 29, 2018 and are signed on its behalf by:

Dimosthenis Archontidis

Dimitrios Andritsos

Panagiotis Kyriazis

**Chairman of the BoD**

**Vice President &  
Chief Executive Officer**

**Chief Financial Officer**

## 1. General information

The Company Eurobank Property Services S.A. ("The Company"), offers real estate services (valuations, brokerage, property management, etc.) to Eurobank Group and third parties.

The Company was established and is located in Athens, Greece. The address of its registered office is Eslin 7 & Amaliados 20 Street, Athens, Greece (Company Registration number 2296701000). The employees as of 31 December 2017 were 49 employees (2016: 51 employees).

These financial statements were approved by the Board of Directors as of June 29, 2018.

## 2. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The annual financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate, taking into consideration the following:

#### Macroeconomic environment

In 2018, Greece's real GDP is expected to grow by 1.9%, according to the May 2018 forecast by European Commission (2017: 1.4%, according to the Hellenic Statistical Authority's (ELSTAT) estimate). Based on ELSTAT and Ministry of Finance data, the unemployment rate in February 2018 was at 20.8%, remaining stable as in December 2017 and the 2017 primary surplus was at 4.2% of GDP, outperforming the respective 2017 Third Economic Adjustment Program (TEAP) target of 1.75% of GDP.

Greece nears the completion of the cycle of economic adjustment programs. The conclusion of the fourth and final review of the TEAP, the expected significant rise in investments (2018 Budget estimate at 11.4% compared to 9.6% increase in 2017), and a forecasted strong tourism season support expectations for a further improvement in domestic economic activity in 2018. The decisive implementation of the reforms agreed in the context of the TEAP, the implementation of further debt relief measures in accordance with 24 May 2016 Eurogroup decisions, the mobilization of European Union (EU) funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model will improve the confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment.

Currently, the relation between Greece and the European Institutions in the post program period, as well as the parameters of the sovereign debt relief proposal, the nature of a safety cash buffer that would facilitate its market access after the end of the program in August 2018 and the establishment of a framework that secures the continuation of reforms in the Greek economy, are under discussion.

The main risks and uncertainties are associated with (a) the possible delays in the implementation of the reforms' agenda in order to meet the remaining targets and milestones of the TEAP, (b) the possible delays in the agreement of the post-program relation between Greece and the Institutions, (c) an agreement regarding debt relief measures that may be conceived by the markets that is not sufficient or includes too many conditionalities, (d) the impact on the level of economic activity and on the attraction of direct investments from the fiscal and social security-related measures agreed under the reviews of the TEAP, (e) the ability to attract new investments in the country, (f) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (g) the possible slow pace of deposits inflows and/ or possible delays in the effective management of non-performing exposures (NPEs) as a result of the macroeconomic conditions in Greece and (h) the geopolitical conditions in the near or in broader region and the external shocks from a slowdown in the global economy.

### **Company's position**

The company's main customer is the parent company Eurobank. Additionally cash & cash equivalents are placed entirely in the accounts maintained by the parent Company. Therefore the risks faced by the parent Company are reflected in the company since its dependence is important.

### Going concern assessment

The Board of Directors, taking into consideration the above factors relating to the adequacy of the Bank's capital position, has been satisfied that the financial statements of the Companies' can be prepared on a going concern basis.

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union and International Financial Reporting Standards issued by the IASB.

The principles set out below have been applied consistently in years 2017 and 2016, excluding those listed below. Comparative figures, where necessary, have been adjusted to conform with changes in presentation adopted by the Company for the current year.

### **Amendments to standards and new interpretations adopted by the Company**

The following amendments to standards and new interpretations, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and endorsed by the European Union (EU), apply from 1 January 2017:

#### **IAS 7, Amendment-Disclosure Initiative**

The amendment requires disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The disclosure requirements also apply to changes in financial assets, such as assets that hedge liabilities arising from financing activities, if cash flows from those financial assets were or future cash flows will be, included in cash flows from financing activities.

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

#### **IAS 12, Amendment-Recognition of Deferred Tax Assets for Unrealized Losses**

The amendment clarifies that (a) unrealized losses on debt instruments measured at fair value in the financial statements and at cost for tax purposes may give rise to a deductible temporary difference irrespective of whether the entity expects to recover the carrying amount of the debt instrument by

sale or use, (b) estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences, (c) the estimate of probable future taxable profits may include the recovery of an asset for more than its carrying amount, if there is sufficient evidence that it is probable that this will be realized by the entity, and (d) a deferred tax asset is assessed in combination with all of the other deferred tax assets where the tax law does not restrict the sources of taxable profits against which the entity may make deductions on the reversal of that deductible temporary difference. Where restrictions apply, deferred tax assets are assessed in combination only with other deferred tax assets of the same type.

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

#### **Annual Improvements to IFRSs 2014-2016 Cycle**

IFRS 12 'Disclosure of Interests in Other Entities': It is clarified that the disclosure requirements in IFRS 12 apply to an entity's interest in a subsidiary, a joint venture or an associate classified as held for sale except for the requirement for summarized financial information.

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

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

##### **A. The following amendments to standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2018:**

##### **IAS 40, Amendment-Transfers of Investment Property**

The amendment clarifies that a transfer of property, including property under construction or development, into or out of investment property should be made only when there has been a change in use of the property. Such a change in use occurs when the property meets, or ceases to meet, the definition of investment property and should be supported by evidence.

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

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

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

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

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

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

##### **IFRS 15, Revenue from Contracts with Customers (effective 1 January 2018) and IFRS 15 Amendments (effective 1 January 2018, not yet endorsed by EU)**

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

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

- Financial instruments and other contractual rights or obligations within the scope of IFRS 9 'Financial Instruments' or IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures';
- Lease contracts within the scope of IAS 17 'Leases' (or IFRS 16 'Leases'); and
- Insurance contracts within the scope of IFRS 4 'Insurance Contracts'.

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

IFRS 15 specifies that revenue should be recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services. It introduces the concept of recognizing revenue for performance obligations as they are satisfied and the control of a good or service (i.e. the ability to direct the use of and obtain the benefits from them), is obtained by the customer.

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

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

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

#### **IFRIC 22, Foreign Currency Transactions and Advance Consideration**

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

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

#### **IFRS 9, Financial Instruments**

In 1 January 2018, the Company applied the IFRS 9 'Financial Instruments' which replaced IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised requirements on the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

#### **Classification and measurement**

IFRS 9 establishes a new classification and measurement approach for all types of financial assets that reflects the entity's business model for managing the assets and their contractual cash flow characteristics.

IFRS 9 requires financial assets to be classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available for sale.

Financial assets will be measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest (SPPI). Financial assets will be measured at FVOCI if they are held within a business model whose objective is achieved by both collecting



contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest. All other financial assets will be classified at FVTPL.

An entity may at initial recognition, designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. Furthermore, on initial recognition of an equity instrument that is not held for trading, an entity may irrevocably elect to present subsequent changes in fair value through OCI. This election is made on an investment-by-investment basis.

Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard, are no longer bifurcated. Instead, the hybrid financial instrument is assessed for classification as a whole.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at FVTPL, gains or losses attributable to changes in own credit risk shall be presented in OCI and shall not be subsequently transferred to profit or loss, unless such a presentation would create or enlarge an accounting mismatch. Under IAS 39, all fair value changes of liabilities designated at FVTPL are recognized in profit or loss, unless this would create or enlarge an accounting mismatch.

### **Impairment of financial assets**

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

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

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

### **Hedge accounting**

IFRS 9 includes a new general hedge accounting model which aligns hedge accounting more closely with risk management. Under the new model, more hedging strategies may qualify for hedge accounting, new hedge effectiveness requirements apply and discontinuation of hedge accounting will be allowed only under specific circumstances. The IASB currently has a separate project for the accounting of macro hedging activities. Until the above project is completed, entities have an accounting policy choice to continue applying the hedge accounting requirements in IAS 39. The Company intends to elect to continue applying IAS 39.

## Transition to IFRS 9

The new requirements of IFRS 9 will be applied retrospectively by adjusting the Company's balance sheet at the transition date on 1 January 2018. The Company intends to apply the exemption allowing for the non-reclassification of comparative amounts of prior periods presented. Consequently, the comparative amounts of the Company for 2017 will be presented in accordance with IAS 39.

The company, is currently assessing the effect of IFRS 19, however the adoption of the standard is not expected to have a significant impact on the Company's financial statements.

### **B. The following amendments to standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2019:**

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

The amendment clarifies that IFRS 9 'Financial Instruments' including its impairment requirements, applies to long term interests in associates or joint ventures that form part of the entity's net investment in the associate or joint venture but are not accounted for using equity accounting.

According to the amendment, any adjustments to the carrying amount of long term interests resulting from the application of IAS 28 should not be considered when applying the IFRS 9 requirements which apply to long term interests before applying the loss allocation and impairment requirements of IAS 28.

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

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

The amendment clarifies that when a change to a defined benefit plan i.e. an amendment, curtailment or settlement takes place and a remeasurement of the net defined benefit liability or asset is required, the updated actuarial assumptions from the remeasurement should be used to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Additionally, the amendment includes clarifications about the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

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

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

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

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

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

**IFRS 16, Leases (effective 1 January 2019)**

IFRS 16, which supersedes IAS 17 'Leases' and related interpretations, introduces a single, on-balance sheet lease accounting model for lessees, under which the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17. The new standard provides for the recognition of a 'right-of-use-asset' and a 'lease liability' upon lease commencement in case that there is a contract, or part of a contract, that conveys to the lessee the right to use an asset for a period of time in exchange for a consideration.

The right-of-use-asset is, initially, measured at cost, consisting of the amount of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee and, subsequently, at cost less accumulated depreciation and impairment. The lease liability is initially recognized at an amount equal to the present value of the lease payments during the lease term that are not yet paid.

Accordingly, the typical straight line operating lease expense of operating leases under IAS 17 is replaced by the depreciation charge of the 'right-of-use-asset' and the interest expense on the 'lease liability'. The recognition of assets and liabilities by lessees, as described above, is not required for certain short term leases and leases of low value assets. Additionally, the accounting treatment for lessors is not substantially affected by the requirements of IFRS 16.

The Company is currently assessing the impact of IFRS 16 on its financial statements, which is impracticable to quantify as at the date of the publication of these consolidated financial statements. Operating lease commitments currently in place are set out in note 25.

**Annual Improvements to IFRSs 2014-2016 Cycle (effective 1 January 2018)**

IAS 28 'Investments in Associates and Joint Ventures': It is clarified that venture capital organizations, mutual funds, unit trusts and similar entities are allowed to elect measuring their investments in associates or joint ventures at fair value through profit or loss.

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

The amendments introduce key changes to four IFRSs following the publication of the results of the IASB's 2015-2017 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

**IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements': It is clarified how an entity accounts for increasing its interest in a joint operation that meets the definition of a business.**

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

**IAS 12 'Income Taxes': It is clarified that all income tax consequences of dividends, including payments on financial instruments classified as equity, should be recognized in profit or loss, other comprehensive income or equity, depending on where the originating transaction or event that generated distributable profits giving rise to the dividend, was recognized.**

**IAS 23 'Borrowing costs': It is clarified that any borrowing originally made to develop a qualifying asset should be treated as part of general borrowings when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.**

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

**IFRIC 23, Uncertainty over Income Tax Treatments (effective 1 January 2019, not yet endorsed by EU)**

The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over income tax treatments. In such a circumstance, recognition and measurement of current or deferred tax asset or liability according to IAS 12 is based on taxable profit (tax loss), tax bases, unused tax losses and tax credits and tax rates determined applying IFRIC 23.

According to the interpretation, each uncertain tax treatment is considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty and the entity should assume that a tax authority with the right to examine tax treatments will examine them and will have full knowledge of all relevant information.

If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, it should determine its accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, the effect of the uncertainty in its income tax accounting should be reflected in the period in which that determination is made, using the method that best predicts the resolution of the uncertainty (ie the most likely amount or the expected value method).

Judgments and estimates made for the recognition and measurement of the effect of uncertain tax treatments should be reassessed whenever circumstances change or new information that affects those judgments arise (eg actions by the tax authority, evidence that it has taken a particular position in connection with a similar item or the expiry of its right to examine a particular tax treatment).

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

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

The Company's presentation currency is the Euro (€).

## **2.2 Foreign currency translation**

### **(a) Functional and presentational currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Euro, which is the Company's functional and presentation currency

## **(b) Transactions and balances**

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### **2.3 Investments in associate companies**

Investments in associates are measured through the cost method. The Company does not use the equity method because all of the following criteria apply:

- The Company is a fully owned subsidiary of another entity,
- The shares are not traded on a public market,
- The Company has not filed, nor is in a process that the financial statements will be used at a supervisory authority or regulatory body to issue and offer any class of instruments in a public market,
- The parent company publishes consolidated financial statements which are according to IFRS.

These consolidated financial statements of the parent company Eurobank Ergasias SA, are published online at [www.eurobank.gr](http://www.eurobank.gr) address. Report on investments in associated companies is provided in Note 8 of these financial statements.

### **2.4 Property, plant and equipment**

All property, plant and equipment are stated in the balance sheet at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation, based on the component approach, is calculated so as to write off the cost of the assets, over their estimated useful lives, using the straight-line method, as follows

- Leasehold improvements      25 years, according to the duration of the contract or the useful life if less.
- Furniture and equipment      1 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

## 2.5 Intangible assets

### (a) Software

Costs associated with maintenance of existing software programs are recognized as expenses when incurred. Costs directly attributable with the development of identifiable and unique software controlled by the Company and will generate probable future economic benefits are recognized as intangible assets and amortized on a straight-line method over the useful life of 1 - 5 years.

### (β) Other intangible assets – Contracts with customers

Other intangible assets are intangibles that are separated or arise from contractual or other legal rights and are amortised on a straight line during the projected useful life (fifty years). Other intangible assets relate to contracts for services related to property (valuations, brokerage) purchased by the Company with the transfer of the valuations sector and brokerage sectors from Grivalia Properties on 1 December 2004.

## 2.6 Leases

Where the Company is the lessee:

Operating lease – leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received by the lessor) are charged to the income statement on a straight-line basis over the period of the lease. There were no material operating leases for the periods covered by the financial statements.

## 2.7 Impairment of non financial assets

Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

## 2.8 Investments

The Company classifies its investments as available-for-sale. Available for sale financial assets are non derivative financial assets that are either classified in this category either can not be classified as financial assets at fair value through profit, as loans and receivables or investments held to maturity. They are included in non-current assets unless management intends to sell the investment within 12 months from the balance sheet date.

Purchases and sales of investments are recognised on trade date, ie the date on which the Company commits to purchase or sell the asset and are recognized initially at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows expire or when the Company has transferred substantially the risks and rewards of ownership.

Financial assets available for sale later presented at fair value. Unrealised gains and losses from changes in fair value of non-monetary items classified as available for sale are recognized in equity. When investments classified as available for sale are sold or impaired, the accumulated fair value adjustments are transferred to the income statement as gains and losses on investments.

The fair value of investments traded in active markets is determined by current stock prices offer. The fair value of unlisted securities and other financial assets where the market is not active, determined

using valuation techniques. These techniques include using recent transactions were at arm's length, the reference to the current price of comparable items which are traded, and the discounted cash flows adjusted to reflect the specific circumstances of the issuer.

The Company, at each balance sheet date, considers whether there is objective evidence that a financial asset or group of financial assets is impaired. Where securities are classified as available for sale and there is significant or a decrease in fair value below cost, this is taken into account to determine if these investments are impaired.

If any such indication exists for financial assets available for sale, the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss, which has previously recognized in profit or loss is removed from equity and recognized in the income statement. The impairment loss in respect of equity instruments is recognized in the income statement and is not reversed.

## **2.9 Trade Receivables**

Trade receivables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method, unless the effects of discounting are not material, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

## **2.10 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and time deposits held with banks with original maturities of three months or less.

## **2.11 Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction (net of tax), from the proceeds.

## **2.12 Bank Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption values are recognised in the income statement over the period of the borrowings using the effective interest rate method. At the end of the current year and the previous year the Company had no bank loans.

## **2.13 Taxes**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

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

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

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

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

## **2.14 Employee benefits**

The current service cost and interest expense recognized directly in profit. Benefits after retirement include both defined contribution and defined benefit plans. The accrued cost of defined contribution plans is recognized as an expense over the vesting period.

### **(i) Staff retirement indemnity obligations**

In accordance with the local labour legislation, the Company provides for staff retirement indemnity obligation for employees which are entitled to a lump sum payment based on the number of years of service and the level of remuneration at the date of retirement, if they remain in the employment of the Company until normal retirement age.

Provision has been made for the actuarial value of the lump sum payable on retirement using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with the actuarial valuations which are performed every year. The obligation is calculated as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses that arise in calculating the Company's obligation in respect of the obligations are charged directly in the profit and loss for the year.

In addition, the Company has enhanced the above provision by taking into consideration potential separations before normal retirement based on the terms of previous voluntary separation schemes. The Company recognises separation indemnity when it is demonstrably committed to separations either according to detailed formal plans which are announced and cannot be withdrawn or as a result of mutually agreed termination terms. Benefits payable in more than 12 months from the balance sheet date are discounted to present value.

### **(ii) Performance based cash payments (based on employee's performance)**

The Company's Management awards high performing employees with bonuses in cash. Cash payments requiring General Meeting approval as distribution of profits to staff are recognised as employee benefit expense in the accounting period that they are approved by the Company's shareholders.

## **2.15 Provisions**

Provisions for legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.



Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

### **2.16 Revenue Recognition**

Revenue includes income from property management, advisory services, valuations, technical audits and brokerage services.

The income from property management and other services (valuations, brokerage etc.) are recognized in the period the services are rendered. In the case, where the Company acts as an intermediary, the commission and not the gross income is recognised.

### **2.17 Dividend distribution**

The dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the General Meeting of Shareholders.

### **2.18 Interest Expense**

Interest expenses for borrowings are recognised within 'finance costs' in the income statement using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate to the net carrying amount of the financial asset or the financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and other premiums or discounts.

### **2.19 Off-setting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legal enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **2.20 Comparative data**

Where required comparative figures have been adjusted to conform with the presentation of financial statements for the current year.

### **3. Financial risk management**

#### **3.1 Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including price risk and cash flow interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The accounting policy with respect to these financial instruments is described in Note 2.

Risk management is carried out by the Company's management based on the advice of the treasury and risk management departments within its parent company, Eurobank Ergasias S.A.. Risk management primarily focuses on the identification and evaluation of financial risk, which includes the following specific areas: such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investing excess liquidity.

#### **a) Market risk**

##### **(i) Foreign exchange risk**

The Company operates in a single economic environment (Greece) and not significantly exposed to risks from foreign currency due to the limited value of foreign currency transactions.

##### **(ii) Price risk**

The Company is not significantly exposed to price risk, since the financial assets held for sale are not considered significant.

##### **(iii) Cash flow and fair value interest rate risk**

The Company's exposure to risk from fluctuations in interest rates is limited because it comes from time-deposits.

#### **b) Credit risk**

The Company has significant concentrations of credit risk with respect to cash balances and deposits held with the parent company. However, no significant losses are anticipated, as since cash transactions are restricted to the parent company.

Receivables from third party customers were **€ 422ths** (in 2016: € 103ths.), for which no provision for Bad & doubtful debts is required.

#### **c) Liquidity risk**

Prudent liquidity risk management implies sufficient cash balances, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company's management aims to maintain flexibility in funding by keeping adequate cash and committed credit lines available. The Management believes that the company is not exposed to significant liquidity risk, since the company expects will continue to make significant contributions, and the Company will be able to ensure, if necessary, additional lines of credit from its parent company.

The Company's liquidity position is monitored on a regular basis by the management. A summary table is presented below with maturity of financial liabilities:

<b>Financial liabilities</b>	<b>Year ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
<b>Current liabilities</b>		
Trade and other payables (maturity within one year)	1.642	1.388
Current income tax liability (maturity within one year)	-	-
	<b>1.642</b>	<b>1.388</b>

### 3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets.

### 3.3 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The purchase price, where an active market (such as a recognized stock exchange) is the best evidence of fair value of a financial instrument. Where no prices are market, the fair value of financial assets and liabilities calculated using present value or other valuation techniques where all significant variables are observable in the market.

The values obtained using these methods, are significantly affected by assumptions concerning the amount and timing of future cash flows and discount rates used.

All financial assets at fair value are classified at the end of each year in one of the three level fair value hierarchy depending on whether the valuation based on observable or non observable market data.

**Level 1** - quoted prices in active markets for financial assets with similar characteristics. These values should be readily and regularly available from an active stock or index / market and represent actual and regularly occurring market transactions on arm's length. This level includes quoted shares, debt securities and derivatives traded.

**Level 2** - Financial instruments valued using valuation methods that all important data from observable prices. This level includes OTC derivatives and structured financial assets and liabilities.

**Level 3** - Financial assets measured using valuation techniques with significant input from several unobservable prices.

The Company has no significant exposure to fluctuations in fair value and book value of financial assets and liabilities is substantially equivalent to their fair values, except where indicated otherwise.

#### **4. Critical accounting estimates and assumptions**

Estimates and assumptions are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **4.1 Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### **Income Tax**

Estimates are required in determining the provision for income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available to enable assets or part of them to be recovered.

Estimates are required to determine the income tax provision. The Company recognizes liabilities from expected tax audits based on estimates of whether additional taxes will arise. Where the final tax outcome of these matters differs from the amounts initially recognized, the differences will affect tax liabilities and deferred tax liabilities in the period in which such determination is made.

Additionally, the Company recognizes deferred tax assets to the extent that it is probable that there will be sufficient taxable profits against which unused tax losses and deductible temporary differences can be utilized. Therefore, recognizing the above deferred tax receivables involves making estimates of the future financial performance of the Company in which the deferred tax asset is recognized. In particular, the identification of deferred tax assets that can be recognized requires significant estimates of the timing and future taxable profits. In making these estimates, the Company takes into account all available information, including the management's provision for future taxable income and tax law.

On 31 December 2017, the Company reviewed its estimates of future taxable profits against which unused tax losses and deductible temporary differences can be used and assessed the recoverability of recognized deferred tax asset based on the five-year Business Plan. On December 31, 2017, an amount of € 225ths has been recognized for deferred tax asset from unused tax losses, based on the Company's estimates and assumptions, to the best possible extent as described above.

##### **Retirement benefit obligations**

The present value of post-employment benefit obligations depends on a number of factors determined on an actuarial basis using a significant number of assumptions. The assumptions used to determine the net cost (income) for retirement benefit obligation includes the discount rate. Any changes in these assumptions would have an effect on the carrying amount of retirement benefit obligations.

The Company determines the appropriate discount rate at each reporting date. This is the interest rate to be used to determine the present value of the estimated future payments that are expected to be required to settle the benefit obligations. In determining the appropriate discount rate, the Company takes into account the high-quality corporate bond rates expressed in the currency in which

the benefits will be paid and with maturity dates approximating the maturities of the relevant service obligations.

**Intangible assets (customers contracts):**

The Company reviews the useful life of intangible assets (customer contracts) on an annual basis (note 6).

**5. Property, plant & equipment**

	Land and buildings, Leasehold improvements	Furniture and Equipment	Totals
<b>Cost</b>			
Balance 1 January 2016	86	279	365
Additions	-	423	423
<b>Balance 31 December 2016</b>	<b>86</b>	<b>702</b>	<b>788</b>
<b>Accumulated depreciation</b>			
Balance 1 January 2016	(27)	(257)	(284)
Depreciation charge	(7)	(26)	(33)
<b>Balance 31 December 2016</b>	<b>(34)</b>	<b>(283)</b>	<b>(317)</b>
<b>Net Book Value 31 December 2016</b>	<b>52</b>	<b>419</b>	<b>471</b>
<b>Cost</b>			
Balance 1 January 2017	86	702	788
Additions	-	208	208
<b>Balance 31 December 2017</b>	<b>86</b>	<b>910</b>	<b>996</b>
<b>Accumulated depreciation</b>			
Balance 1 January 2017	(34)	(283)	(317)
Depreciation charge	(8)	(66)	(74)
<b>Balance 31 December 2017</b>	<b>(42)</b>	<b>(349)</b>	<b>(391)</b>
<b>Net Book Value 31 December 2017</b>	<b>44</b>	<b>561</b>	<b>605</b>

## 6. Intangible Assets

	Computer Software	Other intangible assets (Customer Contracts)	Totals
<b>Cost</b>			
<b>Balance 1 January 2016</b>	659	2.316	2.975
Additions	17	-	17
<b>Balance 31 December 2016</b>	<b>676</b>	<b>2.316</b>	<b>2.992</b>
<b>Accumulated amortization</b>			
<b>Balance 1 January 2016</b>	(555)	(1.886)	(2.441)
Amortisation charge	(43)	(108)	(151)
<b>Balance 31 December 2016</b>	<b>(598)</b>	<b>(1.994)</b>	<b>(2.592)</b>
<b>Net Book Value 31 December 2016</b>	<b>78</b>	<b>322</b>	<b>400</b>
<b>Cost</b>			
<b>Balance 1 January 2017</b>	676	2.316	2.992
Additions	141	-	141
<b>Balance 31 December 2017</b>	<b>817</b>	<b>2.316</b>	<b>3.133</b>
<b>Accumulated amortization</b>			
<b>Balance 1 January 2017</b>	(598)	(1.994)	(2.592)
Amortisation charge	(65)	(322)	(387)
<b>Balance 31 December 2017</b>	<b>(663)</b>	<b>(2.316)</b>	<b>(2.979)</b>
<b>Net Book Value 31 December 2017</b>	<b>154</b>	<b>-</b>	<b>154</b>

Other intangible assets (customer contracts) relate to contracts acquired, for the sector of appraisals and brokerage services, by the Company from Grivalia Properties, on 1 December 2004. Contracts with customers are amortised on a straight-line method over their estimated useful life after any impairment losses.

During the year 2017 the Company applied a change in accounting estimate of intangible assets (customer contracts), with a new estimated useful economic life to 13 years and an amortization charge in current year of €215ths.

## 7. Available-for-sale investment securities

Available-for-sale investment securities consist of:

	31 December 2017	2016
Non-listed shares (Company shares in Greece):	20	20

**8. Investments in associate companies**

	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
ERB Property Services Sofia A.D. (Bulgaria)	377	377
ERB Property Services d.o.o (Serbia)	94	94
Property Services S.A. (Romania)	85	85
	<b>556</b>	<b>556</b>

The percentage (%) of the Company's participation in associates companies ERB Property Services Sofia A.D. (Bulgaria), Eurobank Property Services (Romania) and ERB Property Services d.o.o Beograd (Belgrade) at 31 December 2017 is 20.00% in each respectively. In January 2018, the sale of ERB Property Services Sofia A.D. was completed (see Note 27).

**9. Trade and other receivables**

	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
Trade receivables	422	103
Receivables from related parties <b>(Note 26)</b>	3.097	3.217
Other receivables	249	51
	<b>3.768</b>	<b>3.371</b>

The aging analysis of trade and other receivables is as follows:

	<b>31 December 2017</b>			<b>Totals</b>
	<b>0-6 months</b>	<b>6-12 months</b>	<b>12 months and above</b>	
Trade receivables	357	36	29	<b>422</b>
Receivables from related parties <b>(Note 26)</b>	2.624	216	257	<b>3.097</b>
Other receivables	213	-	36	<b>249</b>
	<b>3.194</b>	<b>252</b>	<b>332</b>	<b>3.768</b>

  

	<b>31 December 2016</b>			<b>Totals</b>
	<b>0-6 months</b>	<b>6-12 months</b>	<b>12 months and above</b>	
Trade receivables	80	11	12	<b>103</b>
Receivables from related parties <b>(Note 26)</b>	2.831	85	301	<b>3.217</b>
Other receivables	51	-	-	<b>51</b>
	<b>2.962</b>	<b>96</b>	<b>313</b>	<b>3.371</b>

The value of trade and other receivables represents their fair value.

**10. Cash and cash equivalents**

	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
Cash in hand	1	1
Cash at bank for property management at third party buildings	270	241
Cash at bank – sight account	930	1.496
	<b>1.201</b>	<b>1.738</b>

Bank balances are held on accounts within the parent company Eurobank Ergasias SA.

**11. Share Capital**

	<b>Number of shares</b>	<b>Ordinary shares (value in € )</b>	<b>Totals in €</b>
<b>Balance 1 January and 31 December 2016</b>	<b>20.000</b>	<b>665.800</b>	<b>665.800</b>
<b>Balance 31 December 2017</b>	<b>20.000</b>	<b>665.800</b>	<b>665.800</b>

The total authorized number of ordinary shares is 20.000 with nominal value of €33,29 (2016: €33,29) per share. The share capital is fully paid up. The Company has no stock option plan, nor any of their employees participate in the stock option plan of the parent company

**12. Other Reserves**

	<b>Statutory reserve</b>	<b>Legal reserve</b>	<b>Totals</b>
<b>Balance 1st January 2016</b>	<b>206</b>	<b>145</b>	<b>351</b>
Transfer from retained earnings	-	-	-
<b>Balance 31 December 2016</b>	<b>206</b>	<b>145</b>	<b>351</b>
Transfer from retained earnings	-	-	-
<b>Balance 31 December 2017</b>	<b>206</b>	<b>145</b>	<b>351</b>

The Company is required in accordance with Greek Law 2190/1920 to transfer 5% of annual net profit to statutory reserve until the accumulated reserves are equal to the 1/3 of the nominal (common) share capital. This reserve can not be distributed to shareholders except in the event of liquidation.

In case that these reserves will be distributed to shareholders as dividends, the distributable profits will be taxed at the tax rate when were in force on the distribution of reserves. There is no such provision for income tax liability in a future distribution of such reserves to shareholders, because such liabilities are recognized the same time with the dividend obligation related to such distributions.



### 13. Deferred Tax

Deferred tax assets and liabilities are offset when there is an applicable legal right to be offset and when the deferred tax assets and liabilities relate to the same tax principle. Deferred tax assets and liabilities are offset as they relate to the same tax principles. The amounts are as follows:

	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
Deferred tax asset		
- deferred tax assets recovered after 12 months	259	190
	<b>259</b>	<b>190</b>
Deferred tax liabilities		
- deferred tax liabilities recovered after 12 months	(18)	(109)
	<b>(18)</b>	<b>(109)</b>
<b>Net balance of deferred tax asset</b>	<b>241</b>	<b>81</b>

The movement of the deferred income tax account is as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
Beginning of period	81	102
Income statement credit /(debit) <b>(note 22)</b>	152	(21)
Recognised through Equity under IAS19	8	-
<b>End of period</b>	<b>241</b>	<b>81</b>

The above net deferred tax asset of **€241ths** is mainly the result of a deferred tax assets **€225ths** which has been recognized for unused tax losses. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available to enable assets or part of them to be recovered. The Company has not recognized deferred tax assets for an amount of unused tax losses of **€1.845χιλ.**

### 14. Trade and other payables

	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
Trade payables	706	533
Payables for property management at third party buildings	270	247
Other payables	547	470
Payables to related parties <b>(Note 26)</b>	119	138
	<b>1.642</b>	<b>1.886</b>

**15. Retirement benefit obligation**

	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
<b>Liability for staff retirement obligation at 1 January</b>	<b>66</b>	<b>67</b>
Expense recognised in income statement	11	9
Actuarial gain recognised in OCI	27	(10)
<b>Liability for staff retirement obligation at 31 December</b>	<b>104</b>	<b>66</b>

For the Retirement benefit obligation the following assumptions have been used: (a) discount rate: 1.78% (b) future salary increase: 1.50% and (c) Inflation: 1.70%.

**Sensitivity analysis of results**

The above results depend on the assumptions (financial and demographic) of the actuarial study. Thus, on the valuation date 31/12/2017:

- If we had used a discount rate greater than 0.5% then the total amount of the liability would have been 9% lower.
- If we had used a discount rate of less than 0.5% then the total amount of the liability would be higher by 10%.
- If we had used an expected wage increase of 0.5%, then the total amount of the liability would have been higher by 10%.
- If we had used an expected wage increase of less than 0.5% then the total amount of the liability would have been 9% lower.

**16. Commission Income**

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
Income from valuations	3.251	2.726
Income from technical audits	1.424	1.115
Income from brokerage	1.324	879
Income from property management on third party buildings	297	250
Income from advisory services	602	174
<b>Total Commission Income</b>	<b>6.898</b>	<b>5.144</b>

**17. Commission related Expenses**

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
Valuations expenses	(1.854)	(1.561)
Property management expenses	(1.106)	(830)
Brokerage expenses	(354)	(180)
Advisory services	(571)	(259)
Advertising related expenses (brokerage)	(49)	(34)
<b>Total commission related expenses</b>	<b>(3.934)</b>	<b>(2.864)</b>

## 18. Staff Costs

	For the year ended 31 December	
	2017	2016
Wages and salaries	(1.471)	(1.589)
Social security costs	(412)	(444)
Other employment costs	(209)	(170)
Voluntary exit scheme cost	(141)	-
Provision for retirement benefit obligation (Note.15)	(11)	(9)
<b>Total Staff Costs</b>	<b>(2.244)</b>	<b>(2.212)</b>

## 19. Other Expenses

	For the year ended 31 December	
	2017	2016
Rent expense	(212)	(211)
Third party expenses	(461)	(479)
Other expenses	(218)	(194)
<b>Total Other expenses</b>	<b>(891)</b>	<b>(884)</b>

## 20. Depreciation, amortisation expenses

	For the year ended 31 December	
	2017	2016
Depreciation expense (Note 5)	(74)	(33)
Amortisation charge (Note 6)	(387)	(151)
<b>Total depreciation, amortization expense</b>	<b>(461)</b>	<b>(184)</b>

## 21. Interest Income

	For the year ended 31 December	
	2017	2015
Interest Income from time-deposits	5	9
<b>Total Interest Income</b>	<b>5</b>	<b>9</b>

## 22. Income Tax Expense

	For the year ended 31 December	
	2017	2016
Effect from previous years	-	90
Deferred tax (Note 13)	152	(21)
<b>Total</b>	<b>152</b>	<b>69</b>

The current income tax rate for the year 2017 is 29% (2016: 29%).

### Open Tax years

The Company has been audited by tax authorities up to 2009 (included).

In accordance with Greek tax legislation and the relevant Ministerial Decisions, the Tax Administration may, as a general rule, issue an administrative, estimated or corrective tax assessment within five years from the end of the year in which the filing deadline expires. Due to the five-year period on 31.12.2017, the years ended until 31.12.2011 were expired.

For the year ended 31 December 2011 and onwards as the Law 4174/2013 (article 65A) currently stands (and as Law 2238/1994 previously provided in article 82), up to and including fiscal years starting before 1 January 2016, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, were required to obtain an 'Annual Tax Certificate', which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however, as a general rule the Company will continue to obtain such certificate.

The Company has obtained by external auditors unqualified tax certificates for years 2011-2016. For the year ended 31 December 2017, the tax audit from external auditors is in progress. Upon its finalisation, the Management does not expect significant tax liabilities other than those already recorded and presented in the financial statements.

### 23. Dividends

The Board of Directors will propose the non distribution of dividends at the Annual General Meeting.

### 24. Contingent Liabilities

#### Litigations:

According to the Company's management and legal advisors of the Company existing lawsuits are not expected to have a material impact on the financial statements.

### 25. Operating leases

Operating lease commitments - where the Company is the lessee. The Company leases offices and vehicles with non-cancellable operating leases. The leases have various terms and renewal rights.

The future lease payments payable under the leases are as follows:

	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
No later than one year	200	247
Later than one year and no later than five years	282	552
Later than 5 years	-	432
	<b>482</b>	<b>1.231</b>

## 26. Related party transactions

The Company is controlled by Eurobank Ergasias S.A. (headquartered in Athens and listed on the Athens Stock Exchange), which owns 100% of the share capital of the Company.

From November 2015, the percentage of the Bank's ordinary shares with voting rights held by the HFSF was 2.38%.

Despite the aforementioned significant decrease of its percentage, the HFSF is still considered to have significant influence over the Bank. In particular, in the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank's General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or decrease of the Bank's capital or the granting of a corresponding authorization to the Bank's Board, decisions concerning the mergers, divisions, conversions, revivals, extension of duration or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring approval by an increased majority as provided for in Company Law 2190/1920. In addition, the Bank has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014, which regulates, among others, (a) the Bank's corporate governance, (b) the restructuring plan and its monitoring, (c) the monitoring of the implementation of the Bank's Non-Performing Loans (NPLs) management framework and of the Bank's performance on NPLs resolution, (d) the Material Obligations and the switch to full voting rights, (e) the monitoring of the Bank's actual risk profile against the approved Risk and Capital Strategy, (f) the HFSF's prior written consent for the Bank's Group Risk and Capital Strategy and for the Bank's Group Strategy, Policy and Governance regarding the management of its arrears and non-performing loans and any amendment, extension, revision or deviation thereof and (g) the duties, rights and obligations of HFSF's Representative in the Bank's Board.

The following transactions were carried out with related parties:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
<b>a) Income</b>		
<b>Commission Income</b>		
Parent	5.241	4.280
Subsidiaries of parent company	686	471
<b>Totals</b>	<b>5.927</b>	<b>4.751</b>

**b) Other Operating Expenses**

	<u>2017</u>	<u>2016</u>
Parent	(677)	(817)
Subsidiaries of parent company	(262)	(246)
<b>Totals</b>	<b><u>(939)</u></b>	<b><u>(1.063)</u></b>

**c) Interest Income**

	<u>2017</u>	<u>2016</u>
Bank sight account deposits – Parent	5	9

**d) Key management compensation**

	<u>2017</u>	<u>2016</u>
Salaries and other short-term employee benefits	(291)	(335)

**e) Balances arising from transactions with related parties**

	<b>31 December</b>	
	<u>2017</u>	<u>2016</u>
Trade and other receivables from related parties ( <b>Note 9</b> )		
Parent	2.903	2.799
Other related parties	194	418
<b>Totals</b>	<b><u>3.097</u></b>	<b><u>3.217</u></b>

Trade payables to related parties (**Note 14**)

Parent	96	112
Other related parties	23	26
<b>Totals</b>	<b><u>119</u></b>	<b><u>138</u></b>

Cash and cash equivalents (**Note 10**)

Parent	1.201	1.737
<b>Totals</b>	<b><u>1.201</u></b>	<b><u>1.737</u></b>

**f) Commitments and contingent liabilities**

There are no commitments and contingent liabilities between the Company and related parties.

**27. Post balance sheet events**

In January 2018, the Company sold the 20% of ERB Property Services Sofia A.D. (Bulgaria) to Eurobank Bulgaria A.D. (Bulgaria) for a total consideration of **€ 498ths**.