

**EUROBANK BULGARIA
FINANCIAL STATEMENTS
31 DECEMBER 2015**

Financial statements in English are translation from the original in Bulgarian. This version of the financial statements is a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

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Independent auditor's report

To Shareholders of the Eurobank Bulgaria AD

Report on the Financial Statements

We have audited the accompanying financial statements of Eurobank Bulgaria AD (the "Bank") which comprise the balance sheet as of 31 December 2015 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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 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 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.

PricewaterhouseCoopers Audit OOD, 9-11 Maria Louisa Blvd., 1000 Sofia, Bulgaria

T: +359 2 9355200, F: +359 2 9355266, www.pwc.com/bg

Registered with the Sofia City Court under company file number 13424/1997.

This version of our report/the accompanying documents is a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Opinion


In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Eurobank Bulgaria AD as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

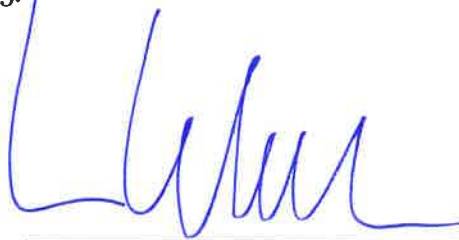
We are required by the Accounting Act to express an opinion whether the Annual Report is consistent with the annual financial statements of the Bank.

In our opinion, the Annual Report set out on pages 1 to 12, is consistent with the accompanying financial statements of the Bank as of 31 December 2015.



Milka Damianova
Registered Auditor

25 March 2016
Sofia, Bulgaria



Stefan Weiblen
PricewaterhouseCoopers Audit OOD



(All amounts are shown in BGN thousands unless otherwise stated)

ANNUAL DIRECTORS' REPORT

The management presents the annual Directors' report as of 31 December 2015.

BUSINESS DESCRIPTION

Eurobank Bulgaria AD (the Bank or Postbank) provides retail, corporate banking and investment banking services in Bulgaria. Its Head Office is located in Sofia. The address of its registered office is as follows: 260 Okolovrasten pat Str, 1766 Sofia, Bulgaria.

BUSINESS OVERVIEW

Development and results from the business activity

The year 2015 was a milestone year for the Bank's results. The strategy of Eurobank Bulgaria was to focus on organic growth, preserving the sources of income and the quality of the assets, control over the expenses, including interest expense, as well as reducing the nonperforming portfolio. In the past years this strategy proved its resilience and in 2015 the results of the Bank are among the best in the system. Although the economy is picking up this is still not felt in the banking system which makes organic growth in lending difficult to achieve. This is why Eurobank Bulgaria saw an opportunity in the acquisition of Alpha Bank's branch in Bulgaria and in November 2015 a preliminary agreement was signed with Alpha Bank S.A. Through this deal Eurobank Bulgaria will improve its positions and will become the fourth largest bank on the market in terms of loans and deposits.

The world economy is expected to grow by 2.4% in 2015, once again lower than the analysts' expectation. The underlying reasons are the declining growth rates in several emerging market economies, decelerating flows to emerging and developing countries, the weak trade and the fall of prices of commodities. Growth in the developing countries is likely to be at its lowest level since the crisis and the modest recovery in some of the high-income countries was not enough to counterbalance this effect. Although, the projections are that the world economy will start to recover in 2016, reaching growth rates of 2.9% in this year and 3.1% in the following two, the underlying risks remain. Further slowdown in the emerging markets economies, the negative trend of the commodity prices and the diverging monetary policies in USA and EU could all contribute for a lower economic recovery and new shocks.

EU economy continues with its modest recovery, led by consumption and improving trade prospects. In 2015 the EU economy grew by 1.9%, up from 1.4% in 2014. An even better trend is observed in the euro area countries – the GDP growth is up from 0.9% in 2014 to 1.6% in 2015. The factors that contributed to the results in 2015 will continue to be present also in the next – the fiscal and monetary policies will continue to support the recovery, while the falling energy prices will provide further boost to households' real incomes and consumption. This justifies the positive projection for 2016 and 2017, at 1.9% and 2.0% respectively, by when the euro area countries are expected to catch up with the rest.

The growth of the Bulgarian economy was 3% in 2015, well above analysts' expectations. The contribution of all GDP components is positive, however, a closer look at the data shows some underlying issues. The external sector is performing well with exports rising by 7.6% and imports by 4.4%, however, the quarterly data shows a slowdown in the exports in the last quarter of the year which could deepen in 2016. The investments were on an upward trend throughout the year and rose by 2.5%, however, higher growth rates are required in case the recovery is to be sustainable in the long run. Positively, the FDIs rose by 23% YoY to €1.57 billion, but remain low as a share of GDP (3.5%). Growth of consumptions stood at 0.7%, which is on the low side given that the consumption is expected to be one of the drivers of growth in Bulgaria.

(All amounts are shown in BGN thousands unless otherwise stated)

BUSINESS OVERVIEW (CONTINUED)

Development and results from the business activity (continued)

Deflationary pressures were persistent in 2015 and for a third consecutive year the consumer price index was negative (-0.4%). Once again the main reason were the falling prices of energy and related services, while the prices of food showed a modest increase of half a percentage point. Unemployment rate was 10% at the end of the year, the lowest in the last five years, both due to workplaces generated in the economy and the declining workforces. The falling prices and the higher employment are expected to increase the spending power of the households and support the consumption, however, it seems that the Bulgarian households still prefer to save rather than spend. The gap was filled by the government which increased its expenditures by 7% in 2015 to BGN 34.7 billion. Budget deficit shrank from 3.7% in 2014 to 2.9% in 2015 and is expected to drop to 2% in 2016.

The situation in the Bulgarian banking system remains almost unchanged since last year – demand for loans remains subdued, while there is a constant flow of new liquidity. Deposits increased by close to BGN 5.1 billion, the majority of which came from households – BGN 3.4 billion. Nominal delta of corporate deposits is at record heights, suggesting that the companies are still reluctant to invest and prefer to save their profits. Loans to companies decreased by more than 1 billion leva in the year, however, net of one off effects in the first half of the year and in December, the market was actually flat. A modest growth of loans to households (BGN 20 million) was recorded, but it is still early to say whether this is the beginning of a new trend.

The liquidity inflow into the system urges the banks to compete for new business which is driving down the rates on new lending. Interest income decreased by 8% year-on-year (BGN 314 million), however, this was compensated by the drop in the interest expenses which declined by more than a third (BGN 450 million in nominal terms). As a result, growth of net interest income was positive (+5% YoY), but the banks have to increase their lending as further savings from the cost side will be increasingly difficult to achieve. Net fees and commission income grew by 7% YoY (BGN 62 million), but this can only partially compensate a further squeeze of the net interest margins. Impairment expenses were largely kept at the level of last year – BGN 1.1 billion. Operating expenses were practically flat, net of one off effects, such as the obligatory contributions to the newly created Bank Restructuring Fund paid at the end of the year. Net profit increased by 20% YoY to BGN 898 million, the highest level since 2008.

The capital adequacy and liquidity ratios improved further in 2015. The liquidity ratio increased by more than 6 percentage points to 36%, with the banks holding 27.7 billion leva as liquid funds at the end of the year. The average capital adequacy ratio was at 22.3% as of December 2015, well above the regulatory threshold of 13.5%. Postbank's ratio is even higher – 24.7% which provides a solid buffer against any unexpected shocks.

For another year Eurobank Bulgaria defied the market trends and was able to expand its lending portfolio. Gross loans increased by 2% to BGN 4,407 million. Loans to companies grew by 4% to BGN 2,369 million supporting Eurobank Bulgaria's goals to be one of the leaders in the corporate lending market in Bulgaria. Mortgage loans increased by 2% to BGN 1,331 million, despite the strong competition in the segment.

In the beginning of 2015, Eurobank Bulgaria devised a plan to optimize excess liquidity and reduce cost of funds, improving profitability. The plan was successfully carried out in the first two quarters of the year, resulting in an outflow of about BGN 640 million deposits and decrease of the average interest rates by half during this period. By the end of the year the trend was reversed and in the last quarter, Eurobank Bulgaria's deposits grew by close to BGN 200 million, while the average funding costs continued to fall.

(All amounts are shown in BGN thousands unless otherwise stated)

BUSINESS OVERVIEW (CONTINUED)

Development and results from the business activity (continued)

In all, interest expenses in 2015 dropped by more than 50% to BGN 67 million, helping improve the net interest income by 12% to BGN 236 million and total income by 10% to BGN 298 million. Net fee and commission income increased by 1% to BGN 60 million, due to higher income from transfers, account maintenance and increased transactions with cards, in line with the strategy of the Bank to be the main servicing bank of its clients. Net fee income already covers 53% of operating expenses with a solid 7 percentage point improvement compared with 2014.

Costs were reduced by 11% to BGN 112 million, due to the restructuring process which was completed in the beginning of 2015. The cost-income ratio improved by a solid 8 percentage points to 46%, the lowest level since the beginning of the crisis. Throughout the year there was a notable improvement in the formation of loans past due more than 90 days. As a result, provisions for impairment decreased by 46% to BGN 66.6 million, but still the 90 days past due coverage ratio improved by 5 percentage points to the healthy 62%.

All of the above culminated in the highest net profit in the entire history of the bank. Net profit for the year was BGN 84.1 million, ensuring a solid return on shareholders' equity of 10%.

Important events that have occurred during the financial year

Postbank has been among the leaders on the banking market in Bulgaria for 25 years. The bank has been a leading factor in innovation and trend setting in the banking sector in the country in the past years and has been awarded many times for its innovations.

Postbank holds a strategic position in retail and corporate banking in Bulgaria. It is one of the leaders on the market of credit and debit cards, mortgage and consumer lending, saving products and products for corporate clients – from small firms to large international companies, operating in the country. The bank has built one of the best-developed branch networks and modern alternative banking channels.

In 2015, the bank maintained its long-term strategy of being client-centred, innovative institution working with care for the people and the community. It goes beyond the conventional market of bank products, by establishing a new client-centred banking model. The bank had invested in an innovative branch network and 20 new specialized customer service centres in the fields on mortgage lending, personal banking and small business lending were opened by end-2015.

In November 2015, Postbank and Alpha Bank S.A. concluded a definitive agreement on Postbank's acquisition of the operations of Alpha Bank's branch in Bulgaria. After the completion of the deal in 2016, Postbank will be the fourth biggest Bulgarian bank in terms of deposits and loans, with over BGN 6.3 billion assets, a branch network of more than 200 locations across the country and a considerable client base in the retail and wholesale banking segments.

In June 2015, the Bulgarian Credit Rating Agency (BCRA) reaffirmed Postbank's long-term financial rating at BB +, its short-term rating at B with a stable outlook. This is the Bank's fifth credit evaluation by BCRA.

At the beginning of December 2015, Eurobank, the European bank group part of which is, Postbank, announced its share capital increase, provided by private and sovereign investors, and by international financial institutions. Institutional and private international investors own over 95% of Eurobank after the successful capital increase.

In 2015, the bank granted new corporate loans totalling almost BGN 500 million to companies in all economic sectors, as the financial institution has set even more ambitious development plans for 2016. The most objective assessment of Postbank's success is still its clients' trust and the numerous awards it received in 2015. The European Bank for Reconstruction and Development gave the Most Active Issuing Bank in Bulgaria award for commercial financing to Postbank for a second consecutive year.

(All amounts are shown in BGN thousands unless otherwise stated)

BUSINESS OVERVIEW (CONTINUED)

Important events that have occurred during the financial year (continued)

The bank is well developing mutual funds distributions, as well, and tripled its sales volume in 2015. The financial institution has considerable achievements in investment banking and received many prestigious international awards for its custody services. For the fifth consecutive year, in April, Postbank was named number one custodian bank on the local market by *Global Custodian Magazine* and won first place for custody services in Bulgaria in the chart of *Global Investor Magazine*.

Also in April Postbank received a very valuable recognition by the Bulgarian business sector – first place in the Innovations category of the annual awards for successful business of the Confederation of Employers and Industrialists in Bulgaria. The prestigious award was bestowed to the financial institution for its innovative approach to banking, for the development of products, new for the Bulgarian market and the set up of modern service channels and web-based services.

In September, Postbank was the only financial institution, representing Bulgaria, which reached the finals of the 9th edition of the international competition of best business practices and high achievements – the European Business Awards.

In August, the financial institution granted a total of BGN 30 million loans to small and medium companies in Bulgaria in line with the partnership agreement under the new programme of the Bulgarian Development Bank for indirect financing of Bulgarian business, named NAPRED. Under the new credit line, Postbank financed companies willing to develop, open new jobs and contribute to Bulgarian economic progress. The loans were designed for operating and investment purposes, project financing of technological renovation and for improvement of the small business competitiveness and potential.

Throughout the year, Postbank organized a number of specialized conferences under the slogan Postbank Meets the Business in support of the business in the country (Vratsa, Montana, Yambol, Haskovo, Pazardzhik, Varna, Burgas, Silistra, Targovishte, Plovdiv, Kardzhali, Kazanlak, Blagoevgrad and Dupnitsa). The meetings' objective was Postbank's experts to present strategic solutions in support of the business and entrepreneurs in the respective regions. In 2015, the financial institution launched its latest initiative Open Doors for the Business – consultations for small and medium enterprises funding with favourable conditions in various cities in Bulgaria (Varna, Burgas, Sofia, Silistra, Targovishte, and many others).

New products

In 2015, Postbank continued investing in providing innovative solutions for its customers with strong focus on consumer lending offers.

In the course of the year, the bank developed and presented its new smartphone application – MyCard, which was specially developed for Postbank's credit card holders. The modern and interactive application is unique on the market. Using a Google-based map, it shows the shortest route to any branch or ATM of the bank in the country. The app also contains detailed information about any of Postbank's partners in the MyRewards loyalty programme, including available discounts and the outlets' contacts.

Sustainable development

Investments in sustainable development are an essential element in Postbank's operations. In 2015, the financial institution was highly active in corporate social responsibility and implemented a number of socially significant projects in the field of education, environment protection, sport and corporate donations.

(All amounts are shown in BGN thousands unless otherwise stated)

BUSINESS OVERVIEW (CONTINUED)

Sustainable development (continued)

Postbank's corporate social responsibility programmes focus on the young people and children in Bulgaria. In 2015, the bank supported UNICEF's project to develop a network of Maternal and Child Healthcare Centres which will help families provide care for their children. Back at the end of 2013, the financial institution launched its long-term strategic partnership with UNICEF Bulgaria, Best Start for Every Child – the biggest and most awarded corporate social responsibility project that has been implemented by a financial institution in Bulgaria. In 2015, Best Start for Every Child was the subject of a major communication campaign that made it the most covered CSR project and the most effective donor campaign in the country. In December 2015, the money raised from donations already were BGN 630 thousands.

Under another strategic and long-term partnership – the one with the American University in Bulgaria, Postbank invested in a hall for innovations at the prestigious school. In 2015, the hall was already being actively supported by Postbank and has become a centre for a number of useful initiatives and events.

For a second consecutive year, Postbank became the main partner in the charity relay run Postbank Business Run, which is organized each year by Club “Begach”. In 2015, over 900 participants from 150 companies operating in various business sectors took part in the contest. The initiative raised BGN 8 thousands that covered the therapeutic activities which St. Sofia Support Centre provides to children with special needs or developmental difficulties.

Postbank invests in the support of developing sports that achieve international success. In July 2015, the financial institution became the main sponsor of the men's national tennis team and supported its preparations for the upcoming Davis Cup games in Luxembourg, thus, proving once again that it combines successfully its business activities with the corporate social responsibility programmes.

In September 2015, Postbank joined the international PARKing Day initiative, organized by Credo Bonum Foundation, for a third consecutive year. Under the Winged Urban Guys campaign, the financial institution surprised Sofia residents by transforming the usual parking spot on Tzar Ivan Shishman Street into an improvised art workshop. The event was aimed at drawing the people's attention to protection of birds and their natural habitats.

Postbank is the only bank in Bulgaria that has set up its own Green Board and an Environmental Office unit in its organizational structure that are focused on protecting the environment in terms of reduction of the resources used by the bank and in terms of its financing activities.

In November 2015, Postbank carried out national representative survey of the financial literacy level in the country. It marked the beginning of a new corporate social responsibility campaign Finances by Music Notes. The ambition of the Postbank's team is the new campaign, Finances by Music Notes, to build upon the bank's achievements in the field of education by implementing new technologies and using digital communication channels.

Throughout the year, the bank continued its long-standing support and work with socially disadvantaged groups and encouraged their active role in the society.

(All amounts are shown in BGN thousands unless otherwise stated)

BUSINESS OVERVIEW (CONTINUED)

Awards

Postbank is among the most frequently awarded companies in Bulgaria. In 2015, the bank received a total of 21 prestigious awards in various fields, given by independent and highly respected Bulgarian and international institutions:

- 26 February 2015, Postbank was named Investor in Society for its strategic partnership with UNICEF Bulgaria called Best Start for Every Child at the Annual Awards for Responsible Business organized by the Bulgarian Forum of Business Leaders;
- 15 April 2015, *Global Custodian Magazine* named Postbank The Best Custodian Bank in Bulgaria;
- 15 April 2015, *Global Investor Magazine*, a leading magazine published by *Euromoney* which focuses on trends in asset management and investment banking, named Postbank the Number 1 Sub-custodian in Bulgaria;
- 29 April 2015, Best Start for Every Child received a second-place award by the Bulgarian Association of PR Agencies in the category for Sustainable Development;
- 29 April 2015, Postbank received an exceptionally valued recognition by Bulgarian business – a first-place award in the Innovations category in the annual awards for successful business of the Confederation of Employers and Industrialists in Bulgaria;
- 18 May 2015, for a second consecutive year Postbank was named The Most Active Issuing Bank in Bulgaria by the European Bank for Reconstruction and Development under a 2014 commercial financing programme;
- 20 May 2015, Best Start for Every Child was awarded in the Sustainable Development Campaign – Business category, PR Prize 2015, second place;
- 20 May 2015, Take Now, Pay Back in Instalments was awarded in the Product or Service Campaign category – PR Prize 2015, third place;
- 20 May 2015, Postbank received a special award for sustainable development for the green initiative For the Bicycles and Their People by *Manager Magazine* – PR Prize 2015;
- 26 May 2015, Postbank won first place in the BG Green Awards 2015 competition, Big Companies category. Organizers – *b2b Magazine* and *Go Bio Magazine*;
- 27 May 2015, EFFIE award for the advertising campaign Saving Mortgage Loan – third place in the Services category in the marketing efficiency competition, EFFIE Bulgaria 2015;
- 28 May 2015, first place in the Financial, Banking, Accounting and Legal Services category at the 5th annual *b2b Media* competition, The Greenest Companies in Bulgaria 2014;
- 16 June 2015, The Best Marketing Team award in the Product Re-launch category in the annual competition for marketing communications' achievements, BAAwards 2015, Bulgarian Association of Advertisers;
- 1 September 2015, Postbank is the only financial institution from Bulgaria that reached the finals of the 9th edition of the International Competition for Best Practices and High Achievements in the business sector, European Business Awards;
- 5 November 2015, Postbank received the Mystery Shopper prize in the Bank of the Year 2014 competition, organized by Association Bank of the Year;

(All amounts are shown in BGN thousands unless otherwise stated)

BUSINESS OVERVIEW (CONTINUED)

Awards (continued)

- 8 November 2015, the Best Start for Every Child campaign was awarded in the Healthcare Initiatives category at the Golden Heart Annual Charity and Corporate Social Responsibility Awards organized by *Business Lady Magazine*;
- 20 November 2015, Best Start for Every Child received an award in the Most Sustainable Donor's Programme category at the tenth annual awards organized by the Bulgarian Donors Forum, given in the presence of the President of the Republic of Bulgaria;
- 22 November 2015, Investor in Public Communication – an award within the Day of Bernays 2015 event, organized by the Bulgarian Public Relations Society, given to Postbank for its contribution to the development of public communication in Bulgaria and the implementation of good practices;
- 30 November 2015, Petia Dimitrova, Postbank's CEO and Chairperson of the Management Board, received the prestigious Mrs Ikonomika (Mrs Economy) award in the Mr and Mrs Ikonomika competition 2015, organized by *Ikonomika Magazine* and the Confederation of Employers and Industrialists in Bulgaria;
- 1 December 2015, Petia Dimitrova was named Banker of the Year 2015 at the 22nd annual awards organized by *Banker Weekly*;
- 8 December 2015, Doncho Donev, Head of Capital Markets Division at Postbank was named Young Banker of the Year 2015 in the New Generation: Bankers awards, organized by *Standard Daily*.

SHARE CAPITAL STRUCTURE

As at 31 December 2015 the total authorized number of ordinary shares of Eurobank Bulgaria AD was 452,752,652 with a nominal value of BGN 1 per share. Eurobank Ergasias S.A. owns directly 34.56%, another 54.27% of the share capital is owned by ERB New Europe Holding B.V., 11.16% by CEH Balkan Holdings Limited and 0.01% by minority shareholders.

MANAGEMENT BOARD

As at 31 of December, 2015 the Management Board consisted of the following members:

- Petia Dimitrova – Chief Executive Officer and Chairperson of the Management Board;
- Dimitar Shoumarov – Executive Director, Chief Financial Officer and Member of the Management Board;
- Asen Yagodin – Executive Director and Member of the Management Board;
- Jordan Souvandjiev – Chief Risk Officer and Member of the Management Board.

1. The total annual remuneration of the members of the Management Board

In 2015 the members of the Management Board did not receive remunerations from the Bank in their capacity of Management Board members.

2. Shares and bonds of the company that are acquired, owned and transferred by the members of the Management Board during the year

No member of the Management Board has owned or transferred shares or bonds of the Bank.

3. The Management Board members' rights to acquire shares and bonds of the company

(All amounts are shown in BGN thousands unless otherwise stated)

MANAGEMENT BOARD (CONTINUED)

No member of the Management Board holds special rights of acquisition of shares or bonds of the Bank.

4. The Management Board member's ownership in other commercial enterprises, as:

4.1. Partners with unlimited liability

No member of the Management Board has been a partner with unlimited liability in other commercial enterprise.

4.2. Partners/shareholders holding more than 25 per cent of the capital of another company

No member of the Management Board holds more than 25 per cent of the capital of another company.

4.3. Participants in the management of other companies or cooperatives as procurators, managers or board members

o Petia Dimitrova

American Chamber of Commerce in Bulgaria, Bulgaria – Member of the Board of Directors (until 8 December, 2015);

Association of Banks in Bulgaria, Bulgaria – Member of the Management Board;

Confederation of Employers & Industrialists in Bulgaria, Bulgaria – Member of the Management Board;

American University in Bulgaria, Bulgaria – Member of the Board of Trustees;

International Banking Institute OOD, Bulgaria – Member of the Management Board.

o Dimitar Shoumarov

IMO Rila EAD, Bulgaria – Member of the Board of Directors;

IMO Central Office EAD, Bulgaria – Member of the Board of Directors (until 03.09.2015);

IMO 03 EAD, Bulgaria – Executive Director and Member of the Board of Directors;

ERB Leasing EAD, Bulgaria – Chairman of the Board of Directors;

Chief Financial Officers Club, Bulgaria – Member of the Management Board.

o Asen Yagodin

Sports Club DFS-Lokomotiv Sofia, Bulgaria – Member of the Board of Directors;

Bulstrad Life Vienna Insurance Group JSC, Bulgaria – Independent member of the Supervisory Board;

Bulgarian Stock Exchange – Sofia AD, Bulgaria – Chairman of the Board of Directors.

o Iordan Souvandjiev

IMO Property Investments Sofia EAD, Bulgaria – Deputy Chairman of the Board of Directors and Executive Director;

IMO Central Office EAD, Bulgaria – Deputy Chairman of the Board of Directors and Executive Director;

IMO Rila EAD, Bulgaria – Deputy Chairman of the Board of Directors and Executive Director;

ERB Property Services Sofia AD, Bulgaria – Member of the Board of Directors;

Vinimpeks 21 AD, Bulgaria – Chairman of the Board of Directors.

(All amounts are shown in BGN thousands unless otherwise stated)

MANAGEMENT BOARD (CONTINUED)

5. The Contracts under Article 240b of the Commerce Act

The Bank has not entered into contracts specified in Article 240b, paragraph 1 of the Commerce Act during 2015.

SUPERVISORY BOARD

As at 31 December 2015 the Supervisory Board consisted of the following members:

- Theodoros Karakasis – Chairman of the Supervisory Board;
- Stavros Ioannou – Member of the Supervisory Board;
- Michalis Louis – Member of the Supervisory Board;
- Anastasios Nikolaou – Member of the Supervisory Board;
- Christina Theofilidi – Member of the Supervisory Board.

Mr. Antonios Hassiotis and Mr. Nikolaos Aliprantis were members of the Supervisory board until 16.10.2015. Mr. Stavros Ioannou and Mr. Michalakis Louis were officially appointed as members of the Supervisory Board on 16.10.2015.

1. The total annual remuneration of the members of the Supervisory Board

In 2015 one member of the Supervisory Board received a remuneration from the Bank in his capacity of Supervisory Board member (it has been disclosed in Note 29).

2. Shares and bonds of the company that are acquired, owned and transferred by the members of the Supervisory Board during 2015

No member of the Supervisory Board has owned or transferred shares or bonds of the Bank.

3. The Supervisory Board member's rights to acquire shares and bonds of the company

No member of the Supervisory Board holds special rights of acquisition of shares or bonds of the Bank.

4. The Supervisory Board member's ownership in other commercial enterprises, as:

4.1. Partners with unlimited liability

No member of the Supervisory Board has been a partner with unlimited liability in other commercial enterprise.

4.2. Partners/shareholders holding more than 25 per cent of the capital of another company

Mr. Antonios Hassiotis is a Sole Shareholder of Investments AMK EOOD, Bulgaria, he has been a member of the Supervisory Board of the Bank up to 16.10.2015. None of the present members of the Supervisory Board has been a partner or shareholder holding more than 25 per cent of the capital of another company.

4.3. Participants in the management of other companies or cooperatives as procurators, managers or board members

○ Theodoros Karakasis

Bancpost S.A., Romania – Deputy Chairman of the Board of Directors;

ERB Retail Services IFN S.A., Romania – Member of the Board of Directors;

ERB Leasing IFN S.A., Romania – Member of the Board of Directors;

(All amounts are shown in BGN thousands unless otherwise stated)

SUPERVISORY BOARD (CONTINUED)

Eurobank Property Services S.A., Romania – Chairman of the Board of Directors;
ERB Property Services d.o.o. Beograd, Serbia – Chairman of the Supervisory Board;
Eurobank A.D. Beograd, Serbia – Member of the Management Board;
ERB Property Services Sofia AD, Bulgaria – Chairman of the Board of Directors;
Bulgarian Retail Services AD, Bulgaria – Chairman of the Board of Directors;
CEH Balkan Holdings Limited – Member of the Board of Directors;
Greek-Serbian Chamber of Commerce – Deputy Chairman of the Board of Directors.

○ **Stavros Ioannou**

Eurobank Ergasias S.A., Greece – Deputy Chief Executive Officer (effective as of 28.4.2015), - Group Chief Operating Officer & International Activities, Member of the Executive Board, Member of the Strategic Planning Committee (effective as of 20.2.2015);
Eurobank Ergasias S.A., Greece – Senior General Manager (until 28.4.2015), Member of the Management Committee (until 1.9.2015, at which date the Management Committee ceased to exist);
Eurobank Business Services S.A., Greece – Deputy Chairman of the Board of Directors;
Eurolife ERB General Insurance S.A., Greece – Member of the Board of Directors (from 20.2.2015 until 27.3.2015, Mr. Ioannou was Vice Chairman of the Board of Directors.);
Be – Business Exchanges S.A., Greece – Chairman of the Board of Directors;
Eurobank Property Services S.A., Greece – Member of the Board of Directors;
Eurolife ERB Insurance Group Holdings S.A., Greece – Member of the Board of Directors;
Eurobank a.d. Beograd, Serbia – Member of the Management Board;
Eurobank Cyprus Ltd, Cyprus – Member of the Board of Directors (effective as of 19.11.2015);
Cardlink S.A., Greece – Deputy Chairman of the Board of Directors (until 23.1.2015).

○ **Michalis Louis**

Eurobank Ergasias S.A., Greece - Head of International Activities General Division, Member of the Executive Board (as of 20.2.2015);
Eurobank Private Bank Luxembourg S.A., Luxembourg – Member of the Board of Directors;
Banepost S.A., Romania - Member of the Board of Directors;
Eurobank a.d. Beograd, Serbia - Chairman of the Management Board;
CEH Balkan Holdings Limited, Cyprus - Member of the Board of Directors;
Eurobank Cyprus Ltd, Cyprus - Chief Executive Officer
NEU Property Holdings Limited, Cyprus – Chairman of the Board of Directors;
NEU II Property Holdings Limited, Cyprus – Chairman of the Board of Directors;
NEU BG Central Office Limited, Cyprus – Chairman of the Board of Directors;
NEU 03 Property Holdings Limited, Cyprus – Chairman of the Board of Directors;
ERB New Europe Funding III Limited, Cyprus – Chairman of the Board of Directors;
Public Joint Stock Company "Universal Bank", Ukraine, Member of the Supervisory Board.

(All amounts are shown in BGN thousands unless otherwise stated)

SUPERVISORY BOARD (CONTINUED)

- Anastasios Nikolaou

Eurobank a.d. Beograd, Serbia – Member of the Management Board;
PJSC "Universal Bank", Ukraine – Member of the Supervisory Board.

- Christina Theofilidi

Eurobank Ergasias S.A., Greece – General Manager Retail Remedial , Member of the Executive Board (as of 20.2.2015) and Member of the Management Committee (until 1.9.2015, at which date the Management Committee ceased to exist);

Eurobank Financial Planning Services S.A., Greece – Deputy Chairman of the Board of Directors;

Eurobank Remedial Services S.A., Greece – Member of the Board of Directors;

ERB Retail Services IFN S.A., Romania - Member of the Board of Directors;

Tiresias Bank Information Systems S.A., Greece - Non-Executive Director.

- Antonios Hassiotis

Investments AMK EOOD – Sole Shareholder and Manager.

5. The Contracts under Article 240b of the Commerce Act

The Bank has not entered into contracts specified in Article 240b, paragraph 1 of the Commerce Act during 2015.

GROUP STRUCTURE

Eurobank Bulgaria does not have any subsidiaries as at 31 December 2015 and therefore no consolidated financial statements are prepared at this entity level.

OBJECTIVES FOR 2016

In 2016 the main objectives of the Bank will remain unchanged - to maintain its leading position in the market and to build a long-term relationship with the clients, based on mutual trust. Further decrease of the cost of funds will allow the Bank to sustain interest margins in the increasingly competitive environment, maintaining a prudent risk appetite.

The seamless integration of the acquired ongoing concern of Alpha Bank S.A. in Bulgaria and the successful completion of the comprehensive assessment of the Bulgarian bank will be key priorities in this year. The integration of Alpha Bank Bulgaria is to be completed by the middle of 2016, ensuring a minimal disruption of sale capabilities and customer service in both networks. The anticipated successful completion of the comprehensive quality assessment will show how the banks have overcome the effects from the crisis and will increase the trust in the banking system as a whole and Eurobank Bulgaria in particular.

With the economic prospects of the country improving, there is an opportunity to expand the interest earning assets and especially the lending portfolio, further improving the profitability of the bank. This is becoming even more important after the introduction of negative interest rates on the excess reserves by BNB in the beginning of this year.