# Eurobank Property Services S.A.

## Financial Statements

## for the year ended 31 December 2012

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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**To the Shareholders of Eurobank Property Services SA**

**Report on the Financial Statements**

We have audited the accompanying financial statements of  Eurobank Property Services which comprise the balance sheet as of 31 December 2012 and the Income statement , statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

## Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 2.1 to the financial statements, which refer to the impact of impairment losses from the Greek sovereign debt restructuring on the Group's regulatory capital, the planned actions to restore the capital adequacy of the Group, as well as recent changes to the capital adequacy of the Greek regulatory framework and the existing uncertainties that could adversely affect the going concern assumption of the Company, until the completion of the recapitalisation process of the Group and the restore of capital adequacy.

## Reference on Other Legal Matters

We verified the comformity and consistency of the information given in the Board of Directors' report with the accompanying financial statements in accordance with the requirements of articles 43a and 37 of Codified Law 2190/1920.

Athens, 17 May 2013

The Certified Auditor-Accountant

PricewaterhouseCoopers
268 Kifissias Avenue
15 232 Halandri
SOEL Reg. No. 113

Elena Themistocleous
SOEL Reg. No. 38901

Eurobank Property Services

**DIRECTORS REPORT**
**EUROBANK PROPERTY SERVICES S.A.**
**FOR THE PERIOD ENDED 1/1-31/12/2012**

**Dear Shareholders,**

This fiscal year is the twenty seveth and includes the period from January 1, 2012 up to December 31, 2012.

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, 2012. The financial statements are approved by the Board of Directors meeting of 23rd April, 2013.

**Information regarding the company's activities during 2012:**

**Operating profit:** Company's operating profit amounted to **€ 1.628ths** compared to **€ 10.793ths** in 2011, representing a decrease of **85%**. The increase is mainly due to the increase in appraisal valuations.
**Commission income:** The Company's commission income during the year 2012 was **€ 12.511ths** compared to **€ 21.260th**s in 2011, representing a decrease of **41%**. The increase in commission income was mainly due to the increase in appraisal valuations.
**Other operating expenses:** The Company's commission related expenses during the year 2012 were **€ 7.040ths** compared to **€ 6.404ths** in 2011, representing an increase of **10%.** Other operating expenses amounted to **€ 3.843ths** compared to **€ 4.063ths** in 2011, representing a decrease of **-5%**. Overall, the decrease in other operating expenses, before provisions was **-7%**, which reflects management policy for the reduction and stabilization of other operating expenses.
**Interest income:** Interest income for the year 2012 was **€ 358ths** compared to **€ 422ths** in 2011, representing a decrease of **15%.**

The Company's staff as of 31/12/2012 was 53 persons (2011: 55).

**Prospects**

Company's strategy is to maintain the dominant position held today in providing a full range of quality services in real estate. The Management aims to improve the quality of the services offered to the Bank and third parties, and promises to do the best to achieve this target.

**Impact of the economic crisis in Greece**

Greece entered into a new funding and restructuring programme with the European Commission, the ECB and the eurozone member-states as agreed in the Eurogroup meeting of February 21st 2012. The programme aimed at bringing the country's public debt-to-GDP ratio below 120% by 2020.

The new funding and reform programme improved the country's financial position and outlook, via the reduction of public debt and its servicing costs from 2012 onwards.

On the back of these developments, and after the implementation/legislation of a long list of structural reforms and fiscal austerity measures for 2013-16 by the Greek Government, the Eurogroup reached on November 26th, 2012 an agreement on a set of new measures for the reduction of Greek public debt to

124.0% of GDP by 2020 and 110.0% of GDP in 2022. This debt path is consistent with the debt sustainability required by the IMF.

**Position of the Group**

*Greek sovereign debt exchange programme*
On 21 February 2012 the Euro-area finance ministers agreed on a bail out programme for Greece, including financial assistance from the Official Sector and a voluntary debt exchange agreed with the Private Sector forgiving 53.5% of the face value of Greek debt. The new programme aimed for debt sustainability and restoring competitiveness, and provided a comprehensive blueprint for putting the public finances and the economy of Greece back on a sustainable basis. Following Eurobank's participation in the programme, Greek Government Bonds and other eligible securities of face value € 7.3 bn were exchanged. Under this exchange, in March/ April 2012, the Group received a) new Greek government bonds (nGGBs) with face value equal to 31.5% of the face amount of the old bonds, b) EFSF notes having a face amount of 15% of the face value of the old bonds and c) GDP-linked securities. All exchanged bonds were derecognized and the new GGBs recognized at fair value, based on market quotes at the date of recognition.

Following the Eurogroup's decisions on 27 November 2012 and as part of debt reduction measures, the Greek State announced on 3 December 2012 an invitation to eligible holders of nGGBs to submit offers to exchange such securities for six months zero coupon notes to be issued by the European Financial Stability Fund (EFSF). On 18 December 2012, pursuant to the above invitation, nGGBs of aggregate face amount of € 31.9 bn were eventually exchanged for EFSF notes of face amount of € 11.3 bn. Under its participation to the Greek state's debt buyback program, the Eurobank Ergasias Group submitted for exchange the 100% of its nGGBs portfolio, amounting to € 2.3 bn.

*Recapitalization Framework and Process*

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

BoG, after assessing the business plan and the capital needs of Eurobank has concluded on 19 April 2012 that Eurobank is a viable bank and, on 8 November 2012, notified the Bank that its Tier I capital should increase by € 5,839 million by April 2013. The Bank, the HFSF and the European Financial Stability Facility ("EFSF") signed on 28 May 2012 and on 21 December 2012 a trilateral presubscription agreement and an amendment to this agreement for the advance to the Bank of EFSF notes of face value of € 3.97 bn and € 1.34 bn respectively (total € 5.31 bn) as advance payment of its participation in the future share capital increase of the Bank. In addition, HFSF provided to the Bank a commitment letter for additional capital support of € 0.53 bn up to the total level of recapitalisation needs of € 5,839 million. Proforma with the full recapitalisation amount of € 5,839 million, on 30 September 2012, the Group's regulatory capital stands at € 4.7 bn, the EBA Core Tier I Capital at € 4.4 bn, its Capital Adequacy ratio at 11.6% and the EBA Core Tier I ratio at 10.8%. These indicators will be negatively affected by the elements of 31 March 2013 due to recent changes to the capital adequacy of the Greek regulatory framework. This effect is expected to be mitigated by capital movements which in the current period are in the planning stage and evaluation by the Bank

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

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

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

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

The Bank's Board of Directors having considered the content of the VTO information memorandum and the reports provided by the Bank's financial advisors, concluded in summary that the Offer Consideration satisfies the requirements of the Law and is fair from a financial point of view.

On 15 February 2013, NBG announced that all necessary regulatory approvals have been obtained. In particular, the approvals from the Hellenic Competition Commission, the Bank of Greece (Supervision of Credit and Related Financial Institutions Department (SCRFID) & Department of Private Insurance Supervision (DOPIS)), the Hellenic Financial Stability Fund and the E.U. Directorate General for Competition, as analytically described in the prospectus of the Voluntary Tender Offer (VTO) were obtained.

On 18 February 2013, NBG announced that during the offering's acceptance period for Eurobank's shareholders, 64.369 Eurobank's shareholders have accepted legally the VTO, submitting totally 466.397.790 Shares, representing 84,35% of the paid in Share Capital; thus NBG holds a total of 466.558.809 Shares, representing the 84,38% of Eurobank's paid in Share Capital.

On 8 April 2013, Eurobank announced that by decision of the competent authorities and institutions, with the assent of the two banks, the National Bank and Eurobank will be recapitalised fully and independently from each other, implying the suspension of the merger process
The process of recapitalization of four systemic banks, as announced by the Bank of Greece, will be completed before the end of April. Final decisions on the course of the merger of the two banks will be taken from the common shares that will be the FSF.

On 10 April 2013, the Board of Directors of Eurobank decided to convene a General Meeting on 30 April 2013 on the recapitalization of the Bank by € 5,8 billion

As part of the legislation, part of the recapitalization may be implemented by issuing CoCos reducing equally the amount of increase in common shares. Right to participate in the increase in common shares will be the existing shareholders of the Bank and other private investors, while the amount of recapitalization is already guaranteed by the EFSF and € 5,3 bn from € 5,8 billion has already been paid in Bank.

On April 30, 2013, the Extraordinary General Meeting of Shareholders of Eurobank decided:

1. reduction of share capital, while reducing the total number of ordinary shares, through the association shall be a ratio of ten (10) existing ordinary shares to one (1) new common share (reverse split), and reduction of the nominal value of new (derived from the reverse split) common shares to 0.30 euro

2. increase the share capital pursuant to Law 3864/2010 and No. 38/2012 Cabinet Decision, to raise a total of 5.839 million, by issuing 3,789,317,357 new ordinary shares, taking the all of them by the EFSF, in consideration of equal value owned by the same bond issue and the European Financial Stability Facility

**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.

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.

N. Ionia, 16 May 2013

The Board of Directors

Eurobank Property Services

## Balance Sheet

| | Notes | 31 December 2012 | 31 December 2011 |
|---|---|---|---|
| | | €΄000 | €΄000 |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 5 | 253 | 309 |
| Intangible assets | 6 | 4.766 | 4.914 |
| Available for sale financial assets | 7 | 18 | 18 |
| | | **5.037** | **5.241** |
| **Current Assets** | | | |
| Trade and other receivables | 8 | 5.291 | 3.164 |
| Income tax receivable | | 1.293 | - |
| Cash and cash equivalents | 9 | 15.114 | 17.411 |
| | | **22.698** | **20.575** |
| **Total Assets** | | **26.735** | **25.816** |
| **EQUITY & LIABILITIES** | | | |
| **EQUITY & RESERVES** | | | |
| Share capital | 10 | 587 | 587 |
| Other reserves | 11 | 342 | 342 |
| Retained earnings | | 22.539 | 20.917 |
| **Total equity & reserves** | | **23.468** | **21.846** |
| **Long-term Liabilities** | | | |
| Retirement benefit obligation | 14 | 29 | 49 |
| Deferred tax liabilities | 12 | 928 | 969 |
| | | **957** | **1.018** |
| **Current liabilities** | | | |
| Trade payables and other liabilities | 13 | 2.310 | 2.094 |
| Income tax liability | | - | 858 |
| | | **2.310** | **2.952** |
| **Total Liabilities** | | **3.267** | **3.970** |
| **Total Equity and Liabilities** | | **26.735** | **25.816** |



Notes on pages 9 to 34 form an integral part of these financial statements.

Eurobank Property Services

## Statement of Comprehensive Income

| | Notes | For the year ended 31 December 2012 | 2011 |
|---|---|---|---|
| | | €΄000 | €΄000 |
| **Income from operating activities** | | | |
| Commission income | 15 | 12.511 | 21.260 |
| Commission expenses | 16 | (7.040) | (6.404) |
| **Other operating expenses** | | | |
| Staff costs | 17 | (2.672) | (2.903) |
| Other expenses | 18 | (949) | (924) |
| Depreciation expense | 19 | (222) | (236) |
| **Operating profit** | | **1.628** | **10.793** |
| Interest income | | 358 | 422 |
| **Net interest Income** | 20 | **358** | **422** |
| **Profit before tax** | | **1.986** | **11.215** |
| Income tax expense | 21 | (364) | (2.164) |
| **Net Profit for the year** | | **1.622** | **9.051** |
| Other comprehensive income | | **-** | **-** |
| **Total comprehensive income for the year** | | **1.622** | **9.051** |

The Company’s financial statements were approved by the Board of Directors on 16 May 2013 and are signed on its behalf by:

| Michael Colakides | Dimitrios Andritsos | Panagiotis Kyriazis |
|---|---|---|
| Chairman of the BoD | Chief Executive Officer | Chief Financial Officer |



Notes on pages 9 to 34 form an integral part of these financial statements.

## Statement of changes in equity

| | Notes | Share Capital €´000 | Other Reserves €´000 | Retained Earnings €´000 | Totals €´000 |
|---|---|---|---|---|---|
| **Balance 1/1/2011** | | **587** | **342** | **11.866** | **12.795** |
| Profit for the year | | - | - | 9.051 | **9.051** |
| Other comprehensive income | | - | - | - | - |
| Reserves transfers | 11 | - | - | - | **-** |
| **Balance 31/12/2011** | | **587** | **342** | **20.917** | **21.846** |
| **Balance 1/1/2012** | | **587** | **342** | **20.917** | **21.846** |
| Profit for the year | | - | - | 1.622 | **1.622** |
| Other comprehensive income | | - | - | - | - |
| Reserves transfers | 11 | - | - | - | **-** |
| **Balance 31/12/2012** | | **587** | **342** | **22.539** | **23.468** |



Notes on pages 9 to 34 form an integral part of these financial statements.

## Cash flow statement

| | Notes | For the year ended 31 December 2012 €´000 | 2011 €´000 |
|---|---|---|---|
| Profit before tax | | **1.986** | **11.215** |
| ***Adjustements for***: | | | |
| Interest income | 20 | (358) | (422) |
| Depreciation and amortization expense | 19 | 222 | 236 |
| Write-offs of tangible assets | | - | 37 |
| Other income | | (126) | - |
| Provisions | 18 | 50 | 78 |
| **Cash flows from operating activities before changes in working capital** | | **1.774** | **11.145** |
| Decrease / (increase) in trade and other receivables | | (2.127) | (110) |
| Increase / (decrease) in trade and other payables | | 215 | 460 |
| ***Less:*** | | | |
| Taxes paid | | (2.516) | (2.326) |
| **Net cash from/(used in) operating activities (a)** | | **2.622** | **9.168** |
| **Cash flows from investing activities** | | | |
| Acquisition of tangible assets | 5 | (1) | (103) |
| Acquisition of intangible assets | 6 | (16) | (37) |
| Interest received | | 374 | 422 |
| **Net cash from/(used in) investing activities (b)** | | **357** | **282** |
| **Cash flows from financing activities** | | | |
| Loan repayment | | - | - |
| **Net cash from/(used in) financing activities (c)** | | **-** | **-** |
| **Net increase (decrease) in cash and cash equivalents (a)+(b)+(c)** | | **(2.297)** | **9.450** |
| **Cash and cash equivalents at beginning of year** | 9 | **17.411** | **7.961** |
| **Cash and cash equivalents at end of year** | 9 | **15.114** | **17.411** |



Notes on pages 9 to 34 form an integral part of these financial statements.

## 1 General information

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

The Company was established and is located in Nea Ionia, Greece. The address of its registered office is 6 Siniossoglou Street, Nea Ionia, Greece. The employees as of 31/12/2012 53 employees (31.12.2011: 55 employees).

These financial statements were approved by the Board of Directors as of 23rd April, 2013.

## 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

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 financial statements have been prepared under the historical cost convention adjusted for the fair value of available-for-sale investment securities.

The preparation of financial statements in accordance with I.F.R.S. requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The areas involving a higher degree of exercise of judgment or complexity, or where assumptions and estimates are important for preparing the financial statements are presented in note 4.

The financial statements of December 31, 2012 present the financial position, income statement and cash flows of the company based on the principle of going concern, given the macroeconomic and microeconomic factors and their influence on the operation of the company. The company's main customer is the parent company, which had significant losses from participation in a voluntary private sector involvement (PSI) and has issue of its capital adequacy.

The Company's management, taking into account the ongoing recapitalization of the Group through the EFSF and the other actions to restore the capital adequacy of the Group, which are currently in design and evaluation, which are described below, as well as in Note 49 of the Group, estimates that the Group and consequently the Company will be able to continue their activities.

**New standards, amendments to standards and interpretations:**

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The Company’s evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

**IFRS 7 (Amendment) "Financial Instruments: Disclosures" – transfers of financial assets**

This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements. This amendment does not affect the Company's financial statements.

Standards and Interpretations effective from periods beginning on or after 1 January 2013

**IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015)**

**IAS 12 (Amendment) "Income Taxes" (Effective for annual periods beginning on or after 1 January 2013)**

**IFRS 13 "Fair Value Measurement" (Effective for annual periods beginning on or after 1 January 2013)**

**IFRIC 20 "Stripping costs in the production phase of a surface mine" (Effective for annual periods beginning on or after 1 January 2013)**

**IAS 1 (Amendment) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012)**

**IAS 19 (Amendment) "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013)**

**IFRS 7 (Amendment) "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2013)**

**IAS 32 (Amendment) "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 January 2014)**

The above amendments do not affect the Company's financial statements.

Group of standards on consolidation and joint arrangements (effective for annual periods beginning on or after 1 January 2014)

The IASB has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). These standards are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted only if the entire "package" of five standards is adopted at the same time.The main provisions are as follows:

**IFRS 10 "Consolidated Financial Statements"**

**IFRS 11 "Joint Arrangements"**

**IFRS 12 "Disclosure of Interests in Other Entities"**

**IAS 27 (Amendment) "Separate Financial Statements"**

**IAS 28 (Amendment) "Investments in Associates and Joint Ventures"**

**IFRS 10, IFRS 11 and IFRS 12 (Amendment) "Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance" (effective for annual periods beginning on or after 1 January 2013)**

**IFRS 10, IFRS 12 and IAS 27 (Amendment) "Investment entities" (effective for annual periods beginning on or after 1 January 2014)**

<u>Amendments to standards that form part of the IASB's 2011 annual improvements project</u>

The amendments set out below describe the key changes to IFRSs following the publication in May 2012 of the results of the IASB's annual improvements project. These amendments are effective for annual periods beginning on or after 1 January 2013 and have not yet been endorsed by the EU.

**IAS 1 "Presentation of financial statements"**

**IAS 16 "Property, plant and equipment"**

**IAS 32 "Financial instruments: Presentation"**

**IAS 34, 'Interim financial reporting'**

The above amendments do not affect the Company's financial statements.

**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 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 8 years, according to the duration of the contract or the useful life if less.
– Furniture and equipment 1 – 4 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.

### 2.4 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 - 4 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 Eurobank Properties REIC on 1 December 2004.

### 2.5 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.

### 2.6 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.

There were no assets with indefinite useful live, nor were there indications that an asset subject to amortization is impaired during the period covered by these financial statements.

### 2.7 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.

### 2.8 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.

### 2.9 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.

### 2.10 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

### 2.11 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.

### 2.12 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.

### 2.13 Employee benefits

**(i) Pension obligations**

The Company participates in defined contribution pension plans under which pays fixed contributions into pension funds. The Company has no obligations other than pensions for payment of contributions paid.

The Company's contributions to defined contribution pension plans are recognized as employee benefits during the period concerned.

**(ii) 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.

**(iii) 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.

## 2.14 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.

## 2.15 Revenue recognition

Revenue includes income from property management, advisory services, valuations 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 recognized.

## 2.16 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.

### 2.17 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.

### 2.18 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.

### 2.19 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

(all amounts expressed in € thousands unless otherwise stated)

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 **€ 169ths** (in 2011: € 256ths.)**,** for which the provision for Bad & doubtful debts is **€ 146ths** (2011: € 96ths.)

**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:

| | **Year ended 31 December** | |
|---|---|---|
| **Financial liabilities** | **2012** | **2011** |
| **Current liabilities** | | |
| Trade and other payables (maturity within one year) | 2.310 | 2.094 |
| Current income tax liabilities (maturity within one year) | 518 | 858 |
| | **2.828** | **2.952** |

## 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 values 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. The Company recognise provisions for expected tax audits based on estimates of whether additional taxes will arise. Where the final tax outcome differs from the amounts initially recognised, such differences will impact the income tax and deferred tax liabilities during the period in which such determination is made. The income tax expense includes the effect of deferred tax according with the IAS 12.

Contracts with Customers: The Company estimates that the useful life, of the contracts acquired for the sector of valuations and brokerage from Eurobank Properties REIC, on December 1, 2004, is up to 50 (fifty) years. The Company review’s the useful live on an annual basis

(all amounts expressed in € thousands unless otherwise stated)

## 5 Property, plant and equipment

| | Land and buildings, Leasehold improvements | Furniture and Equipment | Totals |
|---|---|---|---|
| **Cost** | | | |
| Balance 1 January 2011 | 282 | 322 | **604** |
| Additions | 84 | 19 | **103** |
| Write-offs | (34) | (35) | **(69)** |
| **Balance 31 December 2011** | **332** | **306** | **638** |
| | | | |
| **Accumulated depreciation** | | | |
| Balance 1 January 2011 | 83 | 214 | **297** |
| Write-offs | (5) | (27) | (32) |
| Depreciation charge | 23 | 41 | 64 |
| **Balance 31 December 2011** | **101** | **228** | **329** |
| | | | |
| **Net Book Value 31 December 2011** | **231** | **78** | **309** |
| | | | |
| **Cost** | | | |
| Balance 1 January 2012 | 332 | 306 | **638** |
| Additions | 1 | - | **1** |
| **Balance 31 December 2012** | **333** | **306** | **639** |
| | | | |
| **Accumulated depreciation** | | | |
| Balance 1 January 2012 | 101 | 228 | **329** |
| Depreciation charge | 29 | 28 | **57** |
| **Balance 31 December 2012** | **130** | **256** | **386** |
| | | | |
| **Net Book Value 31 December 2012** | **203** | **50** | **253** |

(all amounts expressed in € thousands unless otherwise stated)

## 6 Intangible assets

| | Computer software | Other intangible assets (Customer Contracts) | Totals |
|---|---|---|---|
| **Cost** | | | |
| Balance 1 January 2011 | 419 | 5.587 | **6.006** |
| Additions | 37 | - | **37** |
| **Balance 31 December 2011** | **456** | **5.587** | **6.043** |
| | | | |
| **Accumulated amortisation** | | | |
| Balance 1 January 2011 | 276 | 681 | 957 |
| Amortisation charge | 60 | 112 | 172 |
| **Balance 31 December 2011** | **336** | **793** | **1.129** |
| | | | |
| **Net Book Value 31 December 2011** | **120** | **4.794** | **4.914** |
| | | | |
| **Cost** | | | |
| Balance 1 January 2012 | 456 | 5.587 | **6.043** |
| Additions | 16 | - | **16** |
| **Balance 31 December 2012** | **472** | **5.587** | **6.059** |
| | | | |
| **Accumulated amortisation** | | | |
| Balance 1 January 2012 | 336 | 793 | 1.129 |
| Amortisation charge | 53 | 111 | 164 |
| **Balance 31 December 2012** | **389** | **904** | **1.293** |
| | | | |
| **Net Book Value 31 December 2012** | **83** | **4.683** | **4.766** |

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

(all amounts expressed in € thousands unless otherwise stated)

## 7 Available-for-sale investment securities

Available-for-sale investment securities consist of:

| | 31 December | |
|---|---|---|
| | **2012** | **2011** |
| <u>Non-listed shares:</u> | | |
| Company shares in Greece: | | |
| PROPINDEX A.E. | **18** | **18** |

The Company has impaired 100% the participation "Apollonies Aktes SA" in the year 2010.

## 8 Trade and other receivables

| | 31 December | |
|---|---|---|
| | **2012** | **2011** |
| Trade receivables | 21 | 160 |
| Receivables from related parties **(Note 25)** | 4.567 | 2.229 |
| Income tax advance | 1.811 | - |
| Receivables from property management at third party buildings | 481 | 581 |
| Other receivables | 220 | 194 |
| | **7.100** | **3.164** |

All receivables of the company are due within one year from the balance sheet date. The company's management believes that the value of trade and other receivables represents their fair value.

The company has increased credit risk resulting from the major customer (Eurobank Group), which corresponds to more than 10% of income. However, no major credit losses are expected.

## 9 Cash and cash equivalents

| | 31 December | |
|---|---|---|
| | **2012** | **2011** |
| Cash in hand | 1 | 1 |
| Cash at bank for property management at third party buildings | 161 | 162 |
| Cash at bank – sight account | 14.952 | 115 |
| Short term time deposits | - | 17.133 |
| | **15.114** | **17.411** |

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

## 10 Share capital

| | **Number of shares (ths)** | **Ordinary shares (value)** | **Total** |
|---|---|---|---|
| **Balance την 1 January και 31 December 2011** | **20** | **587** | **587** |
| **Balance την 31 December 2012** | **20** | **587** | **587** |

(all amounts expressed in € thousands unless otherwise stated)

The total authorized number of ordinary shares is 20.000 (31 December 2010 - 20.000) with nominal value of € 29,35 per share. All shares are fully paid up.

The Company has no stock option plan, nor any of its employees participate in a program for stock option plan of the parent company.

## 11 Other reserves

| | Statutory reserve | Legal reserve | Total |
|---|---|---|---|
| **Balance at 1η January 2011** | **196** | **146** | **342** |
| Transfer from retained earnings | - | - | - |
| **Balance at 31 December 2011** | **196** | **146** | **342** |
| Transfer from retained earnings | - | - | - |
| **Balance at 31 December 2012** | **196** | **146** | **342** |

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.

The Company has established tax-free reserves in accordance with various Greek tax laws over the years in order to obtain tax relief, either a) postponing the settlement of tax obligations until these reserves are distributed to shareholders, or b) by tax relief of any future income tax payments using these reserves to issue shares to shareholders.

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.

## 12 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:

| | **31 December** | |
|---|---|---|
| | **2012** | **2011** |
| Deferred tax asset | | |
| - deferred tax assets recovered after 12 months | 68 | 56 |
| | **68** | **56** |
| Deferred tax liabilities | | |
| - deferred tax liabilities recovered after 12 months | (996) | (1.025) |
| | **(996)** | **(1.025)** |
| **Net balance of deferred tax liabilities** | **(928)** | **(969)** |

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

(all amounts expressed in € thousands unless otherwise stated)

| | For the year ended 31 December | |
|---|---|---|
| | **2012** | **2011** |
| Beginning of period | (969) | (1.080) |
| Income statement charge (**note 21**) | 41 | 111 |
| **End of period** | **(928)** | **(969)** |

The changes in deferred tax liabilities and assets during the years, without offsetting the balances under the same tax principles, are as follows:

Deferred tax liabilities

| | **Accelerated tax depreciation** |
|---|---|
| **1 January 2011** | **(1.148)** |
| Income statement charge | 123 |
| **31 December 2011** | **(1.025)** |
| Income statement charge | 29 |
| **31 December 2012** | **(996)** |

Deferred ta asset

| | **Other** |
|---|---|
| **1 January 2011** | **68** |
| Income statement charge | (12) |
| **31 December 2011** | **56** |
| Income statement charge | 12 |
| **31 December 2012** | **68** |

Under the new tax law 4110/2013, from 1 January 2013 the tax rate will change from 20% to 26%. This would affect, if it were for the year ended December 31, 2012, the above deferred tax liability by € 278 ths for the current year, and cumulative € 1.206 ths.

(all amounts expressed in € thousands unless otherwise stated)

## 13 Trade and other payables

| | 31 December 2012 | 2011 |
|---|---|---|
| Trade payables | 918 | 655 |
| Payables for property management at third party buildings | 641 | 740 |
| Other payables | 565 | 501 |
| Payables to related parties **(Note 25)** | 186 | 198 |
| | **2.310** | **2.094** |

The Company's management believes that the value of the gtrade and other payables represents their fair values.

## 14 Retirement benefit obligation

| | 31 December 2012 | 2011 |
|---|---|---|
| Liability for staff retirement obligation at 1 January | 49 | 59 |
| Expense (Income) recognised in income statement **(Note 17)** | (20) | (10) |
| Liability for staff retirement obligation at 31 December | **29** | **49** |

For the Retirement benefit obligation the following assumptions have been used: (a) discount rate: 4.85% (b) future salary decreases: -1.0% and (c) Inflation: 2.0%.

## 15 Income from provision of services

| | For the year ended την 31 December 2012 | 2011 |
|---|---|---|
| Income from valuations | 9.871 | 19.455 |
| Income from property management and technical audits | 1.693 | 1.255 |
| Income from brokerage | 343 | 168 |
| Income from property management on third party buildings | 287 | 270 |
| Income from advisory services | 317 | 112 |
| | **12.511** | **21.260** |

## 16 Expenses related to the provision of services

| | For the year ended 31 December 2012 | 2011 |
|---|---|---|
| Valuators expenses | (5.601) | (5.358) |
| Property management expenses | (1.112) | (703) |
| Brokerage expenses | (228) | (238) |
| Advertising related expenses (brokerage) | (41) | (58) |
| Other expenses | (58) | (47) |
| **Total commission related expenses** | **(7.040)** | **(6.404)** |

(all amounts expressed in € thousands unless otherwise stated)

## 17 Staff costs

| | For the year ended 31 December 2012 | 2011 |
|---|---|---|
| Wages and salaries | (1.988) | (2.166) |
| Social security costs | (551) | (589) |
| Other employment costs | (153) | (158) |
| Provision for retirement benefit obligation expense (income) **(Note 14)** | 20 | 10 |
| **Total staff costs** | **(2.672)** | **(2.903)** |

## 18 Other Expenses

| | For the year ended 31 December 2012 | 2011 |
|---|---|---|
| Rent expense | (313) | (276) |
| Third party expenses | (440) | (347) |
| Provisions | (51) | (78) |
| Other expenses | (146) | (223) |
| **Total other expenses** | **(950)** | **(924)** |

## 19 Deprecation, amortisation expenses

| | For the year ended 31 December 2012 | 2011 |
|---|---|---|
| Depreciation expenses **(Note 5)** | (57) | (64) |
| Amortisation charge **(Note 6)** | (165) | (172) |
| **Total depreciation, amortisation expenses** | **(222)** | **(236)** |

## 20 Interest income

| | For the year ended 31 December 2012 | 2011 |
|---|---|---|
| Interest income from time-deposits | 358 | 422 |
| **Total Interest income** | **358** | **422** |

(all amounts expressed in € thousands unless otherwise stated)

## 21 Income tax expense

| | For the year ended 31 December | |
|---|---|---|
| | **2012** | **2011** |
| Current income tax | (443) | (2.309) |
| Discount on tax payable due to one off payment | 38 | 34 |
| Deferred tax **(Note 12)** | 41 | 111 |
| **Total** | **(364)** | **(2.164)** |

The Company's income tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the company as follows:

| | 31 December | |
|---|---|---|
| | **2012** | **2011** |
| **Profit before tax** | **1.986** | **11.215** |
| Tax at the applicable tax rate 20% (2011: 20%) | (397) | (2.243) |
| Income and expenses not subject to tax | 33 | 79 |
| **Total income tax** | **(364)** | **(2.164)** |

The current income tax rate for the year 2012 is 20% (2011: 20%).

The current tax rate for profits of Greek legal persons, established by Law 3943/2011 (Government Gazette A '66/31.3.2011) amounts to 20% withholding tax on distributed profits at 25%. Under Law 4110/2013, the tax rate increased to 26% on revenues for the years 2013 onwards. Additionally, dividends will be distributed on the basis of general meeting will take place in 2013 subject to 25% withholding tax, whereas dividends to be distributed by the General Assemblies from 1 January 2014 onwards, subject to withholding tax of 10%.

## 22 Dividends

The Board of Directors will propose the non distribution of dividends at the Annual General Meeting, as the previous year.

## 23 Contingent liabilities

The Company has proceeded with the tax amnesty for tax years 2007-2009. The Company has not been subject to tax audit for the year ended December 31, 2010. Management does not believe that significant additional taxes will result for 2010. The tax audit for the year of 2011 and 2012 are carried out by the external auditors of the Company pursuant to Law 3943/2011 and the relevant Ministerial decision.

**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.

(all amounts expressed in € thousands unless otherwise stated)

## 24 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:

| | 31 December | |
|---|---|---|
| | **2012** | **2011** |
| No later than one year | 415 | 389 |
| Later than one year and no later than five years | 1.623 | 1.168 |
| Later than 5 years | 553 | 680 |
| | **2.591** | **2.237** |

## 25 Related party transactions

The Company is controlled by Eurobank Ergasias S.A. (incorporated in Athens and listed on the Athens Stock Exchange, Greece), which owns 100,00% of the Company's shares. All the voting of the ultimate parent company, that is Private Financial Holdings Limited, are held directly and /or indirectly by the Latsis family.

The following transactions were carried out with related parties::

a) Commission income

| | For the year ended 31 December | |
|---|---|---|
| | **2012** | **2011** |
| **Commission income** | | |
| Parent | 10.615 | 19.664 |
| Subsidiaries of parent company | 1.106 | 1.060 |
| **Total** | **11.721** | **20.724** |

b) Other operating expenses

| | **2012** | **2011** |
|---|---|---|
| Parent | (963) | (1.012) |
| Subsidiaries of parent company | (264) | (271) |
| **Total** | **(1.227)** | **(1.283)** |

(all amounts expressed in € thousands unless otherwise stated)

c) Interest income

| | 2012 | 2011 |
|---|---|---|
| Interest income | | |
| **Bank time deposits** | | |
| Parent | **358** | **422** |

d) Key management compensation

| | 2012 | 2011 |
|---|---|---|
| Salaries and other short-term employee benefits | 472 | 502 |

e) Balances arising from transactions with related parties

| | 31 December | |
|---|---|---|
| | **2012** | **2011** |
| Trade and other receivables from related parties **(Note 8)** | | |
| Parent | 4.047 | 1.670 |
| Other related parties | 520 | 559 |
| **Total** | **4.567** | **2.229** |
| | | |
| Trade payables to related parties **(Note 13)** | | |
| Parent | 143 | 175 |
| Other related parties | 42 | 23 |
| **Total** | **185** | **198** |
| | | |
| Cash and cash equivalents **(Note 9)** | | |
| Parent | 15.114 | 17.410 |
| **Total** | **15.114** | **17.410** |

f) Commitments and contingent liabilities

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

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

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

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

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

The Bank's Board of Directors having considered the content of the VTO information memorandum and the reports provided by the Bank's financial advisors, concluded in summary that the Offer Consideration satisfies the requirements of the Law and is fair from a financial point of view.

On 15 February 2013, NBG announced that all necessary regulatory approvals have been obtained. In particular, the approvals from the Hellenic Competition Commission, the Bank of Greece (Supervision of Credit and Related Financial Institutions Department (SCRFID) & Department of Private Insurance Supervision (DOPIS)), the Hellenic Financial Stability Fund and the E.U. Directorate General for Competition, as analytically described in the prospectus of the Voluntary Tender Offer (VTO) were obtained.

On 18 February 2013, NBG announced that during the offering's acceptance period for Eurobank's shareholders, 64.369 Eurobank's shareholders have accepted legally the VTO, submitting totally 466.397.790 Shares, representing 84,35% of the paid in Share Capital; thus NBG holds a total of 466.558.809 Shares, representing the 84,38% of Eurobank's paid in Share Capital.

On 8 April 2013, Eurobank announced that by decision of the competent authorities and institutions, with the assent of the two banks, the National Bank and Eurobank will be recapitalised fully and independently from each other, implying the suspension of the merger process
The process of recapitalization of four systemic banks, as announced by the Bank of Greece, will be completed before the end of April. Final decisions on the course of the merger of the two banks will be taken from the common shares that will be the FSF.

On 10 April 2013, the Board of Directors of Eurobank decided to convene a General Meeting on 30 April 2013 on the recapitalization of the Bank by € 5,8 billion

As part of the legislation, part of the recapitalization may be implemented by issuing CoCos reducing equally the amount of increase in common shares. Right to participate in the increase in common shares will be the existing shareholders of the Bank and other private investors, while the amount of recapitalization is already guaranteed by the EFSF and € 5,3 bn from € 5,8 billion has already been paid in Bank.

On April 30, 2013, the Extraordinary General Meeting of Shareholders of Eurobank decided:

1. reduction of share capital, while reducing the total number of ordinary shares, through the association shall be a ratio of ten (10) existing ordinary shares to one (1) new common share (reverse split), and reduction of the nominal value of new (derived from the reverse split) common shares to 0.30 euro

2. increase the share capital pursuant to Law 3864/2010 and No. 38/2012 Cabinet Decision, to raise a total of 5.839 million, by issuing 3,789,317,357 new ordinary shares, taking the all of them by the

EFSF, in consideration of equal value owned by the same bond issue and the European Financial Stability Facility

**Alpha Bank - Eurobank Merger**

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

**Eurobank Ergasias S.A. shareholding structure**

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

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

## 26 Post balance sheet events

Until the date of approval of financial statements no significant events have taken place that affect the financial position of the Company on December 31, 2012, other than those disclosed in notes 12 and 25 above.