HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE S.A.

ANNUAL FINANCIAL REPORT

For the period 1 January 2017 – 31 December 2017

In accordance with the International Financial Reporting Standards

ATHENS EXCHANGE GROUP

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1. DECLARATIONS BY MEMBERS OF THE BOARD OF DIRECTORS

(in accordance with article 4 of Law 3556/2007)

WE DECLARE THAT

1. to the best of our knowledge, the attached annual Financial Statements of the Group and the Company, which have been prepared in accordance with the International Financial Accounting Standards in effect, reflect in a true manner the assets, liabilities and equity on 31.12.2017 and the results for fiscal year 2017 of HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A. (ATHEX), as well as of the companies that are included in the consolidation taken as a whole;

2. to the best of our knowledge, the attached report of the Board of Directors for fiscal year 2017 reports in a truthful manner the performance and position of HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A. (ATHEX), as well as of the companies that are included in the consolidation taken as a whole, including a description of the main risks and uncertainties that they face;

3. to the best of our knowledge, the attached fiscal year 2017 Financial Statements are those that have been approved by the Board of Directors of HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A. (ATHEX) on 26.3.2018 and have been published by being uploaded on the internet, at www.athexgroup.gr.

Athens, 26 March 2018

THE CHAIRMAN OF THE BoD	THE CHIEF EXECUTIVE OFFICER	THE MEMBER OF THE BoD
GEORGE HANDJINICOLAOU **ID: X-501829**	**SOCRATES LAZARIDIS** **ID: AK-218278**	**NIKOLAOS MYLONAS** **ID: AK-088810**

2. REPORT OF THE BOARD OF DIRECTORS

OF

“HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A.”

FOR THE FISCAL YEAR FROM 1 JANUARY

TO 31 DECEMBER 2017

(in accordance with article 4 of Law 3556/2007)

The Board of Directors of HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE SA (Athens Exchange or ATHEX or the Company) publishes its report on the annual separate and consolidated Financial Statements for the fiscal year that ended on 31.12.2017, in accordance with article 136 of Codified Law 2190/1920 and articles 4 & 5 of Law 3556/2007.

The annual separate and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards that were adopted by the European Union.

The Greek capital market

The Athens Exchange General Index was up for the third consecutive year, closing on 31.12.2017 at 802.37 points, 24.7% higher than the close at the end of 2016 (643.64 points). The average capitalization of the market was €50.2bn, increased by 21.7% compared to 2016 (€41.3bn).

The total value of transactions in 2017 (€14.8bn) is 2% lower compared to 2016 (€15.1bn), while the average daily traded value was €58.8m compared to €60.5m in 2016, reduced by 2.8%. The average daily traded volume decreased by 23.9% (72.7m shares vs. 96.4m shares).

In the derivatives market, total trading activity increased by 25.7% (2017: 19.4m contracts, 2016: 15.5m), while the average daily traded volume increased by 24.1% (78.7 thousand contracts vs. 63.5 thousand).

Business Development

Organized market

New listings

In June 2017 the listing of the ADMIE HOLDING in the Main Market of the Athens Exchange took place. The listing took place through a reduction in the share capital of DEI (PPC) and return-in-kind to shareholders, of shares in the newly formed ADMIE HOLDING, proportionally to their participation in the share capital of DEI.

In July 2017, the shares of BRIQ PROPERTIES REIC were listed in the Main Market of the Athens Exchange. Share dispersion was achieved through the proportional return in kind to QUEST HOLDINGS shareholders of shares in BRIQ PROPERTIES REIC.

In addition, the following corporate bonds were listed in the Fixed Income Segment:

- OPAP, raising €200m.
- SYSTEMS SUNLIGHT, raising €50m
- MYTILINEOS HOLDINGS, raising €300m
- TERNA, raising €60m

All of the above corporate bond issues were carried out by Public Offer utilizing the EBB (Electronic Book Building) service offer by the Athens Exchange.

Significant corporate actions – Rights issues

NIKAS, FRIGOGLASS, INTRAKOM CONSTRUCTIONS, EUROCONSULTANTS and KEKROPS increased their share capital through the exercise of the preemption right by shareholders, raising a total of €102.5m.

ATHINA and INTRAKOM CONSTRUCTIONS increased their share capital by capitalizing obligations and through a waiving of the preemption right of shareholders in favor of J&P AVAX and INTRAKOM HOLDINGS respectively.

ALPHA BANK, DIONIC, FORTHNET, FRIGOGLASS and NIREUS listed new shares resulting from the conversion of existing convertible bonds.

SARANTIS, FOURLIS and COCA-COLA HBC AG listed new shares resulting from share capital increases due to the exercise of stock options.

MYTILINEOS merged by absorbing the listed company METKA and the non-listed companies ALUMINIUM OF GREECE, PROTERGIA, and PROTERGIA THERMOELEKTRIKI AGIOS NIKOLAOS.

November 2016 – March 2017: Delisting of BANK OF CYPRUS from the Athens Exchange, creation of a new parent company and listing / trading of its shares at LSE (London Stock Exchange) and ATHEX.

April– June 2017: the process of full ownership separation of ADMIE (IPTO) from DEI was completed, and listing of the newly founded company ADMIE HOLDINGS.

November – December 2017: The exchanging of the Greek Government bonds that were issued as a result of PSI (Private Sector Involvement) was completed through the issuance of new bonds.

November – December 2017: The last exercise of the warrants by ALPHA BANK, PIRAEUS BANK and NATIONAL BANK OF GREECE, issued as part of their initial recapitalization, was completed and they were delisted.

Listed companies forced buyouts (squeeze outs)

May 2017: The squeeze out of the remaining shareholders of the listed companies KLEEMAN HELLAS and ASTIR PALACE VOULIAGMENI was completed.

June 2017: The squeeze out of the remaining shareholders of the listed companies IONIAN HOTEL ENTERPRISES and FHL KYRIAKIDIS MARBLES & GRANITES was completed.

October 2017: The squeeze out of the remaining shareholders of the listed company GALAXIDI MARINE FARM was completed.

Alternative market

In September 2017 the corporate bond of MLS INNOVATION began trading in the Fixed Income segment, becoming the second bond issued by the company that is traded in EN.A. The bond was covered by private placement and the total amount raised was €6m.

In August 2017 FOODLINK increased its share capital, with shareholders exercising their preemption right, raising €522 thousand.

Market promotion

In order to further promote the Greek capital market, expand the investor network and strengthen the contacts between listed companies and fund managers abroad, the Athens Exchange organized the following events:

- In June 2017 the 6th Greek Investment Forum was organized in New York, in collaboration with the American-Hellenic Chamber of Commerce and Enterprise Greece. In the Greek delegation 20 companies listed on the Athens Exchange participated, whose representatives had the opportunity during the approximately 430 meetings that took place, to present their strategy and investment plans to institutional investors.
- The organization of the Forum was combined with a visit to Washington DC where delegates attended both the “2017 Select USA Investment Summit”, as well as a number of meetings with institutions such as the US Chamber of Commerce and the US Council of Competitiveness. As part of this business visit to Washington, targeted meetings with institutional investors, interest groups and companies representing important businesses and investors such as Hogan Lovells also took place.
- In September 2017 the 12th Annual Greek Roadshow of listed companies took place in London. During the roadshow, the 33 participating Athens Exchange listed companies had the opportunity in the 650 meetings that took place, to present their business developments and growth prospects to 90 investment funds represented by 120 analysts and fund managers.

Finally the Athens Exchange, in support of the Hellenic Fund and Asset Management Association, provided its premises in order for listed companies to make their presentations. As part of this effort, 13 listed companies presented their results, their strategy for development and prospects for growth.

Energy Exchange and Clearing House

Greece created the regulatory framework (Law 4425/2016) which sets out the steps and timeframe for adapting the local electricity market to the requirements of the European model (Target model).

The existing institutions of the Greek energy market – LAGIE as Nominated Electricity Market Operator (NEMO), ADMIE (IPTO) as Power Transmission Operator and Balancing Markets, and RAE (Regulatory Authority for Energy) as the Regulator – have assumed the responsibility for operating, supporting and developing the Greek energy market, based on both the national and the European regulatory frameworks, with the goal of unifying the European market.

Based on the above, and following European practice, a framework for collaboration has been agreed between the Athens Exchange Group and these two entities with the aim of creating a competitive and viable Greek energy market.

The key points of this collaboration are:

- The creation of two new corporate vehicles, an Energy Exchange and the corresponding Clearinghouse.
- Their creation as multi-stakeholder companies, giving the right to participate in the share capital to all market participants that wish to do so.

The core aim for these two corporate structures, besides their contribution to the more effective and direct adaptation of the Greek market to the European target, is to ensure the viability under competitive terms of the whole undertaking, while satisfying market participants to the benefit of the end-consumer.

The expectation that the abovementioned undertaking will serve as the guide for the organization and operation of other energy products and markets is an additional key objective of this collaboration.

Improvements in the trading model

As part of the effort to continuously adapt the trading model of the markets operated by ATHEX to the standards of other European markets, but also because various matters were identified in the existing framework that needed improvement, an analysis was made and subsequently a comprehensive proposal on the following improvements to the ATHEX trading model:

- Creation of the new Categorization Model for ATHEX stocks based on their liquidity
- Modernization of the Market Making Model in the Cash market by providing incentives to undertake market making
- More effective method for determining the closing price for equities
- Changes in the trading limits and the Volatility Interrupter parameters for equities
- Reduction in the cost of covering trades through covered sales
- Creation of a new legal framework for block trades to facilitate privatizations

XNET Network

Concerning the activity of the XNET network, through which Members have the ability to access the international markets that the network supports, the main points of note are the following:

- The transfer of trade settlement in euro for the XNET markets (except Belgium) to a commercial account at Alpha Bank was implemented as a solution to the problem of being unable to execute trades in euro as a result of the imposition of capital controls.
- The London market in euro was activated to execute trades in Bank of Cyprus which, since January 2017 is traded on the London market in euro. During this period, trades in Bank of Cyprus were 30% of all XNET trades and the UK market in euro is 2nd by value traded, after the USA.
- Analysis, testing and implementation of the new CFI standard.

- Support for multiple clearing accounts
- New risk assignment rules as part of the support of the Bank of Cyprus
- Attracting and activating two new Members on the XNET platform, as order taking and order fulfilling Members: ARGUS STOCKBROKERS LTD and ATLANTIC SECURITIES LTD

New services

As part of the reporting obligations by participants in organized market which arose from MiFID II, it was decided to develop, promote and support the relevant services (APA@ATHEX and ARM@ATHEX).

Based on the agreements already in place (65), the annual revenue for the Group is estimated at €225,900.

Regional cooperation

Collaboration of ATHEX with the SEE Link platform for the execution of cross-border trades in SE European countries

Following the signature of the required agreement, ATHEX formally joined SEE Link, the consortium of SE European Exchanges.

The SEE Link Company was founded in May 2014 with the support of EBRD and represents an effort at collaboration by SE European Exchanges, with the aim of coordinating collaborating Exchanges to jointly create the conditions that will allow:

- Easy access for investors in the exchanges of the SE European countries to the markets of the region, and at the same time
- The products that are traded in these markets, as a whole, will attract interest by international investors

For the ATHEX Group collaborations through which its international presence as well as the international presence of SE Europe is enhanced is a strategic choice. Given that SEE Link is an important development for capital markets in SE Europe, ATHEX's know-how and international client network are expected to contribute to the implementation of SEE Link's goals.

The immediate goals for ATHEX from this collaboration are:

- To allow members of Exchanges that participate in SEE Link to trade on ATHEX markets; and
- To add participating SEE Link markets to the XNET network markets.

Provision of indirect clearing services in the Derivatives Market

The implementation of the new European Regulation (EU) 2017/2154with regard to regulatory standards in indirect clearing arrangements set new requirements for Central Counterparties.

In order to ensure regulatory compliance for ATHEXClear and at the same time offer new services to participants, changes in the Clearing Accounts in the Derivatives Market were implemented, providing greater security to investors that decide to clear their trades in derivative products not through Clearing Members but through clients of Clearing Members.

Within this framework, the ability was provided to create discrete indirect client accounts, through them ensuring the separation of assets and margin calculations on a non-netted position, in accordance with the requirements of the new Regulation. This new account type covers the needs of a large group of investors, mainly from abroad, and it is estimated that it will be a new revenue source for the company.

Adaptation to the CSDR Regulation

As part of the adaptation / compliance and licensing of ATHEXCSD under the CSDR Regulation, following key tasks were carried out:

- Assessment of ATHEXCSD in accordance with the ISCO PFMI Standards. With the assistance of an external consultant, a detailed gap analysis of ATHEXCSD compared to international standards was carried out, and the areas for improvement noted.
- Data gathering for completing the ATHEXCSD licensing dossier.
- Participation in drafting the ATHEXCSD Risk Management Framework. With the help of an external consultant and using the know-how and the corresponding experience of implementing the Risk Management Framework for ATHEXClear, the main risks to ATHEXCSD were recognized, the risk management governance rules were determined, and the first edition of the ATHEXCSD Risk Management Framework was drafted.

Completion of the migration of the DSS to a web environment

As the last step to the complete migration of the DSS [Dematerialized Securities System], one of the key IT systems of the Group, to a WEB environment, development and auditing of the client applications used for clearing trades, as well as cash settlement in Euro and foreign currencies was completed. The DSS upgrade project had begun in 2016.

At the same time, in July 2017 the connection of DSS with the new platform implemented by the cooperating settlement bank was completed; the new platform is clearly upgraded in matters of reliability and security.

Due to the critical nature of the operation of cash settlement, the availability of the old and new systems in parallel was ensured for more than one month, until it was ascertained that the new systems functioned smoothly.

Implementation of a benchmarking project for ATHEXClear

As the European Union is gradually pushing for the existing centralized trading and post-trading structures to become more homogeneous, competition increases while at the same time opportunities arise for the provision of these services at the cross-border level.

At the same time, the cost of creating, operating and supporting clearing services increases, due to the homogenization of the organizational, operation and capital requirements, and the legislation of strict operating standards.

Based on the above, it was considered that ATHEXClear should obtain an understanding:

- of the relative competitiveness of the direct cost of providing clearing services to its members
- of the total cost of providing clearing services to the Greek market compared to other markets; and
- comparing the indirect cost of providing margins and collaterals

For this purpose, a benchmarking project was implemented with the assistance of a specialized external consultant. The results of the project were evaluated internally by ATHEXClear management and will be used in the development of its strategy and in specific future actions.

Improvements in the EMIR-TR service

As part of the effort to reduce the cost of the EMIR-TR service both for ATHEXClear as well for participants in the derivatives market, the migration to a new Trade Repository was completed in January 2017. In the first months following the migration, any small problems that arose were solved.

In order to improve support to ATHEXClear customers, the EMIR-TR service was integrated to the unified customer service system of the Group. Through this communication on matters of sending files, user management, invoicing, problem reporting etc. was standardized.

Due to the change in the encoding of CFI (ISO 10692), ATHEXClear issued new specifications to clearing members and customers of the service, and the necessary changes were implemented in the TRC application which supports this service in the summer of 2017.

In addition, due to the implementation, starting on 01.11.2017, of the European Directive (104/2017) that defines new reporting requirement specifications, but also because of the new requirements set by ESMA mainly on the application of the Delegation Control System, extensive changes to the IT systems that support the service were made, as well as in the processes involved.

Lastly, in 2017, changes that were put into effect on 3.1.2018 due to the implementation of the new European MIFIR Regulation were designed, implemented and tested.

Development of the Electronic Book Building service

The aim of the EBB (Electronic Book Building) service is the provision by ATHEX of the necessary logistical support to businesses that want to raise capital from investors.

The EBB service is provided to underwriters, advisors and financial firms for use during the capital raising process. It is a transparent mechanism for investors to express their interest to participate in capital increases, and attempts to effectively exploit the Member network of the Exchange (banks and brokerage companies) and their clients in order to provide liquidity to business proposals of businesses that seek financing.

During the first half of 2017 the Hellenic Capital Market Commission issued Decision 19/776/13.02.2017 “Determining the yield and interest rate for bonds distributed through a public offering and allocated to investors” which created the need to modify the way this service was provided.

ATHEXClear actively participated in the modification of the regulatory framework for providing this service, describing the required technical modification and auditing its implementation.

Annual certification of the risk management models

In accordance with article 49 of Regulation (EU) 648/2012 (EMIR), an annual audit of the risk management models applied by ATHEXClear must be carried out by a specialized independent consultant.

ATHEXClear selected a consultant, and after a competition the project was assigned to a specialized foreign consultant. The work of the consultant was completed and the findings were delivered to the Hellenic Capital Market Commission, the Risk Committee and management of the company. The findings will be taken into consideration in potential future improvements in the risk management models.

Participation in the EU-Wide Stress-Test for Central Counterparties

ATHEXClear participated in the second EU-wide stress test for counterparty credit risk that is being carried out by the European Securities and Markets Authority (ESMA).

ESMA requested that supervised Central Counterparties calculate potential losses and liquidity requirements that could arise from clearing member default under specific extreme scenarios.

ATHEXClear completed these audits and the results submitted to ESMA were considered completely satisfactory, since no material weakness was detected in the ability to absorb losses or in the liquidity adequacy under these extreme scenarios. ESMA is planning to publicize the results for all CCPs in the beginning of 2018.

Improvements in the IT Risk Management System

As part of the continuous improvement and automation of the risk management operation, improvements were made in the Risk Management System (RMS). Indicatively noted is the further automation of the verification of the predictive capacity of the margin model.

The aim behind the continuing development in the RMS is to increase automation in the daily monitoring of risks and to reduce manual actions in order to avoid errors.

Development of a data warehouse for risk management data

In order to make possible the storage and handling of a large volume of historical data that concern risk management, the project of developing a data warehouse continues.

Besides keeping data, the aim is to make it possible to gather combine information from different sources, reduce the time required for staff, and create reports in order to expand the amount of information being disseminated.

The project has been completed to a large extent in 2017, and will continue in 2018.

Regulation (EU) 909/2014 (CSDR) – Strategic adjustment by ATHEXCSD to the new environment

Regulation (EU) 909/2014 (CSDR) "on improving securities settlement in the European Union and on central securities depositories" is part of the EU's European integration package in the field of post-trading services and the establishment of single market conditions. This Regulation affects the operation of the Greek capital market by introducing significant changes through: a) the liberalization of the Central Security Depository services being introduced at the EU level, and b) through the adoption of omnibus accounts for safekeeping securities.

Within the abovementioned framework, ATHEXCSD actively participates in the adaptation of the Greek capital market to the new environment, especially concerning the timely licensing of the company in accordance with the Regulation – to the extent possible – within 2018.

In particular, in 2017 ATHEXCSD actively participated or completed the following tasks:

- Participation in the work of the Committee headed by Prof. Stavros Thomadakis which was set up by the Athens Exchange Group and the Hellenic Capital Market Commission in order to study the tasks for the strategic adjustment to the new environment. The Committee completed its work and delivered the final report on 22.5.2017.
- Review the CSDR Level 2 regulatory & technical standards that went into effect on 30.03.2017, as well as the relevant ESMA Level 3 Measures (Q&A, Guidelines, et al.) for the purposes of analyzing the impact and designing/implementing the compliance tasks.
- Procurement of consulting services from recognized firms on specialized issues and compliance requirements of ATHEXCSD (CPMI/IOSCO PFMI Assessment, CSD Account Structure, CSD Links, Capital requirements & Risk Management Framework)
- Preliminary briefing and start of consultation with DSS Operators on the required regulatory adjustments and the proposed corresponding technical adjustments to systems and procedures.
- Participation in the Legislative Committee of the Ministry of Finance for the adjustment of the local legal framework to the CSDR Regulation. The Committee completed its work in July 2017, and the draft bill submitted to the Ministry of Finance was put to public consultation over the period 15-25.9.2017.
- Drafted a dossier and submitted an application of ATHEXCSD to the Hellenic Capital Market Commission on 29.9.2017 for obtaining a license to operate a central securities depository in accordance with Regulation (EU) 909/2014.
- Organization of an information event on 9.10.2017, at the premises of the Bank of Greece, in cooperation with the Hellenic Capital Market Commission, on "Changes in the institutional framework of the Dematerialized Securities System for Adaptation to the CSDR Regulation"

Project to update DSS Account information by Operators, in accordance with Decisions 1/736/2.11.2015 (Government Gazette B' 2558/26.11.2015) & 7/759/29.6.2016 (Government Gazette B' 2130/11.07.2016) of the Board of Directors of the Hellenic Capital Market Commission and Decision 6/27.06.2016 of the Board of Directors of ATHEXCSD, in effect since 30.06.2016

In accordance with the relevant decisions of the Board of Directors of the Hellenic Capital Market Commission and ATHEXCSD, in 2017 periodic (monthly and quarterly) audits were carried out on the correctness of the registrations in the active Investor Shares in the Dematerialized Securities System (DSS) by ATHEXCSD and corresponding information of DSS Operators, in order for the relevant data maintained in DSS in accordance with the existing regulatory framework to be updated.

Progress on the tasks of this project is also monitored through a questionnaire to DSS Operators every quarter (January, May and September) of each year. All relevant tasks are part of the preparation of the migration of Dematerialized Securities System (DSS) to the new environment under the CSD Regulation that will take place with the granting of the license to operate a central securities depository to ATHEXCSD in accordance with the Regulation in question.

Completing the necessary adaptations to fulfill the obligations of the companies of the Athens Exchange Group and of participants in the Greek market, especially ATHEXCSD and DSS Operators, concerning the automatic exchange of financial information in accordance with relevant legislation

The relevant tasks and projects concern:

- The agreement between Greece and the USA to apply FATCA (Foreign Account Tax Compliance Act), as incorporated into Greek law with law 4493/2017 (Government Gazette A' 164/31.10.2017)
- Regulation 2011/16/EU as modified by Regulation 2014/107/EU, as incorporated into Greek law with law 4170/2013 and law 4378/2016.
- The OECD Multilateral Competent Authority Agreement ("Common Reference Standard"), as incorporated into Greek law with law 4428/2016.

Developing the AXIAlei service

Responding to the requirement that all legal entities that carry out transactions on transferable securities starting on 3.1.2018 need to issue a LEI code, as part of the application of the MiFID II Directive and the MiFIR Regulation, ATHEXCSD successfully provides this service.

In particular, in the last two months of 2017, in collaboration with LSE, more than 800 new LEI codes were issued to legal entities, including among them listed companies, members of the Athens Exchange and DSS operators.

Improvement and expansion of existing Depository services on foreign securities ("Investor CSD services") by Hellenic Central Securities Depository (ATHEXCSD) as part of expanding XNET Network services being provided

The actions and projects in question concern:

- Improvements in the operational infrastructure for providing services to existing XNET Network markets, especially to cover the needs under the existing framework of capital controls.
- The expansion of services to new markets, in SE Europe (Romania, Bulgaria, FYROM, Croatia, Serbia) as part of the SEE Link, as well as in the Middle East (Iran).

Upgrading the technological infrastructure for connecting ATHEXCSD to the cash settlement bank (Alpha Bank)

In 2017 the project of replacing the Alphaline and Alphadirect applications and infrastructure with the more modern Alpha Web Banking and the new service providing an interconnection through web services between ATHEXCSD and Alpha Bank systems was implemented. It should be noted that Alpha Bank has been appointed as the cash settlement bank for trades that are carried out in foreign securities as part of the Investor CSD service provided by ATHEXCSD.

Development projects: Trading systems

In 2017 the following projects were completed:

- OASIS ver 5.0: On 10.12.2017 OASIS version 5.0 went into production, having as a key characteristic the ability to support MiFID II / MiFIR requirements in OASIS and its subsystems; development of RDS (Reference Data Service) for Members, data intermediaries and final investors; the broadcast of APA trades in the data feed; development of Internal ORK (Order Record Keeping) for Greece and Cyprus; the production of new print reports for the Surveillance Department for the needs of MiFID II (HFT, order/trade ration etc.); the addition of new fields such as trading activity, closing method, market making etc. at the instrument level.
- MiFID II / MiFIR requirements analysis.
- Publication of the specifications for ODL API, FIX Protocol, RDS, Feed Server & IOCP in accordance with the specifications of MiFID II / MiFIR.
- Reference Data Server (RDS): analysis and development of a new system and service for providing reference data. The service went into production with the release of OASIS 5.0.
- For the Risk Management system the following were carried out: a) EU-Wide Stress Test, b) Clean Back Test.
- For the Surveillance System – Hellenic Capital Market Commission (HCMC) System: Separation of online surveillance system from offline surveillance; adaptation of online and offline surveillance to Oasis v4.1; update other clearing entities (besides DSS); new stock categorization in accordance with decision 22; assessment of Market Makers; support to the HCMC.

Development projects: Clearing / Settlement systems

- A number of improvements in the subsystem supporting corporate actions (special capital returns, dividend reinvestment et al.)
- Supporting the new EBB (Electronic Book Building) functionality (information interface with EBB, stock-ex for EBB, new files, special bondholder registry)
- Supporting the process for overdue members for Equities
- Developing the functionality for submitting data to the Ministry of Finance for FATCA compliance and for DAC/CRS, and also receiving special data from members (responsible parties, controlling persons et al.)
- Adaptation of the Dematerialized Securities System (DSS) to support MiFID II.
- Migration of the cash settlement application to a web environment supporting a new API (secure system) with Alpha Bank.
- Migration of the HCMC application to a web environment, thus completing the migration of the DSS applications of the Group to a web environment.
- Development of a system for receiving, storing and accessing LEI codes that have been issued worldwide.

Development Projects: Applications / products

- MarketOrder OMS: The work on MarketOrder OMS concern the core of the system and the main trading workstation accompanying it, XNetTrader.
- Development and support of MarketOrder OMS, especially concerning the operation of the XNET network and EBB [Electronic Book Building].
- Development and support of MarketOrder OMS, especially concerning support for MiFID II / MiFIR.
- XNET Office – Market Office (development of the interface providing data to SAP Business Warehouse)

- Upgrading client installations.

Development Projects: Data dissemination

- Upgrading client InBroker / InBroker+ installations to IB Desktop/IB Lite/Xnet Trader. The old InBroker java-based in browsers is being replaced as java no longer works well with many browsers and with mobile devices.
- Development and support for the demo of the Commodities Exchange project, and participation in the project proposals by the Agricultural University of Athens and FING [Federation of Industry of Northern Greece].
- Implementation of significant new functionality to IB lite client: data streaming with web sockets (in the friends & family release); improved display of derivatives by category; redesign of the display of cash data; display of credit field in derivatives accounts; option to snap-off widgets in IR mode; improvement of OMS integration with facilities for order taking.
- Implementation to fully support MiFID II in the market data feed infrastructure
- Design and development of new applications for MiFID II.
- Automation of InBroker Lite quality control processes.

Information security issues

Within the IDM project, the following deliverables were delivered: “Individual Information Resource Classification”, and “Individual Logical Access Policy.” After extensive deliberation on these deliverables, they were submitted to the Management of Information Security Committee, which approved them.

In addition, the "Individual Human Resource Security Policy" and the "Human Security Assurance Process" (approved in early 2018) were delivered and deliberated, as well as the "Physical Access Security Individual Policy" and the corresponding "Physical Access Security Procedure" (the latter is awaiting deliberation by the relevant unit of the Group). Lastly, the "Logical Access Procedure", the main task of the IDM project (see below) has been delivered, edited and approved by the Committee.

As part of the same project, the “Archer” Governance, Risk and Compliance system that was procured by the Group, is in the process of being adapted to the Group by a) interconnecting it with other systems for accessing the Organizational Structure, b) modeling the structure for categorizing and classifying information, c) developing the classification process and d) interconnecting Archer with the Information Asset Management system.

Finally, and also as part of the same project, the categorization of information by the initial working group was completed, and the results were announced to the management team of the Group, and the classification of various type of information and the relevant IT assets (systems etc.) is close to being completed.

Significant progress has been made on integration to the core infrastructure IDM and SSO (implementation of password access policies, development of password self-service operation for external website users, inclusion of Jira Service Desk, delivery of operating infrastructure and inclusion of specific internal operating applications of the Group). In addition, significant progress was made in the related automation processes (development of interconnection between the CRM and IDM systems, and automation of entry from IDM of CRM contacts as users of the infrastructure and Site/Service Desk), as well as the mass inclusion of users from the Data Feed Services and Market Data Systems departments to these new automated processes.

Following findings and the increase in security incidents internationally (including incidents recorded at the Group), the IT departments began upgrading older operating systems and a system developed in house by the Group (TRS) on a mass scale.

Comment on the results

Fiscal year 2017 results of the Group

Turnover in fiscal year 2017 for the Athens Exchange Group was €27.4m compared to €26.7m in 2016, increased by 2.6%. Approximately 51.4% of the turnover of the Group is from fees on trading, clearing and settlement of trades on the Athens Exchange.

In fiscal year 2017 EBITDA was €7.98m compared to €8.02m in 2016, reduced by 0.46%.

Earnings Before Interest and Taxes (EBIT) in 2017 were €4.9m vs. €5.1m in 2016, reduced by 4.2%.

After deducting €2.0m in income tax, the net after tax profits of the Athens Exchange Group amounted to €3.1m vs. €1.4m, increased by 115.3%. After including Other Comprehensive Income (valuation of shares), profits amount to €2.5m vs. €2.1m in 2016, increased by 18.1%.

Parent Company of the Athens Exchange Group

For the parent company, turnover was €14.02m vs. €14.04m, decreased by 0.08% compared to 2016, while net after tax profits were €1.6m in fiscal year 2017 compared to €4.2m in 2016, decreased by 61.9%.

The drop in net earnings is due a) to the increase in the number of employees due to the reorganization of the Group; b) the increase in maintenance expenses; c) the write-off of claims from bankrupt clients; d) the reversal of provisions in the last fiscal year that are shown as reducing expenses; and e) the €3.2m reduction in dividends received from the subsidiary ATHEXCSD in fiscal year 2017, as well as the €2.2m valuation loss on Piraeus Bank shares that was booked in fiscal year 2016.

Tax audit of the Company for fiscal years 2008, 2009 and 2010

On 11.7.2016 the Company was notified about the acts of temporary corrective tax determination and audit findings note by the Large Corporation Audit Center (KEMEP). This particular tax audit was carried out for tax years 2008, 2009 and 2010 in accordance with audit order 760/4/1118/22.12.2015. In total, the audit resulted in taxes and additional taxes for submitting an incorrect tax declaration amounting to €1,689 thousand, out of which €603 thousand are additional taxes.

On 29.7.2016 the Company submitted an opinion report – memo to KEMEP, expressing its opposing view to the abovementioned Note. In its reply, KEMEP reduced the accounting differences tax by €127 thousand, reducing the total amount to €1,562 thousand.

On 30.9.2016, within the time limits of the law, the Company filed an administrative appeal in accordance with article 63 of Law 4174/2013 at the Dispute Settlement Directorate (DED) of the General Secretariat of Public Revenue (GGDE), against the findings of the tax audit, and at the same time paid 100% of the amount due i.e. €1,562 thousand, which is shown in other claims in the statement of financial position of 31.12.2016, in order to avoid the accumulation, calculation and assessment of interest for the duration of the suspension of the sum due (article 53 §1 of law 4174/2013).

The DED finding, which was received on 15.2.2017, reduces the total amount by €579 thousand, to €983 thousand. This difference has already been offset with an equal amount of ATHEX tax obligations by the appropriate tax office. The Company has further appealed (16.03.2017) to the Administrative Courts in order to reduce the tax and penalties assessed by the tax audit. The Company has received summons to appear in the Administrative Court of Appeal to adjudicate the case on 6.3.2018. The decision is expected within the next few months.

Available-for-sale financial assets

The Company held in its portfolio 13,365,316 shares that resulted from the Piraeus Bank bond exchange. Next, through a 1:20 reverse split the number of shares became 668,265 x €6 = €4,009,590. The valuation of the shares resulted in a loss of €742 thousand on 31.12.2017, due to the share price closing at €3.07, i.e. lower than the €4.18 close on 31.12.2016. The valuation loss for fiscal year 2017 is shown in Other Comprehensive

Income (OCI), in accordance with IAS 39, reducing the corresponding reserve that had been formed on 31.12.2016 (note 5.37).

Third party balances in ATHEXClear bank accounts

In order to comply with the corporate governance framework determined by Regulation (EU) 648/2012 of the European Parliament and Council (EMIR Regulation), the Company keeps all cash collateral that are being managed by the Company and concern the cash market and the derivatives market, as well as its own cash balances, in an account it maintains at the Bank of Greece (BoG) as a direct participant over the internet to the TARGET2-GR Express Transfer of Capital and Settlement System in real time (TARGET2-GR).

Therefore its own cash balance and the balances of third parties (margins) are deposited in the same account that ATHEXClear maintains at the Bank of Greece, and as a result a separation of the assets is necessary in order for the collateral that ATHEXClear collects to be shown separately in the current assets of 31.12.2017. In the Statement of Financial Position of 31.12.2017, they are reported as equal amounts in both current assets and short term liabilities as “third party balances at the bank account of the company” and concern exclusively the margins in the derivatives market that were deposited in the bank account maintained by ATHEXClear at the BoG on 31.12.2017.

On 31.12.2017 at the BoG bank account cash market margins of €109.8m and derivatives market margins of €46.2m had been deposited.

Share Capital

The Company is listed on Athens Exchange, and its shares are traded in the ATHEX cash market, in the Main Market segment. The shares of the Company are common registered, with a voting right.

With the decision of the 1st Repetitive General Meeting of 09.06.2017 to a) return €0.24 per share with an equal reduction in the stock’s par value and b) cancel 4,769,563 shares in treasury stock, the share capital is €50,903,160.00 divided into 60,599,000 shares with a par value of €0.84 each.

The Equity of the Group on 31.12.2017 was €118,859 thousand and the Company’s €106,127 thousand.

Treasury Stock

At the 14th Annual General Meeting on 20.05.2015, shareholders approved a share buyback program to purchase up to 10% of the share capital at a price range of €1.50 to €7.00 over two years (May 2015 – May 2017) with the intention of cancelling at least 95% of shares thus purchased (the remaining 5% may be distributed to personnel).

Share buybacks began on 09.02.2016 and up until the end of the program on 20.04.2017 5,020,563 shares (7.68% of the share capital) had been purchased, at an average price of €4.63 at a total cost of €23,244,794. Out of the abovementioned number of shares, 95% corresponding to 4,769,563 shares were cancelled by the decision of the 1st Repetitive General Meeting of shareholders on 09.06.2017.

Following the cancellation of the abovementioned number of shares, 251,000 shares remain as treasury stock, and the total number of shares outstanding is 60,599,000. The Company reports the purchase cost of treasury stock as reducing equity (treasury stock).

Dividend policy

The Annual General Meeting of Hellenic Exchanges-Athens Stock Exchange shareholders on 24.05.2017 decided to distribute dividend amounting to €3,922,113.70 or €0.06 per share to shareholders.

The ex-date of the right to the dividend was on 30.05.2017, and the dividend was paid on 06.06.2017. The dividend per share was increased to €0.06499 due to the existence of treasury stock.

The Repetitive General Meeting of 9.6.2017 approved the proposal of the BoD to return capital amounting to €15,688,455.12 or €0.24 per share. The ex-date of the right to the capital return was on 24.07.2017, and payment began on 31 July 2017. The capital return per share was increased to €0.25997 due to the existence of treasury stock.

In total, the payout ratio on the consolidated earnings for fiscal year 2016 was 1,272% compared to 234% in fiscal year 2015.

Related party transactions

Related party transactions amount to €1,412 thousand and concern the remuneration of executives and members of the Boards of Directors of the companies of the Group; for the Company the amount is €1,025 thousand (for more information see note 5.50). Besides these transactions, there are no other related party transactions, as defined by IAS 24, which could materially affect the financial position or the performance of the Group during the period in question. There is no (credit or debit) balance from these transactions on 31.12.2017.

Use of financial instruments

The Company does not use financial instruments to value assets and liabilities in either the statement of financial position or the statement of comprehensive income and as such does not use hedge accounting.

Prospects for 2018

The planned exit from the Memorandum marks the completion of a number of structural changes, which in conjunction with the clear signs that the economy has stabilized, feed economic activity and increase the trust of the investment community.

The expected improvement of the investment climate will provide opportunities for capital raisings through the capital market. For 2018 new company listings and rights issues are planned, which will create positive feedback for investor interest. Within this framework, conditions will be particularly conducive for privatizations through the Exchange. In turn, such a development would further improve the positive climate for the capital market.

Even though the Greek capital market managed during the crisis to keep the interest of the international investment community, it is estimated that the restructuring of the business landscape through potential mergers and acquisitions, the improvement in the management of Non-Performing Loans (NPLs), privatizations, Greece’s credit upgrade and the issuance of government bonds are expected to further stimulate investor interest, provided that the focus remains on policies that improve the economic climate.

The prospects of the Group and the Company are also shaped by the regulatory changes that are taking place in Europe, and by the focus of the European Commission on the potential to finance Small and Medium Enterprises through the capital markets as a consequence of the continuing deleveraging of the banking system and overall developments in the macroeconomic environment internationally.

The EMIR Regulation has created a unified European environment in the structure, licensing, operation and surveillance of Clearing Houses, while in 2019 the implementation of CSDR will create a similar environment for Depositories. The alignment of the Group to the new model of operation creates opportunities to develop new services and collaborations and the prerequisites for effective and profitable operation in an international environment of heightened security and reduced risk.

Under these conditions, the Company strives to contain its operating costs, maintain the smooth functioning of its markets, provide value added services, and utilize its infrastructure by adding new products and services in order to effectively fulfill its role of transferring investment resources to the productive backbone of Greece.

The excellent organization of the Group, the reliable operation of the capital market, the continuous investment in modern equipment and processes, the absence of loan liabilities, the recognition of its reliability by internationally recognized rating agencies, as well as the liquidity that it possesses, guarantee its survival in the long term, with significant benefits for shareholders.

Turnover – risks and uncertainties

The revenue of the Athens Exchange Group depends, to a large extent, on factors over which it has no influence, since they are connected with developments in the Greek capital market, which in turn are affected by a series of factors such as, the financial results of listed companies, the fundamental macroeconomic data of the Greek economy as well as developments in international capital markets.

Besides the fees from trading that takes place in the ATHEX markets and are collected through the Members, important revenue streams for the Athens Exchange Group are also fees from orders and Member terminals, revenue from Member and Operator subscriptions, revenue from subscriptions and rights issues of listed companies, revenue from data vendors, revenue from IT support and services, educational services etc.

Contrary to revenues, which cannot be controlled by the companies of the Group, on the cost side concerted efforts are being made to reduce them, in order to improve the financial results of the Group even under adverse market conditions.

The economic crisis in the Greek economy in recent years has increased the risks for foreign and local investors resulting in a significant reduction in both trading activity on the exchange, as well as in corporate actions by listed companies.

Risk Management

General – Risk management environment

A major consideration of the Athens Exchange Group is the management of risk that arises from its business activities.

The Group, as organizer of the capital market, has developed a comprehensive framework for managing the risks to which it is exposed, ensuring its sustainability and development, as well as contributing to the stability and security of the capital market.

Athens Exchange Clearing House (ATHEXClear) belongs to the Group; it operates as a central counterparty (CCP) in the clearing of cash and derivatives products, and as such is obliged to satisfy the strict requirements of the EMIR regulatory framework concerning risk management, under which it has been licensed since 2015. Even though risk management at the Group concerns all companies and risk categories, it is recognized that because of its role in the market, ATHEXClear faces and must manage the most significant risk.

The internal and external legal and regulatory framework which ATHEXClear is directly subject to and the Group indirectly with regards to their obligations to monitor and manage risk, includes the Regulation of Clearing of Transferable Securities Transactions in Book Entry Form, the Regulation on the Clearing of Transactions on Derivatives and Regulation (EU) 648/2012 of the European Parliament and Council of July 4th 2012 for OTC derivatives, central counterparties, and trade repositories, known as EMIR (European Market Infrastructure Regulation).

Risk Strategy and Risk Management

The risk strategy of the Group is aligned with its business strategy to provide the appropriate infrastructure for the reliable, safe and unhindered operation of the capital market. In accordance with the strategy of the Group, the risk tolerance level is defined in order to satisfy market needs, limit cost for participants, maximize the exploitation of business opportunities but also ensure market security and compliance with regulatory requirements.

Organizational structure

Besides the comprehensive measures for ensuring the smooth operation of the systems of the Group, each organizational unit of the Group is responsible for monitoring and managing possible risks in such a way so as to react quickly and effectively in case risk events arise.

Continuing the effort of previous years, in 2017 efforts were made to strength the operation of risk management by ATHEXClear, in order to remain aligned with the EMIR Regulation and to follow international good practices.

In particular, as far as ATHEXClear is concerned, the organizational structure that supports risk management includes the following units:

- *Board of Directors*, which has the final responsibility and accountability regarding the management of the risk management operation of the company. In particular, the Board of Directors defines, determines and documents the appropriate level of risk tolerance and ability of the company to assume risk. In addition, the BoD and senior management ensure that the policies, processes and audits of the company are consistent with the risk tolerance level and the ability of the company to assume risk, and examine ways through which the company recognizes, reports, monitors and manages risks.
- *Risk Committee*, which advises the Board of Directors on matters of risk management.
- *Investments Committee*, which decides on the determination of limits and monitors liquidity risk, determines policies and standards for the investment strategy, financing principles, liquidity management, interest rate risk and management.
- *Risk Management Department*, of the Risk Management & Clearing Division of ATHEXClear, which is sufficiently independent from other departments of the Company, and whose main duty is the comprehensive approach to risks that ATHEXClear faces, in order to recognize them, calculate them and finally manage them. The Risk Management Department possesses the required jurisdiction, the necessary means, know-how and access to all relevant information.
- *Chief Risk Officer*, heading the Risk Management Department, who reports to the Board of Directors on matters of risk management through the Chairman of the Risk Committee, and implements the risk management framework through the policies and procedures that the Board of Directors enacts.
- *Organizational Units* which are responsible for recognizing and managing risks within their scope and participate in overall risk management at the Group.

Unified risk management

The services that the Group provides involve various types and levels of risk, and it is recognized that effective risk management consists of the following:

- *Recognizing and assessing risks:* Analyzing the present and future activities of the Group, recognizing cases in which the Group is exposed to risks. The risks recognized are evaluated as to the potential exposure to loss. This includes in general the estimation of both the possibility that the loss will occur, as well as the potential effects.
- *Controlling risks:* The arrangements for managing each risk are the key to the effective management of risks and it is important that they be understood by all personnel. In addition, management is responsible to ensure the appropriate application of the unified framework for risk management and individual policies / frameworks.
- *Risk containment:* Management identifies the best method for risk containment, taking into consideration costs and benefits. As a general principle, the Group does not assume risks that pose the possibility of catastrophic or significant losses. Likewise, insuring against losses that are relatively predictable and without a material impact is avoided. The alternatives for containing risk depend on the level of tolerance of the Group against various types of risk.
- *Monitoring and reporting risks:* The Group possesses a comprehensive system for reporting and monitoring risks. In particular, the ATHEXClear Risk Management Department monitors the risk levels of the company on a continuous basis using specialized and approved risk management methods. The main assumptions, the data sources and the processes used in measuring and monitoring risk are documented and tested for reliability on a regular basis through the review and audit and the validation framework.

Risk categories

The Group ensures that it deals with all risks, internal or external, present or future, and especially those that have been recognized as being significant. It is recognized that each service provided by the Group can expose it to any combination of the risks mentioned below.

The usual risks to which, due to the nature of its activities, the Group is exposed to are:

Financial Risk

- Market risk (changes in exchange rates, interest rates, market prices, commodities and volatility)
- Credit risk (mainly counterparty credit risk and from the investment of own assets)
- Liquidity risk (mainly cash flows risk)

Operating risk

Risk due to a lack or failure of internal procedures and systems, by human factor or external events which includes legal risk.

Business risk

Risk due to new competitors, drop in transaction activity, deterioration of local and international economic conditions etc.

Description of categories and main risk factors

Market risk

The Group is exposed to limited market risk in its activities. ATHEXClear, as central counterparty in the clearing of cash and derivatives products, places its financial assets only in cash at the Bank of Greece. ATHEX and ATHEXCSD invest their cash exclusively in time deposits in Greek systemic banks as well as in foreign banks with an excellent rating. In any case, the Group monitors the potential exposure that market risk can bring and calculates the capital that it must keep against market risk, in accordance with the capital requirements calculation methodology that it applies. In particular:

Foreign exchange risk: This risk does not materially affect the operation of the Group, given that transactions with clients & suppliers in foreign currency are very few. In particular, the risk that ATHEXClear faces is treated as part of the risk management measures that apply to the clearing activity. ATHEXClear monitors possible exposures in foreign currencies, and calculates any capital it needs to maintain against foreign exchange risk.

Credit risk

The Group’s credit risk mainly concerns transactions in the cash and derivatives markets, in which ATHEXClear operates as Central Counterparty.

The Hellenic Capital Market Commission, with decisions 5, 6 and 7/556/8.7.2010 granted to ATHEXClear a license to manage and operate systems to clear trades on dematerialized securities (Securities System) and derivatives products (Derivatives System). In this capacity, ATHEXClear assumes the risk that Clearing Members default on their obligations to clear and settle trades, as described in the Rulebooks (credit counterparty risk). In addition, as of 22 January 2015 has been licensed as a Central Counterparty under the EMIR regulation, and has a very strict framework for managing risk.

ATHEXClear has enacted and is implementing a number of mechanisms and financial assets to cover risk, and is responsible for the smooth operation of the system in general, in conjunction with the scope and scale of trades whose clearing it has undertaken. The mechanisms that ATHEXClear applies are described in the “Regulation of Clearing of Transferable Securities Transactions in Book Entry Form,” in the “Regulation on the Clearing of Transactions on Derivatives,” as well as the relevant decision of the ATHEXClear BoD.

In order to obtain the status of Clearing Member, the Intermediary or Bank must conform to the minimum specific financial and operational adequacy requirements, as specified in the Clearing Rulebooks; these requirements must be continuously fulfilled during the time the Member is in operation.

Both for the cash market, as well as for the derivatives market, ATHEXClear clears trades assuming the role of Central Counterparty. In order to cover the risk against its clearing members, ATHEXClear monitors and calculates on a daily basis (end-of-day but also during the day in almost real time) the margin for each clearing account of the Clearing Members, and blocks the additional guarantees in the form of cash and/ or transferable securities.

In addition, it manages the Clearing Funds of the two markets which act as risk sharing funds to which Clearing Members contribute exclusively in cash. Based on the margins that have been blocked, the credit limits allocated to members are continuously reviewed, fulfillment of which is monitored in real time during the trading session. The minimum size of the Clearing Funds is recalculated at least on a monthly basis, in accordance with the provisions of the Rulebook, in order for its size to be adequate to cover at any time the obligations imposed by EMIR, that is the absorption of losses beyond the margins in case of a default of a group of clearing members under extreme market conditions.

The risk management models and the parameters used are examined as to their effectiveness on a daily basis and under extreme but possible scenarios (Margin/Haircut Back-Testing, Default Fund Coverage under Stress).

Besides the counterparty credit risk that ATHEXClear faces, the Group faces credit risk from equity investments. As part of its Investment Policy, specific principles are defined for investing cash. In particular for ATHEXClear, asset investments are as a rule made at the Bank of Greece, a fact that minimizes its risk exposure.

Liquidity risk

Liquidity risk as a whole for the Group is maintained at low levels by maintaining adequate cash.

The main liquidity risk for the Group mostly concerns transactions in the cash and derivatives markets, in which ATHEXClear operates as Central Counterparty.

In particular for ATHEXClear, the aim is to maintain an adequate liquidity level in order to ensure that it is in a position to fulfill its obligations concerning payments or settlement in all currencies that are payable, at the end of each day and / or, if required, on an intraday basis. The estimation of the size of the obligations of ATHEXClear is done both based on its business plan, as well as based on possible, but unforeseen, events.

ATHEXClear's liquidity is monitored based on the criteria imposed by EMIR. On a daily basis, and under extreme but possible market scenaria, it is examined whether cash required will be sufficient, following the default by two (2) groups of clearing members to which ATHEXClear has the greatest demand for liquidity to close-out their positions separately for each market (equities, derivatives). In addition, the overall liquidity needs of ATHEXClear are monitored on a daily basis using liquidity gap analysis.

BANK RATINGS

			STANDARD & POOR' S				
			Outlook	Long Term Local Issuer Credit	Short Term Local Issuer Credit	Long Term Foreign Issuer Credit	Short Term Foreign Issuer Credit
ALPHA BANK AE	ALPHA GA Equity	GR	STABLE	CCC+	C	CCC+	C
EUROBANK ERGASIAS SA	EUROB GA Equity	GR	STABLE	CCC+	C	CCC+	C
NATIONAL BANK OF GREECE	ETE GA Equity	GR	STABLE	CCC+	C	CCC+	C
PIRAEUS BANK S.A	TPEIR GA Equity	GR	STABLE	CCC+	C	CCC+	C
BANK OF GREECE	TELL GA Equity	GR	#N/A	NR	NR	NR	NR
HSBC BANK PLC	MID LN Equity	GB	STABLE	AA-	A-1+	AA-	A-1+
			MOODY' S				
			Outlook	Local Long Term Bank Deposits	Foreign Long Term Bank Deposits	Subordinated Debt	Senior Unsecured Debt
ALPHA BANK AE	ALPHA GA Equity	GR	POS	Caa3	Caa3	(P)Caa3	(P)Caa3
EUROBANK ERGASIAS SA	EUROB GA Equity	GR	STABLE	Caa3	Caa3	Caa3	Caa3
NATIONAL BANK OF GREECE	ETE GA Equity	GR	POS	Caa3	Caa3	#N/A	Caa2
PIRAEUS BANK S.A	TPEIR GA Equity	GR	STABLE	Caa3	Caa3	(P)Caa3	(P)Caa3
BANK OF GREECE	TELL GA Equity	GR	#N/A	#N/A	#N/A	#N/A	WR
HSBC BANK PLC	MID LN Equity	GB	#N/A	Aa3 *-	Aa3 *-	A3 *-	Aa3 *-
			FITCH				
			Long Term	Senior	Short Term		

			Issuer Default Rating	Unsecured Debt	
ALPHA BANK AE	ALPHA GA Equity	GR	RD	C *+	C
EUROBANK ERGASIAS SA	EUROB GA Equity	GR	RD	C *+	C
NATIONAL BANK OF GREECE	ETE GA Equity	GR	RD	WD	C
PIRAEUS BANK S.A	TPEIR GA Equity	GR	RD	C *+	C
BANK OF GREECE	TELL GA Equity	GR	#N/A	#N/A	#N/A
HSBC BANK PLC	MID LN Equity	GB	AA-	AA-	F1+

Out of a total cash and cash equivalents of the Group of €85.8m, €55.2m is placed with Greek systemic banks.

Operating risk

The Group does not seek to assume operating risk, but accepts that operating risk may arise as a result from system, internal procedure or human failure. In particular, it is recognized that operating risk may arise among others because of: outsourcing, surveillance and regulatory non-compliance, business continuity failure, IT systems, information security and project implementation risk.

Operating risk is maintained at acceptable levels, through a combination of good corporate governance and risk management, strong systems and audits and tolerance structures.

In 2017 there were no cases of interruptions in clearing, settlement and registration at the Group due to failure or unavailability of the IT systems or to human error. There was a very brief (lasting less than two hours) unavailability of the trading system one day due to a technical problem which was subsequently identified and fixed. There were no major damages or monetary demands due to litigation (legal and court expenses) or due to non-compliance with the supervisory framework and the contractual obligations of the Group. In addition no losses due to external events were faced.

Measures to reduce operating risk

The Group recognizes the need to determine, estimate, monitor and reduce operating risk that is included in its operations and activities, as well as the need to maintain adequate capital, in order to manage this particular type of risk.

In particular for ATHEXClear, in accordance with the EMIR Regulation, the capital requirement for operating risk is calculated on an annual basis, using the Basic Indicator Approach (BIA); in addition, a framework for the systematic monitoring of operating risk has been implemented.

The most important measures for reducing operating risk are the implementation of a business continuity plan for all the critical services of the Group, the conclusion of insurance contracts, as well as measures for ensuring compliance to new regulations. In particular, ATHEXClear follows a specific methodology for managing operating risk, in accordance with which it carries out on a regular basis an RCSA[1] in order to categorize risk and determine KRIs, update the loss data base[2], create regular reports and plan actions to improve risk management.

Business continuity plan

The Group has processed and put into operation an appropriate infrastructure and a disaster recovery plan, which includes:

- *Operation of a Disaster Recovery Site:* The Group maintains a disaster recovery site for its IT systems. In addition, the Group has received the ISO-22301 business continuity certification.
- *Formation of crisis management teams and emergency incident management:* The purpose of these teams is to maintain continuity in the provision of trading services in case of an unforeseen event.

[1] Risk Control Self-Assessment (RCSA): at regular intervals ATHEXClear organizes workshops for categorizing risk based on the degree of risk exposure at the procedures level and determining Key Risk Indicators (KRIs).

[2] Loss Database: the database is updated on a daily basis with operations risk events independent of the size of the damage.

They have been assigned specific responsibilities and specially trained Group executives have been assigned to them.

- *Existence of back up IT systems:* The IT systems of the Group are installed and operate in the data center at the headquarters of the Group. The data center consists of two, independent as to location, supporting infrastructure and technological services provided, individually mirrored data centers, in order to provide redundancy and high availability, ensuring continuous systems operation.

Insurance contracts

Operating risks which the Group is not able or does not wish to assume are transferred to insurance companies. Management of insurance contracts takes place centrally for the whole Group in order to obtain better services and more advantageous terms. In particular, coverage concerns among others third party civil liability and professional liability (DFL/PI) as well as civil liability of BoD members and executives (D&O).

Regulatory compliance

A Regulatory Compliance unit has been set up, having as its key objectives to ensure compliance with the legal and regulatory framework, regulations and policies, measuring and minimizing the risk of regulatory compliance and addressing the consequences of non-compliance with the legal and regulatory framework; the unit operates independently of other departments of the company with clear and separate reporting lines from those of other company activities, in accordance with the requirements of the EMIR regulation. The main responsibilities of the unit are to:

- Monitor changes in the regulatory and surveillance framework and inform the BoD, the Audit Committee and staff.
- Conduct gap analysis between the existing and future condition brought about by regulatory and surveillance changes.
- Monitor the compliance of the company with the legal and regulatory framework.
- Handle requests related to compliance matters.
- Measure and monitor compliance risk.

In particular for ATHEXClear, policies were implemented concerning conflict of interest, outsourcing, managing complaints by clearing members, remuneration of staff, executives and members of the BoD and management of its archives, in accordance with the requirements of the EMIR Regulation.

Business risk

The Group recognizes that it depends on macroeconomic developments and is affected by external factors such as changes in the competitive capital markets environment, changes in the international and domestic economic environment, legal and regulatory developments, changes in taxation policy and in technology etc. Such events may impact the growth and sustainability of the Group, causing a reduction in trading activity, a drop in expected profits, inability to liquidate and / or asset impairment etc.

Within this framework, the Group continually and systematically monitors international developments and adjusts to the environment that is taking shape.

In particular, in accordance with the EMIR Regulation, the capital requirements for business risk for ATHEXClear are calculated on an annual basis.

Internal Audit and Risk Management

A primary concern for the Company is the development and continuous improvement and upgrade of the Internal Audit System, which covers all of the recorded audit mechanisms and processes that cover the whole spectrum of daily operations and processes of the Company.

In particular, as regards the financial operation of the Company, a system of safeguards is in place that prevents or detects significant errors on time in order to ensure the reliability of the financial statements, the effectiveness and efficiency of operations and compliance with the rules and regulations. Based on specific significance criteria (quantitative and qualitative), important accounts are identified, procedures are recorded, responsibilities and policies are assigned and checkpoints are designed and are applied on a continuous basis by management and staff.

The Board of Directors has the ultimate responsibility to monitor and appraise the effectiveness and sufficiency of the Internal Audit System.

The following are responsible for auditing the observance of the Internal Audit System: a) the Audit Committee and b) the Internal Audit Division.

The **Audit Committee** of the Company has been set up by decision of the Board of Directors of the Company and operates based on the Standards for the Professional Application of Internal Audit of the Institute of Internal Auditors, decision 5/204/14.11.2000 of the Hellenic Capital Market Commission, Law 3016/2002 on corporate governance, and Law 3693/2008 on the harmonization of Greek legislation with Directive 2006/43/EC.

The main purpose of the Audit Committee is to assist the Board of Directors in the supervision of the quality, adequacy and effectiveness of the internal audit and risk management system, as well as the quality of the work effectiveness of the Company.

The **Internal Audit Division** operates in the manner prescribed by the Code of Conduct and the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA), decision 5/204/14.11.2000 of the Hellenic Capital Market Commission and Law 3016/2002 on corporate governance. The Internal Audit Division reports to the Board of Directors, through the Audit Committee which supervises it.

The main responsibility of the Internal Audit Division is to express an opinion on the compliance or non-compliance of the internal processes of each audited area, as well as the application of the safeguards that have been adopted by Management, in order to prevent and avoid risk.

Hellenic Corporate Governance Council (HCGC)

In aiming to provide uninterrupted information, training and education to the business, investment and student community in matters of corporate governance, HCGC organized and participated in seminars on corporate governance for listed and non-listed companies. In particular, it organized a special two-day seminar at the Institute of Internal Auditors Greece, as well to post-graduate students in the Financial and Bank Administration programs of the Athens University of Economics and Business.

At the same time, as part of the internship program, HCGC hired and assigned to a student from the Athens University of Economics and Business, working in conjunction with HCGC executives, to coordinate the effort to collect data in order to draft a study analyzing and evaluating the application of corporate governance by the listed companies that comprise the FTSE/ATHEX Large Cap index. The project was completed in 2017 with the application of the system for monitoring and evaluating compliance with the HCGC by listed companies which the HCGC work group, that had been formed in 2013 for this purpose, developed.

As part of the new regulatory framework of non-financial reporting HCGC began a collaboration with CSR Hellas by organizing information and educational workshops titled “CSR Accountability and financial impact” and “Let’s combine Sustainability with Compliance, in order to support businesses in implementing Law 4403/2016 on the disclosure of non-financial information and in incorporating the principles of sustainability in their corporate strategy.

In order to promote corporate governance, inform the European Commission, and promote its work, HCGC participates in the “European wide Corporate Governance Study” by the European Confederation of Directors Associations (ecoDa) and Mazars. As part of this effort, on 23 February 2017 HCGC organized a special event at the Athens Exchange, in collaboration with the Listings Division of the Athens Exchange Group and Mazars Greece with the participation of selected listed companies in the electronic study on the 2nd phase of the project titled “The Board’s Role in Designing an Effective Framework of Corporate Governance.” The 2nd phase of the project was completed in April 2017, with a large participation by listed companies.

As part of the abovementioned framework, during the first half of 2017 HCGC participated in the meetings of the European Corporate Governance Codes Network (ECGCN), of which it is a member, in the BUSINESSEUROPE working groups (Company Law and Financial Affairs), as well as in the annual Doing Business survey “Protecting Minority Investors” index of the WORLD BANK.

In July 2017 the project of providing consulting services on corporate governance matters for the Hellenic Corporation of Assets and Participations (HCAP) was completed, and concerned the drafting of a “Corporate Governance Code”, “Monitoring and Reporting Framework” and “Performance Control Framework”, as well as the training of HCAP executives on these matters.

In addition, and following up on the previous project, in 2017 HCGC assumed the drafting of “Dividend Policy” for HCAP and its subsidiaries. The project is in progress and is expected to be completed at the start of 2018.

Non-Financial Reporting

The Athens Exchange Group uses its position as an entity at the heart of the capital market, aims to create a better world for all. In addition it improves its sustainable operation, contributing to the support of society and the protection of the environment. In particular:

Financial and business sustainability

- The Company follows commercial, organizational and operational practices in accordance with the rules, laws and regulations, as dictated by national and European regulatory authorities, and ensures that it receives all relevant permits for its products, services and operations.
- In the framework of its sustainable development, by monitoring all developments in the European and international market, the Company ensures that the services it provides meet the current needs of investors and all participants in the business sector that it is active in.
- The Company has a zero tolerance policy in matters of fraud, corruption and market abuse, applies appropriate measures to monitor, prevent and deal with such incidents in all its activities.

Protecting the environment

- We continue our efforts to protect the environment through daily recycling actions, and through the adoption of simple and practical rules of operating the building in order to save energy.

Moral and social responsibility

- We try to alleviate poverty by assisting the work of volunteer organizations that support our fellow human beings.
- We promote and support a program providing information educating high school and university students, as well as market professionals, in order to improve knowledge about capital markets. As part of this effort, the Company systematically participates in internship programs for university students.
- We support as an active member the efforts of the Greek network for Corporate Social Responsibility which aims to promote Corporate Responsibility both to the business world and to society as a whole and to strike a balance between generating profits and sustainable development.
- The Company offers a work environment of equal opportunities to all staff, respecting the rights deriving from the legislation. In addition, the Company takes care of employees' work issues and continuously invests in their professional education and development.
- The Company ensures that there is a safe work environment in accordance with national and European laws and regulations and also ensures that personnel health, safety and welfare issues are effectively managed. In this context, the Company facilitates and encourages in every possible way access to its premises for employees and visitors with disabilities.

- In order to create a work environment and conditions that help optimize employee productivity and by extension the sustainability of the Company, the Company encourages the exchange of ideas, opinions and information among employees, protects their personal and sensitive data, does not tolerate and takes the necessary measures to identify and deal with malicious or abusive intimidating conduct and harassment.

The table below lists indicative indices for the Group in 2017.

Indicative indices in 2017		Group
Employees		
Number of employees (year-end)		221
% of employees with full time employment		100%
Average age of the full time employees		46 years
Women employees (% of the total)		42%
Employee mobility (departures + new hires) ÷ total		3.6%
Health - insurance		
Days of absence due to illness per employee		4.2
Average cost of health insurance per employee		€1,700
Average contribution to private pension fund per employee		€640
Readings of Electromagnetic radiation (number)		1
Training – internships		
% of employees with a University degree		63%
Funds available for training per employee		€770
Number of students that did their internships		38
Environment		
Electricity consumption (m KWh)	(1)	3.7
Recycled paper / batteries (kg)		6,600 / 74

1. *Includes energy consumption for the needs of the Group. Does not include energy consumption for the Colocation service offered by the Group, as this cost is re-invoiced to the clients of this service.*

Group Operations

The Group is constantly striving to improve all aspects of its operations based on international standards. In particular:

Standard		ATHEX	ATHEXCSD	ATHEXClear
Business Continuity	ISO 22301	✓	✓	✓
International Standard on Assurance Engagements	ISAE3402	*The certification process is in progress, and the certificate is expected in 2018.*		

Branch Office

The Company has a branch office in Thessaloniki, at 16-18 Katouni St.

Significant events after 31.12.2017

There is no event that has a significant effect in the results of the Group and the Company which has taken place or was completed after 31.12.2017, the date of the 2017 annual financial statements and up until the approval of the annual financial statements by the Board of Directors of the Company on 26.03.2018.

CORPORATE GOVERNANCE STATEMENT

The present Corporate Governance Statement is drafted in accordance with article 43bb of codified law 2190/1920 and contains the information that the abovementioned provision specifies as of 31.12.2017.

For the management of the Company, proper and responsible corporate governance is a key prerequisite for the creation of value for its shareholders and for safeguarding corporate interests.

The company, being listed on the Athens Exchange, fully complies with the provisions of the law – the provisions of which supersede in any case – on corporate governance for listed companies that are included in laws 2190/1920, 3016/2002, 4449/2017 as well as decision 5/204/14.11.2000 of the BoD of the Hellenic Capital Market Commission.

The policies and procedures applied by the Company are contained in the Articles of Association, which is hierarchically the supreme rulebook of operation, the Internal Operations Rulebook which is an internal Company document and acts supplementary to the provisions of its Articles of Association, and other Rulebooks and policies of the Company that regulate specific functions, and, lastly, the principles and specific practices for listed companies provided for in the Hellenic Corporate Governance Code for listed companies of the Hellenic Corporate Governance Council (HCGC), with which the Company voluntarily complies; the Code is available at http://www.athexgroup.gr/web/guest/esed-hellenic-cgc.

General Meeting - Shareholder rights

Operation of the General Meeting - Authority

The General Meeting of Shareholders is the supreme body of the Company having the authority to decide on all matters that concern the Company. The procedures and convocation rules, participation and decision making by the General Meeting, as well as its responsibilities are regulated in detail in the provisions of the Articles of Association of the Company and codified law 2190/1920.

Shareholders have the right to participate at the General Meeting, either in person or through a legally authorized representative, in accordance with the legal procedure in effect.

The Board of Directors ensures that the preparation and the proceedings of the General Meeting of shareholders facilitate the effective exercise of shareholder rights; shareholders are informed about all matters relating to their participation in the General Meeting, including the items on the Daily Agenda, and their rights during the General Meeting.

In particular regarding the preparation of the GM, and in conjunction with the provisions of codified law 2190/1920, the Company publishes on its website at least twenty (20) days before the General Meeting, both in the Greek and English languages, information regarding:

- The date, the time and the place where the General Meeting of shareholders is being convened,
- The main rules and practices for participating, including the right to introduce items to the daily agenda and to submit questions, as well as the deadlines for exercising those rights,
- The voting process, the conditions for representation by proxy, and the documents that must be used for voting by proxy,
- The proposed daily agenda of the Meeting, including the draft decisions for discussion and voting, as well as any accompanying documents.
- The proposed list of candidate members of the BoD and their biographical statements (provided that the election of members is on the agenda), and
- The total number of shares and voting rights on the convocation date.

The Chairman of the Board of Directors of the Company, the Chief Executive Officer, and the Chairmen of the Committees of the Board of Directors are present at the General Meeting of shareholders, in order to provide information and brief on matters that are put forth for discussion, and to answer questions or provide clarifications that shareholders request. In addition, at the General Meeting, the head of Internal Audit of the Company is also present.

The Chairman of the Board of Directors, or if he or she is not able or absent, his or her replacement, temporarily chairs the General Meeting, electing one or two secretaries from among the shareholders that are present and / or from non-shareholders until the list of those able to participate at the General Meeting is approved, and the permanent Chair of the General Meeting is elected. The Chair is comprised of the Chairman and one or two secretaries that also perform vote gatherer duties. The election of the permanent Chair of the General Meeting is by secret ballot, unless the General Meeting itself decides otherwise or the law stipulates otherwise.

After the list of shareholders that have the right to vote is certified, the General Meeting immediately elects the permanent Chair, which is comprised of the Chairman and one or two secretaries, which also carry out vote gatherer duties. The decisions of the General meeting are taken in accordance with the provisions of the law in effect and the provisions of the Articles of Association of the Company.

A summary of the minutes of the General Meeting of shareholders is made available on the website of the Company within fifteen (15) days following the General Meeting of shareholders, along with a translation in English.

Shareholder participation in the General Meeting

Every shareholder is allowed to participate and vote at the General Meeting of the Company that appears in that capacity in the records of the Dematerialized Securities System which is managed, in its capacity as Central Depository, by the company “Hellenic Central Securities Depository”, which is the entity under the meaning of article 28a §4 of codified law 2190/1920 that holds the transferable securities of the Company at the start of the fifth (5th) day before the date of the General Meeting, and, in the case of a Repetitive General Meeting, at the start of the fourth (4th) day before the date of the Repetitive General Meeting. The exercise of these rights does not require the blocking of the shares of the holder, nor the observance of any other similar procedure. The shareholder can appoint a proxy if he or she wishes. In other respects, the Company complies with the provisions of codified law 2190/1920 (article 28a).

Procedure for participating and voting by proxy

Shareholders participate in the General Meeting and vote either in person or by proxy. Each shareholder may appoint up to three (3) proxies and legal entities/shareholders may appoint up to three (3) private individuals as proxies. In cases where a shareholder owns shares of the Company that are held in more than one Investor Securities Account, the shareholder may appoint separate proxies for the shares appearing in each Account. A proxy holding proxies from several shareholders may cast votes differently for each shareholder.

A plenipotentiary document for appointing proxies is available to shareholders in hard copy at the Investor Relations Department of the Company, and in electronic form on the website of the Company (www.athexgroup.gr).

The proxy is obliged to notify the Company, before the start of the meeting of the General Meeting, about any specific event, which may be useful to shareholders in order to ascertain the risk that the proxy may serve other interests besides the interests of the shareholder.

A conflict of interest may arise in particular when the representative is:

a) A shareholder that exercises control of the Company, or other legal person or entity that is controlled by that shareholder,

b) A member of the Board of Directors or in general of the management of the Company or a shareholder that exercises control of the Company, or other legal person or entity that is controlled by that shareholder, which exercises control of the Company.

c) An employee or a certified auditor of the Company or a shareholder that exercises control, or other legal person or entity that is controlled by a shareholder that exercises control of the Company.

d) A spouse or a relative in the first degree with one of the private individuals that are mentioned in cases a) to c).

The Articles of Association of the Company provide shareholders the option to participate at the General Meeting and exercise their voting rights with electronic means, without their physical presence at the place where it is convened, under the conditions of codified law 2190/1920. In addition, the Articles of Association make provision for shareholders to participate in the voting remotely, either by exercising their voting rights through electronic means, or by correspondence voting, under the conditions of Codified Law 2190/1920.

Minority shareholder rights

1. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors is obliged to convene an Extraordinary General Meeting of shareholders, specifying the day of its session, which shall not be more than forty five (45) days from the date the request was served to the Chairman of the Board of Directors. The request contains the subject of the daily agenda. If the General Meeting is not convened by the Board of Directors within twenty (20) days from the service of the relevant request, it shall be convened by the shareholders who have submitted the request, at the expense of the Company, by judgment of the single-member Court of First Instance of the company’s headquarters, issued in as part of the protective measures. The judgment determines the place and time of session, as well as the daily agenda.
2. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors is obliged to include additional items on the daily agenda of the General Meeting, which has already been convened, if the relevant request is received by the Board of Directors at least fifteen (15) days prior to the General Meeting. The request for including additional items on the daily agenda is accompanied by an explanation or a draft decision for approval to the General Meeting and the revised daily agenda is published in the same way as the previous daily agenda, that is thirteen (13) days prior to the date of the General Meeting. At the same time, it is made available to shareholders through the Company’s website, along with the explanation or the draft decision that is submitted by the shareholders, in accordance with the provisions of article 27 §3 of codified law 2190/1920.
3. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors shall make available to shareholders the draft decisions on the issues included in the initial or the revised daily agenda, as specified in article 27 §3 of codified law 2190/1920, at least six (6) days prior to the date of the General Meeting, provided that the relevant request is received by the Board of Directors, at least seven (7) days prior to the date of the General Meeting.
4. At the request of a shareholder or shareholders representing one twentieth (1/20) of the paid-up share capital, the Chairman of the Meeting is obliged to postpone decision-making by the Regular or Extraordinary General Meeting, once only, for all or certain items, by setting the date for continuation of the session as requested in the shareholders’ request, which shall not be more than thirty (30) days from the date of postponement. The General Meeting, following the postponement, is a continuation of the previous Meeting and a repeat of the publication formalities of an invitation to shareholders is not required. New shareholders can also participate in it, in compliance with the provisions of the articles 27 §§2, 28 and 28a of codified law 2190/1920.
5. At the request of shareholders representing 1/20 of the paid-up share capital, decision-making on any issue of the daily agenda of the General Meeting is carried out by roll-call vote.
6. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors is obliged to announce in the Annual General Meeting the sums paid to each member of the Board of Directors or to Company executives during the last two years, as well as any benefit to the afore-mentioned individuals for any reason whatsoever or due to a contractual obligation of the Company with them.
7. Following a request of any shareholder, which is submitted to the company at least five (5) full days prior to the General Meeting, the Board of Directors is obliged to provide the General Meeting with the information specifically requested concerning Company affairs, in so far as they are useful in order to actually assess the issues on the daily agenda. The Board of Directors may provide a single reply to

shareholder requests having the same content. There is no obligation to provide information, if the relevant information is already available in the company's website, especially in the form of questions and answers.

In the above cases #6 and 7, the Board of Directors may refuse to provide information on reasonable grounds; the reason for refusal is recorded in the minutes. Such a reason may be the representation of the shareholders submitting the request to the Board of Directors, in accordance with §§3 or 6 of article 18 of codified law 2190/1920.

8. Following a request by shareholders representing one fifth (1/5) of the paid-up share capital that is submitted to the Company within the deadline of the previous paragraph, the Board of Directors is obliged to provide to the General Meeting information about the progress of Company affairs and Company assets. The Board of Directors may refuse to provide such information on reasonable grounds, which is recorded in the minutes. Such a reason may be the representation of the shareholders who submitted the request to the Board of Directors, in accordance with §§3 or 6 of article 18 of codified law 2190/1920, provided that the respective members of the Board of Directors have received the relevant information in a manner that is adequate.

In all of the abovementioned cases, shareholders submitting requests are obliged to prove their shareholder status and the number of shares that they possess at the time they exercise the right in question, which can be certified by their registration in the Dematerialized Securities System which is managed, in its capacity as Central Depository, by the company "Hellenic Central Securities Depository", which is the entity under the meaning of §4 article 28a of codified law 2190/1920. More detailed information concerning the abovementioned minority shareholder rights and on how they can be exercised is available at the website of the Company (www.athexgroup.gr).

Available documents and information

The information of article 27 §3 of codified law 2190/1920, including the Invitation to the General Meeting, the procedure for exercising the voting rights by proxy, the documents appointing and revoking the appointment of a proxy, the draft decisions on the items of the daily agenda, as well as more comprehensive information regarding the exercise of minority rights of article 39 §§2, 2a, 4 and 5 of codified law 2190/1920, are available in hard copy at the Investment Relations Department of the Company (110 Athinon Ave, 4th floor, tel +30-210 3366 616), where shareholders can receive copies. In addition, all of the abovementioned documents, the total number of shares outstanding and voting rights (in total and by share class) are available in electronic form on the website of the Company (www.athexgroup.gr).

Board of Directors

The Board of Directors which is elected by the General Meeting of shareholders manages the Company and represents it in and out of court. It is the primary obligation and duty of the members of the Board of Directors to constantly strive to increase the long term economic value of the Company and to defend company interests in general. Furthermore, given that the shares of the Company are listed in an organized market, the duty of the Board of Directors consists of constantly striving to increase long term shareholder value. Members of the Board of Directors are forbidden from pursuing own interests at the expense of the Company's interest. This prohibition applies to all persons to whom the Board of Directors has assigned duties to manage the Company (substitutes of the Board of Directors).

At the end of each fiscal year, the Board of Directors drafts a report on the transactions of the Company with companies related with in (under the meaning of article 42e §5 of codified law 2190/1920). The report is provided to the supervisory authorities and is brought to the attention of the General Meeting of shareholders of the Company.

In accordance with the Company's Articles of Association, the Board of Directors may decide to assign the exercise of all or some of its rights and or powers concerning the management, administration and representation of the Company to one or more persons, regardless of whether these persons are members of the Board. The title and responsibilities of each of these persons is determined in the decision of the Board of Directors appointing them.

The Chief Executive Officer of the Company is its supreme executive officer, responsible for any matter concerning its operation, and has the overall supervision of its operation.

Authority – Responsibilities of the Board of Directors

The Board of Directors, acting collectively, manages and administers corporate affairs. It generally decides any matter that concerns the Company, and takes any action, except those for which either by Law or by the Articles of Association, authority rests with the General Meeting of shareholders.

The Board of Directors of the Company has, as a whole, sufficient knowledge and experience, at least regarding the most important activities of the Company, so that it can carry out its monitoring function on all of its operations, either directly or indirectly through the relevant Committees of the Board of Directors. In order to avoid conflict of interest, the Company adopts best practices and corporate governance principles that apply, especially regarding the separation of executive and supervisory duties of the members of the Board of Directors.

The BoD is comprised of executive, non-executive and independent non-executive members. Executive members are responsible for the day-to-day management of the Company, while non-executive members are duty bound to promote all corporate affairs.

1. The Board of Directors manages the Company and develops its strategic direction, having as its primary obligation and duty to constantly strive to increase the long term economic value of the Company and to defend corporate interests in general.
2. The Board of Directors, in the discharge of its powers and the implementation of its obligations, has at its forefront the interest of shareholders, company employees, other interested parties and the social benefit of its actions. The BoD decides using its fair entrepreneurial judgment.
3. The BoD observes and duly complies with the provisions of the Law as part of the Company's activities and of the companies associated with it.
4. Decisions that are critical for the Company, especially the specification of its goals and the determination of its strategy are taken only by the BoD. In particular, the BoD:
   - Determines the general business strategy of the Company and its subsidiaries.
   - Drafts the business plan for the time frame that it deems necessary.
   - Approves the annual budget of the Company and monitors its execution on a quarterly basis.
   - Audits and decides on investments (capital expenditures) of the Company.
   - Audits the financial statements.
   - Determines the goals to be attained and the means of attaining them.
   - Decides on buyouts, mergers and spinoffs.
   - Decides the first level of the organizational structure of the Company and its staffing.
   - Approves the General Governance Principles of the Company and its subsidiaries, and decides on the staffing of the bodies required to operate the regulated activities of the Group.
   - Determines and staffs the Committees of the Board of Directors that are foreseen by the Corporate Governance Code that the Group complies with.
   - Audits the effectiveness of the corporate governance practices of the Company and makes any necessary modifications.
   - Selects, monitors and replaces executive members, in case of resignation or forfeiture, and sets down the plan for their succession.
   - Determines the remuneration of executive members and other members of the BoD, based on the long term interests of the Company and its shareholders.

- Ensures that a transparent process is maintained in the proposals to elect new members to the BoD.
- Monitors and resolves potential conflicts of interest of managers and shareholders, including poor management of assets of the Company and abuse in relation to transfers to persons closely related with members of the BoD.
- Ensures the integrity of the system of financial reporting and independent audit, as well as the optimum operation of the appropriate internal audit systems, especially for financial and operation audit, risk management and compliance with the legal and regulatory framework in effect.

5. In order to fulfill their obligations, the members of the BoD have the right of free access to factual, material and timely information.
6. The BoD meets at least once a month, preferably on dates determined at the start of the calendar year. The BoD has the flexibility to meet whenever deemed necessary.

The responsibilities of the executive members of the BoD are to:

- Constantly strive to increase the long term economic value of the Company, and to protect corporate interests in general.
- Shape the vision, strategic direction, corporate goals and operational plans for all activities of the Company, in accordance with the decisions of the BoD.
- Develop, implement and communicate the policies and action plans, in accordance with the decisions of the BoD.
- Ensure that senior executive members take all appropriate measures in order to effectively manage the Company.
- Ensure the systematic and continuous communication with clients, investors, employees, supervisory authorities, the public and other authorities.
- Define clear operational goals and policies for senior executives in their operational sectors of responsibility.
- Review the work of their operational sector of responsibility and brief the BoD.
- Consistently implement the operational strategy of the Company through the effective use of available resources.
- Ensure the completeness and reliability of the data and information that are required for the accurate and timely determination of the financial position of the Company.
- Comply with the legal and regulatory framework that governs the operation of the Company.
- Represent the Company.
- Implementing the decisions of the General Meeting of the shareholders of the Company.

The responsibilities of the non-executive members of the BoD are to promote all corporate affairs pertaining to the supervision of the management of corporate affairs, and by providing direction concerning all corporate affairs, such as indicatively:

- Constantly striving to increase the long term economic value of the Company, and protect corporate interests in general.
- Monitoring the consistent implementation of the operational strategy of the Company through the effective use of the available resources.
- Monitoring that the operational plan for achieving the corporate goals is in accordance with the decisions of the General Meeting of shareholders of the Company.

The independent members of the Board of Directors are tasked with promoting all corporate affairs.

Composition – Term of office of the Board of Directors

In accordance with the Articles of Association, the Company is managed by a Board of Directors which is composed of nine (9) up to thirteen (13) members.

In accordance with the Company's Articles of Association, the term of office of the Board of Directors is four years, which is automatically extended until the Annual General Meeting of the shareholders of the Company which will meet or be convened after the end of its term of office.

Members are elected by the General Meeting of shareholders, in accordance with the provisions of codified law 2190/1920. The changes in the composition of the Board of Directors that take place during the fiscal year are, in accordance with the law, announced at the next Annual General Meeting.

Members of the Board of Directors can always be reelected and can be freely recalled.

The Board of Directors of the Company that was elected by the Annual General Meeting of shareholders on 2015, and whose term of office ends on 20.5.2019, consists of thirteen (13) members. Twelve (12) members have been elected by the General Meeting of Shareholders on 20.5.2015 and one (1) member was elected by the Board of Directors on 27.12.2017 to replace a member that resigned. The composition of the BoD today is as follows:

	Name		Position
1.	George Handjinicolaou	(*)	Chairman, non-executive member
2.	Socrates Lazaridis		Vice Chairman & Chief Executive Officer
3.	Alexandros Antonopoulos		Independent non-executive member
4.	Konstantinos Vassiliou		Non-executive member
5.	Ioannis Emiris		Non-executive member
6.	Dimitris Karaiskakis		Executive member
7.	Sofia Kounenaki – Efraimoglou		Independent non-executive member
8.	Ioannis Kyriakopoulos		Non-executive member
9.	Adamantini Lazari		Independent non-executive member
10.	Nikolaos Milonas		Independent non-executive member
11.	Alexios Pilavios		Non-executive member
12.	Dionysios Christopoulos		Independent non-executive member
13.	Nikolaos Chryssochoides		Non-executive member

(*) At the meeting of the Board of Directors on 27.12.2017 Mr. George Handjinicolaou replaced Mr. Iakovos Georganas as non-executive member. At the same meeting, the Board of Director elected Mr. George Handjinicolaou as new non-executive Chairman of the Board of Directors.

The biographical statements of the members of the current Board of Directors are available on the website of the Company (www.athexgroup.gr).

Mrs. Maria Saxoni, attorney, head of the Group Corporate Secretary & Corporate Governance Unit has been appointed Secretary to the Board of Directors.

Election – Replacement of members of the Board of Directors

The members of the Board of Directors are elected by secret ballot by the General Meeting of the shareholders, in accordance with the provisions of codified law 2190/1920. The members of the Board of Directors can be shareholders or third parties, can always be reelected, and are freely recalled.

If a member of the Board of Directors resigns, dies, or forfeits his office for whatever reason, or is declared forfeit by a decision of the Board of Directors due to unaccounted for absence from the meetings for three straight months, the Board of Directors may continue to manage and represent the Company without replacing these members, provided that the remaining members are at least nine (9).

If the number of members of the Board of Directors drops below nine (9), and provided that the remaining members are at least three (3), the Board of Directors is obliged to elect replacements for the remainder of the term of office for the members being replaced, at least up until the ninth (9th) member. The decision on the election is published as provided by article 7b of codified law 2190/1920, as it applies, and is announced by the Board of Directors to the next General Meeting that is convened, which can replace the member elected even if such an item has not been included in the daily agenda. In any case, all actions of the members of the Board of Directors that have been elected in such a manner are considered valid, even if the members are replaced by the General Meeting.

Formation of the Board of Directors in a body

The Board of Directors elects from among its members, by an absolute majority of members present or represented, the Chairman, the Vice Chairman who replaces the Chairman when he or she is absent or unavailable, while when the Vice Chairman is absent or unavailable he or she is replaced by another member of the Board of Directors who is appointed by it, or on occasion by the Chief Executive Officer of the Company. In addition, the Board of Directors, by an absolute majority of members present or represented, appoints its Secretary who may not necessarily be a member of the Board of Directors. These elections always take place during the first meeting of the Board of Directors following the General Meeting that decides the election of a new Board of Directors. The Chairman, the Vice Chairman as well as the Chief Executive Officer can always be re-elected.

Convening the Board of Directors

The Board of Directors is convened by the Chairman or the Vice Chairman replacing him, and meets at the headquarters of the Company, or through teleconference, in accordance with the provisions of codified law 2190/1920 that are in effect, at least once a month.

The Board of Directors can legally meet outside its headquarters in another location, either in the country or abroad, provided that at the meeting all of its members are present or represented, and no member is opposed to holding the meeting and to taking decisions.

In fiscal year 2017 the Board of Directors met fourteen (14) times.

The attendance of each member of the Board of Directors at its meetings that took place during their tenure in fiscal year 2017 is shown in the following table:

Name	Meetings during the member's tenure in fiscal year 2017	Number of meetings – present via proxy	Number of meetings - presence in person
Iakovos Georganas	14	-	14
Socrates Lazaridis	14	-	14
Alexandros Antonopoulos	14	1	13
Konstantinos Vassiliou	14	-	10
Ioannis Emiris	14	1	12
Dimitris Karaiskakis	14	-	13
Sofia Kounenaki – Efraimoglou	14	2	12
Ioannis Kyriakopoulos	14	6	8
Adamantini Lazari	14	-	14
Nikolaos Milonas	14	1	13
Alexios Pilavios	14	1	13
Dionysios Christopoulos	14	1	13
Nikolaos Chryssochoides	14	1	13

Quorum – Majority – Member representation - Minutes

The Board of Directors has a quorum and is legally in session when one half plus one of the members is present or represented; however the number of members that are present cannot be less than three (3). In order to calculate the number necessary for the quorum, any fractional remainder is discarded.

When the Board of Directors meets through teleconference, the members that participate in the teleconference are considered to be physically present.

The decisions of the Board of Directors are taken with an absolute majority of those present and represented, unless the law or the Articles of Association stipulate otherwise.

A member of the Board of Directors can be represented at the meetings only by another member of the Board of Directors, authorized in writing (including email, telegram or telefax), addressed to the Board of Directors.

The drafting and signing of minutes by all members of the Board of Directors or their representatives is equivalent to a decision of the Board of Directors, even if no meeting had previously taken place.

The discussions and the decisions of the Board of Directors are recorded in summary form in a special ledger which may be kept electronically. At the request of a member of the Board of Directors, the Chairman is obliged to record in the minutes an exact summary of the member's opinion. In this ledger, a list of members present or represented at the meeting of the Board of Directors is recorded. The minutes of the Board of Directors are signed by the Chairman or the Vice Chairman, the Chief Executive Officer and the Secretary of the Board of Directors. Copies or excerpts of the minutes are provided by the Chairman or his replacement or by a person appointed by the Board of Directors.

Delegating responsibilities of the Board of Directors to consultants or third parties

The Board of Directors may, by a decision taken by an absolute majority of the members that are present and/or represented, delegate the exercise of all or some of its rights and or powers concerning the management, administration and representation of the Company to one or more persons, regardless of whether or not these persons are members of the Board. The title and responsibilities of each of these persons is always determined in the decision of the Board of Directors appointing them.

Obligations of the members of the Board of Directors

Members of the Board of Directors, Directors (division heads) and senior staff of the Company are prohibited from acting, without the prior consent of the General Meeting, for their own account or for the account of third parties, either solely or in collaboration with third parties, that are included, in whole or in part, in the goals of the Group, or to carry out work related to those goals, or to participate as partners in companies that have these objectives. If there is a breach of this prohibition, the Company has the right to receive compensation, and if the party responsible is a member of the Board of Directors, he or she forfeits the position by decision of the Board of Directors. In that case, §§2 and 3 of article 23 of codified law 2190/1920 also apply.

Remuneration of the Board of Directors – Remuneration policy

A key requirement for continuous, long term growth, as well as ensuring the constant presence and sustainability of the company in the market, is the alignment of the goals and motives of the members of the BoD, executives and in general all employees of the company with the goals of shareholders as well as with market conditions in general.

In recognition of this condition, and respecting its legal and regulatory obligations, the Company has implemented, maintains and applies basic principles and rules concerning employee remuneration, including the members of the BoD and executives that promote proper and effective risk management and do not create incentives for relaxing risk standards.

As part of the licensing of the subsidiary company of the Group Athens Exchange Clearing House S.A., and compliance with the European Market Infrastructure Regulation (EMIR) concerning the obligations of Central Counterparties (CCPs) together with the existing legal and regulatory framework in Greece, a specific remuneration policy was adopted which was evaluated in accordance with the abovementioned Regulation which was successfully completed. As a result, and for reasons of direct application and unified rules, this policy will also be adopted by the Company in order to complete the following core principles that are applied.

The remuneration of non-executive members of the Board of Directors is determined by a special decision of the Annual General Meeting, in accordance with the provisions of article 24 of codified law 2190/1920 and is related to the time provided for the meetings of the Board of Directors in carrying out their duties as non-executive members, and the extent of their duties.

There is no provision for providing bonuses, stock options or performance based remuneration.

The General Meeting of shareholders in 2017 has preapproved the payment to members of the Board of Directors and of the Committees of remuneration in accordance with article 24 §2 of codified law 2190/1920 for fiscal year 2017. Following the proposal of the BoD, this remuneration remained at the same level as in fiscal year 2016, as follows:

1. The amount of €160 per meeting for representation expenses per member of the Board of Directors, excluding its executive members.
2. The amount of €140 per meeting for representation expenses per member of the Board of Directors participating in the Strategic Investments Committee.
3. The amount of €160 per meeting for representation expenses per member of the Board of Directors participating in the Audit Committee.

All of the abovementioned amounts are gross before taxes and other fees, including third party fees.

Total remuneration of the non-executive members of the Board of Directors for their participation in the Board of Directors and the Committees in 2017 amounted to €30,640.00 (net remuneration €26,374.90).

The remuneration of the executive members of the Board of Directors (Chief Executive Officer & Chief Operating Officer) are approved in accordance with the provisions of codified law 2190/1920 by the General Meeting of shareholders. As regards the remuneration of the executive members of the Board of Directors, the following apply:

- the remuneration and benefits policy of the Company for positions of equivalent level with those that the members of the Board of Directors hold, and
- the terms of their individual employment contracts (which have been approved by the GM of shareholders of the Company).

The remuneration structure for executive members of the Board of Directors which do not receive remuneration for their participation in the Boards of Directors of the companies of the Group, includes a fixed and an ancillary part, as follows:

- Annual base salary and representation expenses
- Ancillary benefits (in the form of additional benefits), always in accordance with their position in the Company hierarchy, the corresponding corporate policies, and in accordance with the terms of their indefinite term employment contracts.

In particular:

The annual base pay is the fixed part of the remuneration for executive members of the Board of Directors, and is determined in their individual employment contracts following approval by the General Meeting of shareholders of the Company, taking into consideration the level of their position in the organization, the importance of their position, their duties and responsibilities as well as market data on comparable positions of a similar level.

As far as other additional benefits are concerned, executive members of the Board of Directors receive supplementary benefits, which are provided without exception to all personnel of the Group, are part of the overall policy of the Company and do not provide any incentive for assuming risk. Such benefits are for example health insurance.

It should be noted that the Annual General Meeting of shareholders of the Company of 29.5.2014 approved the extension of the term in the individual employment contract of the Chief Executive Officer and the Chief Operating Officer concerning the reduction in their annual remuneration, which for fiscal year 2017 amount to €186,287.44 for the Chief Executive Officer and €103,345.28 for the Chief Operating Officer, have been preapproved by the General Meeting on 20.5.2017 and will be submitted for approval by the forthcoming General Meeting.

The abovementioned remuneration of executive members covers their services to all the companies of the Group. No bonuses, stock options or performance based remuneration have been granted.

Assessment of the Board of Directors

The Company assesses the way the Board of Directors functions and carries out its duties. The location and evaluation of the strengths and weaknesses is a prerequisite for the improvement of the effectiveness of the BoD.

The self-assessment process of the Board of Directors and the Committees of the Board of Directors concerns the Board as a whole. The Chairman of the BoD supervises the process.

The Board of Directors also appraises the performance of its Chairman; as the Vice Chairman is not independent, this process is headed by a non-executive member of the BoD, in accordance with the specific practice of the Corporate Governance Code. An assessment of each member of the Board of Directors may also optionally be made. The self-assessment of the Board of Directors takes place every two years. The Chairman of the BoD appoints an independent non-executive member of the Board or an independent third party to perform the assessment. The party responsible for carrying out the assessment must:

- Prepare the assessment form (questionnaire). In addition to the questionnaire, the party responsible for carrying out the assessment may gather any additional material deemed useful in the process, conduct personal interviews with the members of the Board of Directors and / or senior executives of the Group which do not sit on the BoD but have contact with members of the Board of Directors et al.
- Make the assessment form available to members of the Board of Directors and explain to them how to fill it out.
- Collect the data from the members.
- Ensure that anonymity and data confidentiality are maintained throughout the process.
- Draft the “Assessment Report” for the Board of Directors, by gathering the findings of the assessment process.

The assessment report is presented to the Board of Directors for discussion by the party responsible for the assessment. The management of the Company provides all necessary means to the party responsible for the assessment in order to complete the process. The Chairman of the BoD takes measures to resolve any identified weaknesses.

In 2016 an assessment of the Board of Directors, the Chairman of the BoD and its Committees was carried out, with the completion of a special questionnaire, the assessment report was drafted and its findings were presented to the Board of Directors. An assessment will be carried out in 2018.

Other professional commitments of the members of the BoD

The current members of the Board of Directors have notified the Company about the following professional commitments (including significant non-executive commitments to corporations and non-profit organizations):

BoD member	Professional commitment
George Handjinicolaou	• Non-executive Chairman of the BOD of the subsidiary Hellenic Central

BoD member	Professional commitment
	Securities Depository • Non-executive Chairman of the Board of Directors at Piraeus Bank and Chairman of the Strategic Planning Committee • Member of the BoD at LIBOR Oversight Committee • Member of the BoD at ICE Swap Rate Oversight Committee • Member of the BoD at PRIME Finance Panel of Experts • Vice Chairman of the BoD at the Hellenic Bank Association
Socrates Lazaridis	• Chief Executive Officer of the subsidiaries “Athens Exchange Clearing House” and “Hellenic Central Securities Depository” • Member of the BoD of the Hellenic Capital Market Commission • Member of the BoD of the Hellenic-American Chamber of Commerce • Vice Chairman of the Governing Council of the Hellenic Corporate Governance Council
Alexandros Antonopoulos	• Chairman of the Board of Directors at Murex Re • Member of the Finance Committee of the Synod of the Church of Greece
Konstantinos Vassiliou	• Non-executive member of the Board of Directors of Eurobank Factors • Non-executive member of the Board of Directors of Eurobank Equities • Stone Group, Non-executive member Advisory Committee
Ioannis Emiris	• General Manager of Private and Investment Banking at Alpha Bank • Non-executive Member of the BoD of Alpha Bank London Ltd
Dimitris Karaiskakis	• Chief Operating Officer of the Group
Sofia Kounenaki – Efraimoglou	• Vice Chairwoman of the Foundation of the Hellenic World • Chairwoman and Chief Executive Officer of Adrittos Holdings – a company of the Foundation of the Hellenic World • Member of the BoD of the Peloponnesian Folklore Foundation (affiliated Foundation with the Foundation of the Hellenic World) • Member of the BoD at the Athens Chamber of Commerce and Industry (ACCI) • Cashier of the BoD at ALBA (Athens Laboratory of Business Administration) • Chairwoman of the Governing Council of the Hellenic Corporate Governance Council • 2nd Vice Chairwoman of the BoD of Technopolis-Acropolis • Chairwoman and Chief Executive Officer of VEK Industrial-Commerce-Construction Holdings and Ladis Hotel, Tourism and Construction – entities for managing private financial interests • Vice-Chairwoman of the Hellenic – Latin American Business Council BoD • General Secretary of the Hellenic-Asiatic Business Council BoD • Member of the Business Advisory Council of the Business MBA International Program at the Athens University of Economics • Member of the General Council of the Hellenic Federation of Enterprises (SEV)
Ioannis Kyriakopoulos	• Chief Financial Officer of National Bank of Greece and the NBG Group • Non-executive 1st Vice Chairman of NBG Pangaea REIC
Adamantini Lazari	• Non-executive member of the BoD of Selonda Aquaculture, and a member of the Audit Committee • Chairwoman of the BoD of Villa Precieux – a subsidiary of Selonda • Chairwoman of the BoD of Sparfis – a subsidiary of Selonda • Member of the BoD of Polemarcha Epidavros – a subsidiary of Selonda • Member of the BoD of Perseus and a member of the Audit Committee – a subsidiary of Selonda • Advisor to the Board - Domius Capital Advisors LLP (consulting company based in London) • Member of the Investments Committee of the Economists Occupational Insurance Fund

BoD member	Professional commitment
Nikolaos Milonas	• Professor of Finance at the Economics Department of Athens University • Deputy Dean of Financial Affairs at Athens University • Chief Executive Officer at Tsagkaris (a company belonging to the University) • Member of the BoD of Evgenideio Hospital (a company belonging to the University) • Chairman of the BoD of ETB Energy Technology & Biofuels
Alexios Pilavios	• Non-executive Chairman of the BoD of the subsidiary Athens Exchange Clearing House • Chairman of the BoD at Alpha Asset Management • Vice Chairman of the BoD at ABC Factors
Dionysios Christopoulos	• Deputy Director in the Banking Supervision Department of the Bank of Greece • Independent non-executive member of BoD of the subsidiaries Athens Exchange Clearing House and Hellenic Central Securities Depository • Member of the BoD of the Accounting Standardization and Audit Committee (ELTE)
Nikolaos Chryssochoides	• Chief Executive Officer of N. Chryssochoides Brokers • Vice Chairman of the BoD of the Association of Members of the Athens Exchange • Member of the BoD at Compro IT S.A. • Member of the BoD at U-Trade IT S.A. Holding • Member of the BoD at NBG Asset Management

It is noted that no member of the Board of Directors of the Company participates in the Boards of Directors of more than five (5) listed companies.

Committees of the Board of Directors

As part of the continuous improvement of the organizational structure of the Company and the Group, the Board of Directors has assigned specialized issues to the following main special Committees, among others, which meet on a regular or ad hoc basis.

Audit Committee:

The Audit Committee operates as an oversight committee of the Board of Directors and its main purpose is to supervise the quality and integrity of the accounting and auditing mechanisms, as well as the process by which the financial statements are produced. The Audit Committee reports to the Board of Directors of the Company and, for matters concerning ATHEXCSD to the Board of Directors of the subsidiary company. The Audit Committee has at least three (3) non-executive members of the Board of Directors that are not involved in the operation of the Company in any way, in order to be able to pass judgment that is objective and independent without conflict of interest. In addition, the majority of the members of the Audit Committee consists of independent non-executive members.

The main responsibilities of the Committee are:

Supervision of the Internal Audit Division

- Examine and approve the Internal Audit Regulation, in order to assure that it complies with International Internal Audit Standards.
- Ensure the independence and objectivity of the Internal Audit Division, by proposing to the Board of Directors the appointment and dismissal of the head of the Internal Audit Division.
- Evaluate the Director of Internal Audit.

- Examine and revise, as necessary, the operation, structure, goals and procedures of the Internal Audit Division.
- Examine the short and long term plan of the Internal Audit Division, in order to assure its effectiveness.
- Examine and evaluate the audit reports of the Internal Audit Division, as well as management's comments.
- Evaluate at least once a year, the competence, quality and effectiveness of the internal audit system, in order to promote more effective approaches whenever deemed necessary.
- Supervise the compatibility of the conduct of the staff in the Internal Audit Division with the Code of Conduct of the Institute of Internal Auditors.
- Commission audits for any activity of the Company, for which there are suspicions of fraud.
- Propose to the Board of Directors on matters of Internal Audit.

Supervision of the external auditors

- Propose to the Board of Directors the submission of a proposal to the General Meeting, regarding the appointment, the reappointment and the recall of the external auditors, as well as approve the remuneration and hiring terms.
- Assure the Board of Directors that the work of the external auditors, insofar as the scope and the quality are concerned, is correct and adequate.
- Examine and monitor the independence, the responsiveness of the external auditors, as well as the objectivity, impartiality and effectiveness of the auditing process, taking into consideration the relevant professional and regulatory requirements,
- Examine and monitor the provision to the Company of additional services by the audit company in which the external auditors belong, in order to ensure their independence.
- Discuss any material auditing differences that arose from the audit with the auditor, independent on whether they were resolved,
- Discuss with the auditor the weaknesses of the Internal Audit System which may have been discovered, especially when these concern the processes for providing financial information and drafting the financial statements.

Supervision of the Financial Statements

- Assist the Board of Directors in order to ensure that the financial statements of the Company are reliable and comply with accounting standards, tax principles and legislation.
- Ensure the existence of an effective process for providing financial information,
- Ensure, on behalf of the Board of Directors, that there are no significant disagreements between management and the external auditors,
- Intervene in order to resolve critical matters that may arise during the audit process, such as a potential difference of opinion between the auditor and those being audited.
- Receive the Management Letter from the external auditors and submit it to the Board of Directors.
- Inform the Board of Directors on matters for which the external auditors express strong reservations.

Supervision of the Auditing Mechanisms

- Assure the Board of Directors that there exists a sufficient and systematic review of the auditing mechanisms and the risk management mechanisms of the Company, which ensure the effectiveness, the sufficiency and the conservation of resources concerning the smooth functioning of the Company and its subsidiaries.

- Assure the Board of Directors that the Company complies with the laws and regulations that govern its operation.
- Participate in the monitoring process and the implementation of the recommendations of the audit for improvements in the auditing mechanisms and the production process, in order to examine the course of implementation of the recommendations and any problems that arise in the relevant action plans.
- Receive information from the Director of Internal Audit on all important findings, for which management has decided to assume the risk of non-compliance, either due to the cost involved, or due to specific conditions. In these instances, it informs the Board of Directors, which is responsible for taking decisions on corporate affairs.
- Receive information about instances of conflict of interest in the transactions of the Company with related persons, and submit to the Board of Directors the relevant reports.
- Support the Board of Directors in obtaining sufficient information in order to take decisions on matters of related party transactions.
- Ensure the existence of procedures in accordance with which Company staff may, confidentially, express its concerns about potential breaches of the law and irregularities in matters of financial information, or for other matters that concern the operation of the Company.
- Has the express right to assign an inspection into any activity of the Company and its subsidiaries.
- Direct both external as well as internal auditors to audit projects, for which there is suspicion of fraud.
- Define the terms and assign to certified auditors-accountants the assessment of the adequacy of the System of Internal Audit. The assignment of such an assessment project must take place periodically and at least once every five years.

The composition of the Audit Committee, which was appointed by the Annual General Meeting of shareholders of the Company on 20.05.2015, in accordance with the provision of article 37 of Law 3693/2008, as it applied, is the following:

Chairman	Nikolaos Milonas
Members	Adamantini Lazari
	Alexandros Antonopoulos

The Audit Committee meets a minimum of four times a year, i.e. every quarter, or more frequently if necessary, at the invitation of the Chairman. In particular, the Audit Committee has the express right to convene as often as it deems necessary in order to carry out its duties. The Director of Internal Audit, as well as any member of the Committee has the right to request the convocation of an extraordinary meeting of the Committee if it is deemed necessary and considered useful to do so.

At the meetings of the Committee, besides the members, other persons may participate – without the right to vote - such as the Chief Executive Officer, the Director of Internal Audit, the Chief Financial Officer, the Director of Financial Management, external auditors etc.

At least two (2) times per year, the Audit Committee must meet with the external auditors without the presence of management; the Audit Committee must also hold separate meetings with management and the internal auditors.

In order for the Committee to have the necessary quorum to meet and take decisions, the majority of its members must be present, either in person, or through a written authorization to another member of the Committee. If there is a tie in the voting, the Chairman casts the deciding vote.

The Audit Committee appoints its secretary, who is responsible for keeping detailed minutes of the meetings of the Committee. The minutes of the meetings record the decisions of the Committee, and are approved and signed by all members.

The Audit Committee reports to the Board of Directors on its activity at least once every quarter, either through minutes, or through written reports.

As part of discharging its duties in 2017, the Audit Committee held fifteen (15) meetings. The participation of the Chairman and the members of the Audit Committee in the meetings held in fiscal year 2017 are shown in the following table:

Name	Meetings held in fiscal year 2017	Number of meetings – present via proxy	Number of meetings - presence in person
Nikolaos Milonas	14	-	14
Adamantini Lazari	15	-	15
Alexandros Antonopoulos	15	-	15

The Committee during the meetings above, dealt with all matters under its competence, mainly to:

a) Review the interim and the annual financial statements, company and consolidated, before publication, in accordance with the applicable accounting standards.

b) Ensure the independence of the auditors and propose the selection of an auditing firm.

c) Audit and evaluate the risk management systems of the Company and the Group, monitor and evaluate the work of the Internal Audit Division, approve the internal audit staff changes.

In addition, in 2017 the Audit Committee met three (3) times with the external auditors of the Company, without the presence of management of the Company. During the abovementioned meetings, but also during its meetings with the presence of the relevant executives of the Company, the Audit Committee ascertained the effectiveness of the audit procedure.

Nomination and Compensation Committee:

The Nomination and Compensation Committee is composed of three members of the Board of Directors, of which at least two are independent members; the Committee is chaired by an independent member. The main responsibilities of the Committee are to:

- Set Company policy on remuneration and other benefits that executive members of the management of the Company receive, in such a manner that ensures respect with the principles of transparency and corporate governance.
- Ensure that executive members of the management of the Company receive remuneration and benefits commensurate with their duties and responsibilities that are able to attract executives of high caliber and effectiveness, and that are comparable to those that are provided by other exchange groups of similar size and turnover abroad.
- Evaluate the effectiveness of executive management members during each fiscal year, always in conjunction with the targets of the approved budget and the conditions that are prevalent in the market.
- Align shareholder interests with those of executive management members and senior executives through regular or extraordinary benefits that are connected to profitability or return on equity or in general to the financial performance of the Company and the Group.
- Propose to the Board of Directors person or persons appropriate to succeed the Chairman or the Chief Executive Officer in case of resignation or permanent inability to carry out their duties for any reason during their term of office.
- Propose to the Board of Directors person or persons appropriate to replace members of the Board of Directors in case of resignation or forfeiture of office or permanent inability to carry out their duties for any reason during their term of office.

- Propose to the Board of Directors a list of persons appropriate for election by the General Meeting as members of the Board of Directors of the Company.

Committee composition:

Chairman	Alexandros Antonopoulos
Members	George Handjinicolaou (*)
	Sofia Kounenaki – Efraimoglou

(*) At the meeting of the Board of Directors on 27.12.2017 Mr. George Handjinicolaou replaced Mr. Iakovos Georganas as non-executive member of the Committee.

The members of the Committee are appointed, removed and replaced by the Board of Directors. The loss of the status of member of the Board of Directors automatically implies the loss of the status of member of the Committee. The Committee meets at the invitation of the Chairman, as many times as it is deemed necessary in order to carry out its mission, but no less than once every calendar year. Each member of the Committee has the right to request, in writing, the convocation of the Committee, in order to discuss specific matters.

In order to take a decision, the Committee must have a quorum of at least two members. The presence, participation and voting of a member of the Committee when a matter is being discussed that concerns it directly and personally, or has a conflict of interest, is not allowed. The abovementioned prohibition does not apply to decisions on matters that have general application.

The Committee has the right to invite to its meetings as many employees, executives or consultants of the Group as it deems necessary or useful.

The Committee is assisted in carrying out its work by the departments of the Company and is allowed to hire outside consultants and to determine the terms of engagement with them; these expenses will be borne by management's budget.

The Committee reexamines, on an annual basis, its rules of operation and either adds to or revises them with those amendments it deems useful.

In carrying out its duties for 2017, the Committee met three (3) times with all members being present, in order to submit proposals to the Board of Directors as part of its responsibilities, to replace a member of the BoD that resigned, and to decide pay and other remuneration issues for senior management. In addition, it met in order to submit to the Board of Directors of the subsidiary ATHEXCSD a recommendation / proposal to the General Meeting of shareholders to elect a new Board of Directors.

Strategic Investments Committee:

The Strategic Investments Committee is composed of members of the Board of Directors, and its main purpose is to define investment strategy. At the meetings of the Investment Committee the Chief Financial Officer, who has been appointed as administrator of the cash assets of the Company, is present. The Strategic Investments Committee reports to the Board of Directors. Its main responsibilities are to:

- Determine the short term and the long term investment goals.
- Monitor implementation of those goals.
- Draft reports to the Board of Directors at regular time intervals, detailing the results of the investment policy and describing possible deviations from the goals and performance that have been set.

Committee composition:

Chairman	Ioannis Kyriakopoulos
Members	Alexios Pilavios
	Adamantini Lazari

In carrying out its duties, in 2017 the Committee met once (1) with the presence of its members in order to submit a recommendation to the Board of Directors concerning the participation of the Exchange in the establishment of the Energy Exchange and information concerning the assets of the Group as part of the approved investment policy.

In 2017 the approved investments policy was followed without deviation.

Stock Markets Steering Committee

The Committee was set up in accordance with §7.1.3 of the Athens Exchange Rulebook, to cover the operational needs of the Organized Markets that have been set up and are in operation in accordance with the Rulebook, as well as overall compliance with the Rulebook.

It has a minimum of nine (9) regular members and a maximum of thirteen (13), of which 3 are chosen among executives of ATHEX and companies of the Group, with those members considered executive, and the remainder chosen among persons that possess guarantees of authority and specialization in capital markets in Greece or abroad. Besides the above members, the Committee may also have alternate members. The members of the Committee, regular or alternate, are appointed by the Board of Directors.

The Members of the Committee are audited for eligibility in accordance with the provisions of §4 article 42 of law 3606/2007. The term of office of Committee members ends on 30 June of each calendar year, and may be renewed. In each case, the Committee meets and legally decides until the term of office of its members is renewed, or new members are appointed.

During its 1st meeting, and after appointing its Members, it is formed as a body electing a Chairman, Vice Chairman and appointing a Secretary, which may or may not be a member of the Committee. The Chairman is mandatorily elected from among executive members. The Committee drafts a Rulebook of Operation in which its responsibilities are specified, conflict of interest policies described; the convocation, the quorum and decision making are described; how members forfeit their seats, are absent or unable to attend, how members are replaced, how minutes are kept, as well as other procedural details of its operation are defined. The abovementioned Rulebook of Operation is disclosed to the Board of Directors as well as to the Hellenic Capital Market Commission.

The responsibility of the Committee are mainly to take decisions on manners concerning market access, trading in the Markets, listing of financial instruments and classifying them in Segments, notification obligations of listed companies, imposition of sanctions in accordance with Section (6) of the Athens Exchange Rulebook, as well as other matters concerning the operation of the markets and application of the Athens Exchange Rulebook, as specified in the Rulebook of operation of the Committee. Furthermore, the Committee is responsible for amending the Rulebook of the Athens Exchange and to issue decisions in execution of the Rulebook, in accordance with §7.1.3.

The Committee may form committees and delegate to them, as well as to other departments, responsibilities regarding the implementation of the provisions of the Rulebook of the Athens Exchange. No responsibilities are delegated which concern amendments to the Rulebook of the Athens Exchange or the issuance of decisions based on the Rulebook in accordance with §7.1.3 of the Rulebook of the Athens Exchange.

Wherever in the provisions of the Athens Exchange Rulebook there is mention of a Decision or other action of the Company, this decision is in principle taken by the Stock Markets Steering Committee, even if not expressly mentioned. The Steering Committee informs the Board of Directors quarterly on the events of the previous quarter.

Committee composition:

Chairman	Socrates Lazaridis, Chief Executive Officer
Vice Chairman	Nikolaos Porfyris, Chief Business Development Officer
Members	Kimon Volikas, President of the Hellenic Fund and Asset Management Association
	Apostolos Gkoutzinis, Partner at Milbank
	Panagiotis Drakos, President of the Union of Listed Companies
	Andre Kuusvek, Director for Local Currency and Capital Markets Development at the European Bank for Reconstruction and Development (EBRD)

Nikolaos Pimplis, Legal counsel to management, executive member of the Committee

Georgios Politis, Chief Executive Officer of Euroxx Securities

Athanasios Savvakis, President of the Federation of Industries of Northern Greece

George Serafeim, Associate Professor of Business Administration at Harvard Business School

Dionysios Christopoulos, Deputy Director, Banking Supervision Department at the Bank of Greece

In 2017 the Committee met thirty four (34) times as part of the framework of responsibilities mentioned above.

In addition, the Stock Markets Steering Committee decided to set up the following sub-Committees, in accordance with §7.1.3 (5) of the Athens Exchange Rulebook, article 1 §10 of the Alternative Market Rulebook and the decision of the BoD of ATHEX of 31.7.2017:

i. Listings & Market Operation Committee

The Listings & Market Operation Sub-Committee consists of nine members and specifically the three executive members of the Steering Committee (its Chairperson, Vice-Chairperson and Executive Member) and six non-executive members who are proposed by its Chairperson.

The powers of the Listings & Market Operation Committee are, primarily:

a) Decision-making for the approval of:

- New Listings / Admission to trading of shares, bonds, ETFs, warrants, SFPs, Derivatives, stock repos and any other financial instrument.
- Admission/re-admission to Markets and Trading Categories
- Deletion/discontinuation of a financial instrument
- Resumed trading of shares suspended >6 months
- Prospectus for the listing/admission of transferable securities made available through public offering <€5 million
- Listing/modification of a financial instrument on account of corporate actions, particularly: Listing of new shares arising from the share capital increase of a listed company through cash contributions and Bond listings.

b) Modification of and/or change to the characteristics of existing financial instruments

c) Any other instance of listing/admission to trading which is stipulated by an amendment to the Rules of Procedure of the Steering Committee.

d) Verify adherence to the ATHEX Rulebook or the Alternative Market Operating Rules, taking measures, imposing penalties, in accordance with the ATHEX Rulebook and the Alternative Market Operating Rules.

e) Forced cancellation of transactions in accordance with article 29 of Law 2579/1998, a responsibility assigned by decision dated 31.7.2017 of the Board of Directors.

f) Forced cancellation of transactions and orders in accordance with the ATHEX Rulebook and the Alternative Market Operating Rules, a responsibility assigned by decision dated 31.7.2017 of the Board of Directors.

g) Suspension of trading for more than one day

h) Setting Market Holidays

i) Acceptance of Alternative Market Advisors

j) Approval, change, withdrawal of a Member

k) Merger/Absorption of a Member

l) Approval of, withdrawal from, release from, change to obligations relating to Market Making in Financial Instruments

m) Introduction, amendment, abolition of rules on Market Making in Securities

n) Annual audit to verify Member compliance

o) Any other decision or action relating to or in connection with the above which arises from the ATHEX Rulebook or the Alternative Market Operating Rules

Committee composition:

Chairman	Socrates Lazaridis
Members	Nikolaos Porfyris
	Nikolaos Pimplis
	Kimon Volikas
	Apostolos Gkoutzinis
	Panagiotis Drakos
	Georgios Politis
	Athanasios Savvakis
	Dionysios Christopoulos

In 2017 the Committee met thirteen (13) times as part of the framework of responsibilities mentioned above.

ii. Corporate Actions Committee

The Corporate Actions Sub-Committee consists of five members and specifically the three executive members of the Steering Committee (its Chairperson, Vice-Chairperson and Executive Member) and the Chief Executive Officers of the Athens Exchange Group.

The Corporate Actions Committee has the following powers:

a) Verification of fulfillment of requirements for indirect listings

b) Approval of listing of new transferable securities due to the following corporate actions:

   i. Listing of bonus shares due to a share capital increase (capitalization of reserves or undistributed profits)

   ii. Listing of bonus shares (split, reverse split)

   iii. Listing of shares from a share capital increase due to merger

   iv. Listing of shares from stock options

   v. Listing of shares from conversion of bonds

   vi. Listing of shares due to conversion of shares of a different category

   vii. Listing of shares from a reinvestment program

   viii. Listing of Greek Government Securities or Bank Bonds

   ix. Listing of preemptive rights

c) Notification in accordance with the Rulebooks regarding the following corporate actions:

   i. Change in the nominal value of shares due to return of capital, offsetting of losses, capitalization of reserves

   ii. Change of corporate name or trade name

   iii. Cancellation of shares and Share Capital Reduction

   iv. Cancellation of bonds

v. Urgent transfer to the Low Free Float segment

vi. Any other decision or action relating to or in connection with the above which arises from the ATHEX Rulebook.

Committee composition:

Chairman	Socrates Lazaridis, Chairman of the Steering Committee
Members	Nikolaos Porfyris, Vice Chairman of the Steering Committee
	Nikolaos Pimplis, executive member of the Steering Committee
	Dimitris Karaiskakis, Chief Operating Officer
	Vasilis Govaris, Chief Financial Officer

In 2017 the Committee held seven (7) meetings as part of its abovementioned responsibilities.

Xnet Steering Committee

The responsibility of the Committee is to regulate any matter and necessary detail that concerns the application of the provisions of the Regulatory Framework with regards to the operation of the Xnet services, especially concerning the Xnet Network, the examination of applications and the participation of Members and Clearing Members, the risk management procedures that are applied and the determination of all types of parameters, methodologies and processes concerning this management, the procedures for settling Xnet trades and settlement, including the determination of cash settlement Entities and the particular procedures that are carried out by the Hellenic Central Securities Depository for settlement, the handling of overdue payments as well as taking related measures.

Committee composition:

Chairman	Dimitris Karaiskakis, Chief Operating Officer
Members	Andreas Daskalakis, Director of Market Operation & Member Support
	Christos Nikolaidis, Director of Risk Management and Clearing
	Konstantinos Karanasios, Director of Central Registry
	Dimitris Gardelis, Director of IT Development

In 2017 the Committee held eleven (11) meetings as part of its abovementioned responsibilities.

Policy of equal opportunity and diversity applied to managerial, administrative and supervisory bodies of the Company

The Athens Exchange Group complies at all levels with the existing regulatory framework for the application of equal treatment, and is committed to providing equal opportunity to all employees and candidates, at all levels of the hierarchy, and to operate under fair and legal human resource management processes, independent of gender, age, origin, handicap, sexual orientation, religion, participation in organizations, political beliefs, or any other characteristics that is protected by the law. All decisions concerning employment, including but not limited to those that concern hiring, promotion, training, pay and benefits, are based on individual qualifications, performance and behavior, and every effort is made that they be free of any unlawful discrimination.

The scope of the activities of the Group requires the contribution and combination of abilities, skills, professional-cognitive experiences and personalities of many people with different characteristics at all levels, and as such diversity at the Group is applied in practice and not just in theory.

Placements in administrative, managerial and supervisory bodies and senior positions of responsibility are based on merit and candidates are objectively examined, taking into consideration the advantages of diversification that include, but are not limited to gender, age, educational background, professional experience, individual abilities, knowledge and length of service.

In particular, for candidate appointments to the BoD of the Company, a priority of the Nomination and Compensation Committee is to ensure that the Board of Directors possesses strong leadership and the required combination of abilities in order to effectively implement the business strategy of the Group.

In addition, it is ensured that members possess strong values, guarantees of honesty and experience, in order to achieve the sound and prudent management of the Company. Persons recommended for election are those that, as a whole hold a variety of views, knowledge, judgment and professional experience, a commitment to fully participate in the Board of Directors and its Committees, traits required to properly discharge their duties and to maintain at the Board of Directors a balance of qualifications that meet corporate goals.

Furthermore, the structure, the specific activities and the environment in which the Group operates, the complexity of its operations and its special institutional role and character, the need to have a synthesis and balance between old and new members, gender balance, individual abilities and proven experience in financial matters, accounting, auditing, risk management and capital management, matters of new technologies and the new digital age, as well as a basic understanding of the legal and regulatory aspects that support the demands of the Group, are all taken into consideration.

On the Board of Directors of the Company, women account for 18.2% of non-executive members, and in the Committees of the Board of Directors the participation of women is 33%. The age of the members of the Board of Directors ranges from 44 to 65, with the average age being 56 years.

All members of the Board of Directors are holders of University level academic degrees conferred by Greek and/or foreign institutions, and most are also holders of post-graduate and/or doctorate degrees, with studies in various subjects, mainly finance and business administration, as well as political science, technology, information technology, philosophy, psychology.

Finally, all members have distinguished work careers and professional experience, with a long involvement in business administration in Groups and companies of the banking and financial sector, business administration, auditing, fund and risk management, financial management and corporate governance.

At the top management levels, all senior and top level executives have university level academic qualifications, with studies in various subjects – business administration, information technology, economics, legal, accounting, mathematics, political science and public administration – and have multi-year experience in their respective fields. Among senior and top executives, most have risen through the ranks at the Group, with a smaller percentage coming from the market.

At the top management levels, 33% of the posts are held by women, while the four senior executives are all men. The ages of middle executives range from 43 to 62 (with an average of 52 years), and, for senior executives ages range from 53 to 60 (with an average of 55 years) respectively.

In order to achieve sustainable and balanced development, and with the core principle that for managerial, administrative and supervisory bodies and positions of responsibility, objective qualifications and abilities are the material criteria, and that no automatic advancement takes place, the Group considers that the diversity applied, including gender balance, which is not approached on the basis of mandatory quotas, but based on objectivity and not an end in itself, is a key element for achieving its strategic objectives and maintaining its development, adds value, increases the qualifications pool, the experience and view that the Group possesses for its senior positions, as well as its competitiveness, productivity and innovation, so that in a structurally changing environment, it effectively and reliably improves the provision of core market operation services and adds value both to the capital raising procedures for businesses and to the fund management mechanisms for investors.

Matters of internal audit and risk management of the Company in relation to the reporting process

The primary concern of the Company is the development and the constant improvement and upgrade of the Internal Audit System, which comprises all of the recorded audit mechanisms and processes that cover the whole range of daily operations and procedures of the Company.

In particular, with regard to the Company's financial operations, a system of safeguards is in place that aims to prevent and/ or detect material errors in time in order to ensure the reliability of the financial statements, the effectiveness and efficiency of operations and compliance with the rules and regulations. Based on specific significance criteria (quantitative and qualitative), important accounts are identified, procedures are recorded, responsibilities and policies are assigned and control points are designed which are being implemented on an ongoing basis by management and staff.

The Board of Directors has the ultimate responsibility to monitor and appraise the effectiveness and sufficiency of the Internal Audit System.

Responsible for monitoring the compliance of the Internal Audit System are: a) the Audit Committee and b) the Internal Audit Division.

The **Audit Committee** of the Company has been set up by decision of the Board of Directors of the Company and operates based on the Standards for the Professional Application of Internal Audit of the Institute of Internal Auditors, decision 5/204/14.11.2000 of the Hellenic Capital Market Commission, Law 3016/2022 on corporate governance, and Law 3693/2008 on the harmonization of Greek legislation with Directive 2006/43/EC.

The main purpose of the Audit Committee is to assist the Board of Directors in the supervision of the quality, adequacy and effectiveness of the internal audit and risk management system, as well as the quality of the work performance of the Company.

The **Internal Audit Division** operates in the manner prescribed by the Code of Conduct and the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA), decision 5/204/14.11.2000 of the Hellenic Capital Market Commission and Law 3016/2002 on corporate governance. The Internal Audit Division reports to the Board of Directors, through the Audit Committee which supervises it.

The main responsibility of the Internal Audit Division is to express an opinion on the compliance or non-compliance of the internal processes of each audited area, as well as the application of the safeguards that have been adopted by Management, in order to prevent and avoid risk.

In addition, through the **Regulatory Compliance Unit** of the Group and the Regulatory Compliance Unit of Athens Exchange Clearing House (ATHEXClear), which operate independently of other departments of the Group, with clear and discrete lines of reporting from other Group activities, compliance is ensured with the letter and more importantly the spirit of the law, legal and regulatory rules and principles, codes of conduct and best practices in the markets in each of the countries where the Group and ATHEXClear are active, in order to minimize the risk of regulatory or supervisory sanctions, financial or reputational loss which the Group or ATHEXClear may suffer as a result of failure to comply with any rule.

Furthermore, a key concern of the Group is the management of risk arising from its business activities.

The Group, as organizer of the capital market, has developed a comprehensive framework for managing the risks to which it is exposed, ensuring its sustainability and development, as well as contributing to the stability and security of the capital market.

Athens Exchange Clearing House (ATHEXClear) belongs to the Group; it operates as a Central Counterparty (CCP) in the clearing of cash and derivatives products, and as such is obliged to satisfy strict requirements concerning risk management.

In particular, the internal and external legal and regulatory framework which ATHEXClear is directly subject to and the Group indirectly with regards to their obligations to monitor and manage risk, includes the Regulation of Clearing of Transferable Securities Transactions in Book Entry Form, the Regulation on the Clearing of Transactions on Derivatives, and Regulation (EU) 648/2012 of the European Parliament and Council of July 4th 2012 for OTC derivatives, central counterparties, and trade repositories, known as EMIR (European Market Infrastructure Regulation).

In light of these regulatory requirements, the Group applies a comprehensive plan for risk management in order to continue to provide high quality services.

At the relevant section of the Annual Financial Report, and in particular in the Management Report of the Board of Directors, there is an extensive reference to the applicable procedure for dealing with the financial, business and other above mentioned risk categories (page 20).

The Board of Directors is informed on a regular basis about the risks that the Group faces, and examines whether those risks are clearly identified, whether they have been adequately assessed, and whether their management is effective.

Information re items of article 10 §1 (c), (d), (f), (h), (i) of Directive 2004/25/EC of the European Parliament and of the Council of April 21st 2004 concerning public offers

- The information required under item (c) of §1 article 10 of Directive 2004/25/EC is already included in another section of the Annual Financial Report that refers to the additional information of article 4 §7 of law 3556/2007.
- With regards to the information required under item (d) of §1 article 10 of Directive 2004/25/EC, there are no securities of the Company that confer special control privileges to their holders.
- With regards to the information required under item (f) of §1 article 10 of Directive 2004/25/EC, there is no restriction of any kind on voting rights.
- With regards to the information required under item (h) of §1 article 10 of Directive 2004/25/EC, the provisions of the Articles of Association of the Company concerning the appointment and replacement of members of the Board of Directors and modifications of the Company's Articles of Association do not deviate from the provisions in codified law 2190/1920.

  In particular, in accordance with the provisions of the Articles of Association, the members of the Board of Directors can be nine (9) up to thirteen (13) and are elected by the General Meeting, which also decides on their number. Their term of office is four years, beginning on the day of election by the General Meeting and ends at the Annual General Meeting that is convened in the year during which the four year term since the election has already been completed.

  If a member of the Board of Directors resigns, dies, or forfeits his office in any way, or is declared forfeit by a decision of the Board of Directors due to unaccounted for absence from the meetings for three straight months, the Board of Directors may continue to manage and represent the Company without replacing these members, provided that the remaining members are at least nine (9).

  If the number of members of the Board of Directors drops below nine (9), and provided that the remaining members are at least three (3), the Board of Directors is obliged to elect replacements for the remainder of the term of office for the members being replaced, at least up until the ninth (9th) member. If elected by the Board of Directors as a interim member to replace another member, the election is announced to the General Meeting immediately following (Annual or Extraordinary), which may replace the members thus elected even if such an item has not been included in the daily agenda of the General Meeting in question.

  Already, by decision of the General Meeting, the members of the Board of Directors are thirteen (13).

  The members of the Board of Directors can always be reelected, and are freely recalled by the General Meeting of shareholders.
- The information required under item (i) of article 10 §1 of Directive 2004/25/EC is already included in another section of the Annual Financial Report that refers to the additional information of article 4 §7 of law 3556/2007.

TRANSACTIONS WITH ASSOCIATED COMPANIES OF THE HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE (ATHEX) GROUP FOR THE 17TH FISCAL YEAR FROM 1.1.2017 TO 31.12.2017

In accordance with the provisions of Article 2 of Law 3016/2002 on "Corporate governance, payroll issues and other provisions", a report on transactions with associated companies of the Hellenic Exchanges-Athens Stock Exchange SA Group (ATHEX) has been prepared for the fiscal year 1.1.2017 - 31.12.2017.

Transactions with companies associated with the Group concern the following categories:

Dividends

These are the dividends which are received by Athens Exchange from its subsidiaries, based on their participation percentages.

Invoicing of services

These are services granting the right to use the OASIS system, monitoring and maintaining the network, computer and telecommunications equipment of the companies of the Group and providing information to data vendors.

Intra-Group Contracts

Because of the operating restructuring of the Group, by a contractual agreement dated 25.4.2005, Athens Exchange provides support and administrative services to the other companies of the Group. In addition, by the relevant contractual agreements Athens Exchange provides user and IT services to the other companies of the Group; these services are specified in the individual contracts.

Rents

Following the relocation of the departments of the Group to the new building, ATHEX collected rent from Athens Exchange and ATHEXClear up until 19.12.2013. The ATHEX central registry and depository business, which includes the building at 110 Athinon Ave, was transferred on 19.12.2013 to TSEC, at the same time the headquarters were moved to Athens and the name of the company changed to ATHEXCSD. Starting on 1.1.2014 rent is collected by ATHEXCSD from the other companies of the Group.

Financing

The former Athens Exchange had concluded a loan agreement with the former HELEX in order to provide the latter with a short term cash facility. Following the merger of ATHEX with HELEX on 19.12.2013, the loan agreement was written off.

The value of transactions and the balances of the Group with associated parties on 31.12.2017 are analyzed in the following table:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Remuneration of executives and members of the BoD	1,412	1,411	1,025	1,009

For the Hellenic Exchanges-Athens Stock Exchange S.A. (ATHEX) Group (following the completion of the restructuring), intra-Group transactions between the following associated companies according to article 42e of Codified Law 2190/1920 are included:

- Hellenic Exchanges-Athens Stock Exchange S.A. (ATHEX)
- Hellenic Central Securities Depository (ATHEXCSD)
- Athens Exchange Clearing House (ATHEXClear)

The balances and the intra-Group transactions of the companies of the Group on 31.12.2017 are shown in the following tables:

INTRA-GROUP BALANCES (in €) 31-12-2017				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Claims	0	569,926	68,090
	Liabilities	0	0	0
ATHEXCSD	Claims	0	0	1,261,736
	Liabilities	569,926	0	6,637
ATHEXCLEAR	Claims	0	6,637	0
	Liabilities	68,090	1,261,736	0

INTRA-GROUP BALANCES (in €) 31-12-2016				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Claims	0	154,864	16,533
	Liabilities	0	44,400	0
ATHEXCSD	Claims	44,400	0	33,785
	Liabilities	154,864	0	1,600
ATHEXCLEAR	Claims	0	1,600	0
	Liabilities	16,533	33,785	0

INTRA-GROUP REVENUES-EXPENSES (in €) 31-12-2017				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Revenue	0	431,605	105,115
	Expenses	0	306,567	0
	Dividend Income	0	802,600	0
ATHEXCSD	Revenue	306,567	0	5,258,875
	Expenses	431,605	0	14,893
ATHEXCLEAR	Revenue	0	14,893	0
	Expenses	105,115	5,258,875	0

INTRA-GROUP REVENUES-EXPENSES (in €) 31-12-2016				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Revenue	0	415,114	53,332
	Expenses	0	289,867	0
	Dividend Income	0	4,013,000	0
ATHEXCSD	Revenue	289,867	0	6,227,402
	Expenses	415,114	0	0
ATHEXCLEAR	Revenue	0	0	0
	Expenses	53,332	6,227,402	0

Intra-Group transactions concern: the annual fee for trade settlement (art. 1 decision 1 of ATHEX fees), settlement instructions (art. 1 decision 1 concerning ATHEX fees), support services (accounting, security, administrative services etc.), IT services, as well as PC support services, which are invoiced at prices comparative to those between third parties.

REPORT IN ACCORDANCE WITH ARTICLE 4 OF LAW 3556/2007

The present explanatory report of the Board of Directors contains information in accordance with article 4 §7 of Law 3556/2007, and will be submitted to the Annual General Meeting of shareholders, in accordance with the provisions of article 4 §8 of Law 3556/2007.

Share capital structure

The share capital of the Company is €50,903,160.04 and is divided into 60.599.000 shares, with a par value of €0.84 each. All shares are listed for trading in the Main cash market of Athens Exchange. The Company's shares are common registered with a voting right.

The Company held on 31.12.2017 251,000 shares in treasury stock and therefore the number of shares that incorporate voting rights amounts to 60,348,000.

Restrictions on the transfer of shares of the Company

The transfer of shares of the Company takes place in accordance with the Law and there are no restrictions on their transfer in the Company's Articles of Association.

Significant direct or indirect participations in accordance with the provisions of Law 3556/2007

The following shareholders on 31.12.2016 possessed, directly and indirectly, more than 5% of the share capital of the Company:

Shareholder	% of the share capital of the Company
FRANKLIN TEMPLETON INSTITUTIONAL LLC (indirect participation - % based on the notification by the shareholder on 9.2.2016)	5.56%
THE LONDON AND AMSTERDAM TRUST COMPANY LTD (Direct participation - % based on the notification by the shareholder on 6.12.2013)	5.41%

No other physical or legal entity possesses more than 5% of the share capital of the Company.

Shares that provide special control privileges

No shares of the Company exist that confer on their holders special control privileges.

Voting right restrictions

No voting right restrictions are foreseen in the Articles of Association of the Company.

Agreements between shareholders of the Company

No agreement between its shareholders has been made known to the Company that implies restrictions in the transfer of its shares or in the exercise of voting rights of the Company's shares.

Rules for appointing and replacing members of the Board of Directors and modifying the Articles of Association, provided that they deviate from the provisions of Law 2190/1920

The Articles of Association have been harmonized with the provisions of Law 3604/2007. Beyond the special provision regarding the continuation of the representation and management of the Company in case of resignation, death, or in any other way loss of the capacity of Member of the BoD, provided that the remaining members are at least nine (9) in number, the provisions of the Articles of Association concerning the appointment and replacement of the members of the Board of Directors and the modification of the Articles of Association do not deviate from the provisions of Law 2190/1920, as it applies.

Responsibility of the Board of Directors or specific BoD members regarding the issuance of new shares or the purchase of own shares in accordance with article 16 of Law 2190/1920, as it applies

In accordance with article 13 §13 of Law 2190/1920, as it applies, the Board of Directors can increase the share capital of the Company, by issuing new shares, in order to implement stock option plans approved by the General Meeting, whereby beneficiaries obtain Company shares.

In accordance with the provisions of article 16 of Law 2190/1920, as it applies, the Company may, following the approval of the General Meeting, obtain own shares up to the amount of 1/10 of the paid-in share capital, under the specific terms and conditions foreseen by article 16 of Law 2190/1920, as it applies. There is no provision in the Articles of Association of the Company contrary to the above.

In accordance with the provisions in effect, the General Meeting of the shareholders of the Company on 20.05.2015 approved a share buyback program for up to 10% of the paid-in share capital, over a time period of 24 months, at a price range from €1.50 to €7.00, with the aim of cancelling at least 95% of the shares thus purchased (the remaining 5% may be distributed to employees).

Up until 21 April 2017, the date the program was completed, the Company had acquired a total of 5,020,563 shares corresponding to 7.68% of the paid-in share capital, at an average acquisition price of €4.63.

On 26 July 2017 the Company cancelled 4,769,563 shares of treasury stock and as a result on 31 December 2017 it possesses 251,000 shares that correspond to 0.41% of the paid-in share capital.

Important agreement concluded by the Company, coming into effect, modified or expiring, in case there is a change of control of the Company following a public offer, and the effects of any such agreement

No such agreement exists.

Agreements that the Company has concluded with members of its Board of Directors or with employees, which foresee the payment of compensation in case of resignation or termination without cause, or termination of the term of office or employment, as a result of a public offer

There are no agreements between the Company and members of its Board of Directors or employees, which foresee the payment of compensation, especially in case of resignation or termination without cause, or termination of the term of office or employment, as a result of a public offer.

ALTERNATIVE PERFORMANCE MEASURES

By the European Securities and Markets Authority (ESMA/2015/1415el)

The European Securities and Markets Authority (ESMA/2015/1415el) published the final guidelines on the Alternative Performance Measures (APMs) that apply starting on 3 July 2016 to companies with transferable securities traded in organized exchanges. APMs are published by the issuers during the publication of regulated information, and aim to improve transparency and promote usability as well as provide accurate and comprehensive information to investors.

An Alternative Performance Measure is an adjusted financial measurement of past or future financial performance, financial position or cash flows that is different from the financial measurement defined in the applicable financial reporting framework. In other words an APM on the one hand is not exclusively based on financial statement standards, and on the other it provides material supplementary information, excluding items that may potentially differentiate from the operating results or the cash flows.

APMs must always be taken into consideration in conjunction with the financial results that have been prepared based on IFRS, and in no instance should they be considered as replacing them. The Athens Exchange Group used APMs for the first time in fiscal year 2016, in order to better reflect the financial and operational performance related to the activity of the Group as such in the fiscal year in question, as well as the previous comparable period.

Items affecting the adjustment

In accordance with the financial statements for fiscal year 2017, essentially the only items affecting the adjustment of the measures used by the Group in order to calculate APMs are the provisions against bad debts and the valuation of the shares of a listed bank that it possesses.

The itemized data that affect the adjustment of APMs on 31.12.2017 and 31.12.2016 are shown in the table below:

in € thousand	01.01-31.12.2017	01.01-31.12.2016
Statement of Comprehensive Income		
Provisions against bad debts	(600)	(824)
Share valuation	0	(2,219)
Reversal of unused provisions	32	249
Total	**(568)**	**(2,794)**
Other Comprehensive Income		
Share valuation	(527)	711
Grand total	**(1,095)**	**(2,083)**

Based on the above table of adjustment items, the APMs used by the Athens Exchange Group are as follows:

Adjusted Measures for fiscal year 2017 compared to fiscal year 2016

1. **EBITDA:** Is reduced by 1%
2. **EBIT:** Is reduced by 4%
3. **EBT:** Is reduced by 8%
4. **EAT:** Is reduced by 14%
5. **Cash Flows after Investments:** Is increased by 107%

6. **Return on Investment (ROI):** Is reduced by 14%
7. **Return on Equity (ROE):** Is increased by 7%
8. **Degree of Financial Self-Sufficiency:** Is reduced by 3%
9. **Adjusted EPS:** Is reduced by 9%

Greater analysis concerning the definition and basis for calculation of the APMs is provided in note 5.53 of the present annual financial report.

Athens, 26 March 2018

The Board of Directors

3. AUDIT REPORT BY THE INDEPENDENT CERTIFIED AUDITORS ACCOUNTANTS

Independent auditor's report

To the Shareholders of "HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE SA (ATHEX)"

Report on the audit of the annual separate and consolidated financial statements

Our opinion

We have audited the accompanying annual separate and consolidated financial statements of "HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE SA" (the "Company") and its subsidiaries (the "Group") which comprise the annual separate and consolidated statement of financial position as of 31 December, 2017, the separate and consolidated statements of profit or loss and other comprehensive income (or profit or loss, comprehensive income), changes in equity and cash flow statements for the year then ended, and notes to the annual separate and consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Independence

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

We declare that the non-audit services that we have provided to the Company and its subsidiaries are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company and its subsidiaries, during the year ended as at 31 December 2017, are disclosed in the note 5.21 to the annual separate and consolidated financial statements.

Key audit matter

Key audit matter is that matter that, in our professional judgment, were of most significance in our audit of the annual separate and consolidated financial statements of the current period. That matters was addressed in the context of our audit of the annual separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on that matter.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Recoverability of client trade receivables

(Note 5.36 of Annual Separate and Consolidated Financial statements)

We have focused on this area due to the significance of the underlying estimates and assumptions, Management has used to calculate the provision for doubtful debts.

As at the 31 December, 2017, the Group and the Company have recorded client trade receivables of € 7,4 mil, and € 3,9 mil, respectively reduced by provision for doubtful debts of € 3,6 mil for the Group and € 1,9 mil for the Company.

The client trade receivables of the Group and Company are attributable to revenue generated from market transaction commissions, membership fees and market data service fees. At every reporting date, the aged client trade receivables are assessed in order determine whether additional impairment provision may be required.

Management considers information received from legal counsel and then assesses the collectability of trade receivables of each client based on the ageing profile of the respective balance, credit policy and status of subsequent settlement, in order to determine whether an additional impairment provision may or may not be required.

For the purpose of determining the adequacy of the impairment provision, significant estimates and assumptions are required, including estimating credit risks of clients and the timing of collection of such receivables.

Refer to annual separate and consolidated financial statements Note 5.2. “Basis of preparation of the Company and Consolidated financial statements” and Note 5.36 “Trade receivables, other receivables and prepayments”.
</td><td>
Our audit procedures in relation to the recoverability of client trade receivables included:

• Understand the Group and Company’s credit control procedures and methodology for assessing the recoverability of client trade receivables;

• Tested the accuracy of the aging of client trade receivable balances at year end on a sample basis;

• Assessed the adequacy of the recorded provision through our discussion with Management and legal counsel of the Group and Company;

• Assessed the underlying Management estimates and assumptions used in calculating the provision for doubtful client trade receivables; and

• Assessed the adequacy of the recorded provision at year end by comparing the outstanding amounts as at year end against subsequent settlements on a sample basis.

Based on the audit procedures performed, we found the estimates and assumptions used by Group and Company Management in the impairment assessment to be supported by the available evidence and the disclosures made in Note 5.36 of the annual separate and consolidated financial statements are adequate.
</td></tr>
</table>

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information, which is included in the Annual Report in accordance with Law 3556/2007, is the Statements of Board of Directors members and the Board of Directors Report (but does not include the annual separate and consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

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

We considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920 and the Corporate Governance Statement required by article 43bb of Codified Law 2190/1920 has been prepared.

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

- The information given in the the Board of Directors' Report for the year ended at 31 December 2017 is consistent with the annual separate and consolidated financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A of the Codified Law 2190/1920,
- The Corporate Governance Statement provides the information referred to items c and d of paragraph 1 of article 43bb of the Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Company and Group, "HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE SA (ATHEX)" and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report and Other Information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Other Matter

The annual separate and consolidated financial statements of "HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE SA (ATHEX)" of the prior period were audited by a predecessor auditor. The predecessor auditor issued and unqualified opinion on the 27 March, 2017 in respect to the annual separate and consolidated financial statements for the year ended 31 December, 2016.

Responsibilities of Board of Directors and those charged with governance for the annual separate and consolidated financial statements

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

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

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

Auditor’s responsibilities for the audit of the annual separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the annual separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual separate and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the annual separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual separate and consolidated financial statements, including the disclosures, and whether the annual separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report.

Report on other legal and regulatory requirements

1. Additional Report to the Audit Committee

Our opinion on the accompanying annual separate and consolidated financial statements is consistent with the requirements of Article 11 of Regulation (EU) No 537/2014 - Additional Report to the Audit Committee of the Company.

2. Appointment

We were appointed as auditors of the Company by the decision of the annual general meeting of shareholders on 25 May, 2017.

PricewaterhouseCoopers S.A.

268 Kifissias Avenue, 152 32 Athens

Reg. No. 113

Despina Marinou
Reg N. 17681

Fotis Smyrnis
Reg N. 52861

26 March, 2018

4. ANNUAL SEPARATE & CONSOLIDATED FINANCIAL STATEMENTS

for the period 1 January 2017 – 31 December 2017

In accordance with the International Financial Reporting Standards

4.1. Annual Statement of Comprehensive Income

	Notes	Group		Company	
		01.01 31.12.2017	01.01 31.12.2016	01.01 31.12.2017	01.01 31.12.2016
Revenue					
Trading	5.8	4,435	4,460	4,435	4,460
Clearing	5.9	8,171	8,288	0	0
Settlement	5.10	1,493	1,415	0	0
Exchange services	5.11	3,148	3,118	3,148	3,118
Depository services	5.12	2,580	2,077	0	0
Clearinghouse services	5.13	172	166	0	0
Market Data	5.14	3,204	3,266	3,482	3,628
IT services	5.15	309	320	263	273
Revenue from re-invoiced expenses	5.16	1,133	915	1,032	915
New Services (XNET, CP CSE-Sibex, IT etc)	5.17	2,170	2,008	989	1,010
Other services	5.18	597	673	675	632
Total turnover		**27,412**	**26,706**	**14,024**	**14,036**
Hellenic Capital Market Commission fee	5.19	(1,063)	(1,088)	(399)	(405)
Total Operating revenue		**26,349**	**25,618**	**13,625**	**13,631**
Expenses					
Personnel remuneration and expenses	5.20	9,458	9,543	5,387	4,753
Third party remuneration and expenses	5.21	810	588	439	420
Utilities	5.22	671	747	90	109
Maintenance / IT support	5.23	1,270	1,148	924	769
Other Taxes	5.24	1,200	1,079	623	617
Building / equipment management	5.25	514	556	112	109
Marketing and advertising expenses	5.26	278	271	255	242
Participation in organizations expenses	5.27	315	311	296	286
Insurance premiums	5.28	403	421	381	403
Operating expenses	5.29	1,317	1,106	1,013	487
BoG - cash settlement	5.30	61	61	0	0
Total operating expenses before new activities and depreciation		**16,297**	**15,831**	**9,520**	**8,195**
Re-invoiced expenses	5.31	977	866	821	752
Expenses from new activities (XNET, CSE-SIBEX CP, IT)	5.32	1,092	901	247	90
Total operating expenses, including new activities before depreciation		**18,366**	**17,598**	**10,588**	**9,037**
Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA)		**7,983**	**8,020**	**3,037**	**4,594**
Depreciation	5.33 & 5.34	(3,060)	(2,881)	(1,571)	(1,482)
Earnings Before Interest and Taxes (EBIT)		**4,923**	**5,139**	**1,466**	**3,112**
Capital income	5.38	321	577	180	407
Dividend income	5.35	0	0	803	4,013
Loss / valuation of securities	5.37	0	(2,219)	0	(2,219)
Financial expenses	5.38	(166)	(131)	(49)	(20)
Earnings Before Tax (EBT)		**5,078**	**3,366**	**2,400**	**5,293**
Income tax	5.47	(2,002)	(1,937)	(814)	(1,125)
Earnings after tax		**3,076**	**1,429**	**1,586**	**4,168**

Certain figures of the previous fiscal year have been restated (see note 5.2).

The notes in chapter 5 form an integral part of these financial statements of 31.12.2017.

(Amounts in thousand euro unless otherwise noted) 68

	Notes	Group 01.01 31.12.2017	Group 01.01 31.12.2016	Company 01.01 31.12.2017	Company 01.01 31.12.2016
Earnings after tax (A)		**3,076**	**1,429**	**1,586**	**4,168**
Other comprehensive income/(losses)					
Items that may later be classified in the income statement:					
Other comprehensive income transferred to results in future fiscal years					
Available for sale financial assets					
Valuation profits / (losses) during the period	5.37	(742)	1,002	(742)	1,002
Income tax included in other comprehensive income / (losses)		215	(291)	215	(291)
Other comprehensive income not transferred to results in future fiscal years					
Actuarial profits / (losses) from staff compensation provision	5.20	(38)	(7)	(22)	(10)
Income tax effect		11	2	6	3
Total other income / (loss) after taxes not transferred to other fiscal years (B)		**(554)**	**706**	**(543)**	**704**
Total comprehensive income (A) + (B)		**2,522**	**2,135**	**1,043**	**4,872**

Distributed to:			
Company shareholders		2,522	2,135
Profits after tax per share (basic & diluted; in €)	5.51	0.042	0.033
Number of shares		60,348,000	63,875,729

The notes in chapter 5 form an integral part of these financial statements of 31.12.2017.

(Amounts in thousand euro unless otherwise noted) 69

4.2. Annual Statement of Financial Position

	Note	Group		Company	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
ASSETS					
Non-Current Assets					
Tangible assets for own use	5.33	21,465	22,707	784	928
Intangible assets	5.33	6,084	5,440	4,075	4,113
Real Estate Investments	5.34	2,791	2,996	2,791	2,996
Investments in subsidiaries & other long term receivables	5.35	68	68	58,118	58,118
Deferred tax asset	5.40	1,241	983	1,173	915
		31,649	**32,194**	**66,941**	**67,070**
Current Assets					
Trade receivables	5.36	3,850	5,117	2,274	2,851
Other receivables	5.36	9,231	10,107	6,654	7,221
Income tax receivable	5.36	168	3,312	464	1,052
Financial assets available for sale	5.37	2,052	2,793	2,052	2,793
Third party balances in Group bank account	5.39	157,598	206,080	1,565	1,228
Cash and cash equivalents	5.39	85,851	100,017	33,970	53,547
		258,750	**327,426**	**46,979**	**68,692**
Total Assets		**290,399**	**359,620**	**113,920**	**135,762**
EQUITY & LIABILITIES					
Equity & Reserves					
Share capital	5.41	50,903	70,598	50,903	70,598
Treasury stock	5.41	(1,162)	(18,634)	(1,162)	(18,634)
Share premium	5.41	157	157	157	157
Reserves	5.41	51,819	70,119	48,603	66,958
Retained earnings		17,277	18,452	7,736	10,336
Total Equity		**118,994**	**140,692**	**106,237**	**129,415**
Non-current liabilities					
Grants and other long term liabilities	5.42	50	63	50	50
Staff retirement obligations	5.43	2,190	2,000	1,375	1,129
Other provisions	5.43	1,360	1,360	1,300	1,300
Deferred tax liability	5.40	1,568	1,711	0	0
		5,168	**5,134**	**2,725**	**2,479**
Current liabilities					
Trade and other payables	5.44	7,697	6,805	2,647	1,964
Third party balances in Group bank account	5.45	157,598	206,080	1,565	1,228
Current income tax payable	5.47	0	0	0	0
Social Security	5.46	942	909	746	676
		166,237	**213,794**	**4,958**	**3,868**
Total Liabilities		**171,405**	**218,928**	**7,683**	**6,347**
Total Equity & Liabilities		**290,399**	**359,620**	**113,920**	**135,762**

The notes in chapter 5 form an integral part of these financial statements of 31.12.2017.

(Amounts in thousand euro unless otherwise noted) 70

4.3. Annual Statement of Changes in Equity

4.3.1. Group

	Share Capital	Own Shares	Share Premium	Reserves	Retained Earnings	Total Equity
Balance 01.01.2016	**84,979**	**0**	**157**	**62,584**	**30,180**	**177,900**
Earnings for the period					1,429	1,429
Actuarial profit/ (loss) from defined benefit pension plans				0	(5)	(5)
Reclassification of valuation reserve				209		209
Profits/(losses) from valuation of financial assets available for sale				711	0	711
Total comprehensive income after taxes	**0**	**0**	**0**	**920**	**1,424**	**2,344**
Profit distribution to reserves				6,615	(6,615)	0
Share buy back		(18,634)				(18,634)
Return of share capital (note 5.41)	(14,381)					(14,381)
Dividends paid					(6,537)	(6,537)
Balance 31.12.2016	**70,598**	**(18,634)**	**157**	**70,119**	**18,452**	**140,692**
Earnings for the period					3,076	3,076
Actuarial profit/ (loss) from defined benefit pension plans				0	(27)	(27)
Losses from valuation of financial assets available for sale				(527)		(527)
Total comprehensive income after taxes	**0**	**0**	**0**	**(527)**	**3,049**	**2,522**
Profit distribution to reserves				302	(302)	0
Share buy back		(4,609)				(4,609)
Cancellation of treasury stock	(4,006)	22,081		(18,075)		0
Return of share capital (note 5.41)	(15,689)					(15,689)
Dividends paid (note 5.51)					(3,922)	(3,922)
Balance 31.12.2017	**50,903**	**(1,162)**	**157**	**51,819**	**17,277**	**118,994**

The notes in chapter 5 form an integral part of these financial statements of 31.12.2017.

(Amounts in thousand euro unless otherwise noted) 71

4.3.2. Company

	Share Capital	Own Shares	Share Premium	Reserves	Retained Earnings	Total Equity
Balance 01.01.2016	**84,979**	**0**	**157**	**59,699**	**19,051**	**163,886**
Earnings for the period					4,168	4,168
Actuarial profit/ (loss) from defined benefit pension plans				0	(7)	(7)
Profits/(losses) from valuation of financial assets available for sale				711		711
Reclassification of valuation provision				209		209
Total comprehensive income after taxes	**0**	**0**	**0**	**920**	**4,161**	**5,081**
Profit distribution to reserves				6,339	(6,339)	0
Share buy back		(18,634)				(18,634)
Return of share capital (note 5.41)	(14,381)					(14,381)
Dividends payable					(6,537)	(6,537)
Balance 31.12.2016	**70,598**	**(18,634)**	**157**	**66,958**	**10,336**	**129,415**
Earnings for the period					1,586	1,586
Actuarial profit/ (loss) from defined benefit pension plans				0	(16)	(16)
Loss from valuation of financial assets available for sale				(527)		(527)
Total comprehensive income after taxes	**0**	**0**	**0**	**(527)**	**1,570**	**1,043**
Profit distribution to reserves				248	(248)	0
Share buy back		(4,609)				(4,609)
Cancellation of treasury stock	(4,006)	22,081		(18,075)		0
Return of share capital (note 5.41)	(15,689)					(15,689)
Dividends paid (note 5.51)					(3,922)	(3,922)
Balance 31.12.2017	**50,903**	**(1,162)**	**157**	**48,603**	**7,736**	**106,237**

The notes in chapter 5 form an integral part of these financial statements of 31.12.2017.

(Amounts in thousand euro unless otherwise noted) 72

4.4. Annual Cash Flow Statement

	Notes	Group		Company	
		1.1-31.12.2017	1.1-31.12.2016	1.1-31.12.2017	1.1-31.12.2016
Cash flows from operating activities					
Profit before tax		5,078	3,366	2,400	5,293
Plus / (minus) adjustments for					
Depreciation	5.33 & 5.34	3,060	2,881	1,571	1,482
Grant depreciation		(13)	(24)		
Staff compensation provisions	5.38	162	53	230	8
Net provisions	5.36	600	974	200	150
Interest Income	5.38	(322)	(577)	(180)	(407)
Dividends received				(803)	(4,013)
Derecognition – Available for sale financial assets		0	2,219	0	2,219
Interest and related expenses paid	5.38	166	131	49	20
Plus/ (minus) adjustments for changes in working capital accounts or concerning operating activities					
Reduction/Increase in receivables		1,785	4,226	938	(1,798)
Reduction/Increase in liabilities (except loans)		650	(7,281)	753	(880)
Reduction/Total adjustments for changes in working capital		**11,166**	**5,968**	**5,158**	**2,074**
Interest and related expenses paid	5.38	(166)	(131)	(49)	(20)
Staff compensation payments		0	(166)	0	(121)
Taxes paid		990	(1,421)	(263)	(690)
Net inflows / outflows from operating activities (a)		**11,990**	**4,250**	**4,846**	**1,243**
Investing activities					
Purchases of tangible and intangible assets	5.33 & 5.34	(2,256)	(2,493)	(1,184)	(1,738)
Interest received	5.38	322	577	180	407
Dividends received			0	803	4,013
Total inflows / (outflows) from investing activities (b)		**(1,934)**	**(1,916)**	**(201)**	**2,682**
Financing activities					
Special dividend (share capital return)	5.41	(15,689)	(14,381)	(15,689)	(14,381)
Share buy back	5.41	(4,611)	(18,634)	(4,611)	(18,634)
Dividend payments	5.51	(3,922)	(6,537)	(3,922)	(6,537)
Total outflows from financing activities (c)		**(24,222)**	**(39,552)**	**(24,222)**	**(39,552)**
Net increase/ (decrease) in cash and cash equivalents from the beginning of the period (a) + (b) + (c)		**(14,166)**	**(37,218)**	**(19,577)**	**(35,627)**
Cash and cash equivalents at start of the period	**5.38**	**100,017**	**137,235**	**53,547**	**89,174**
Cash and cash equivalents at end of the period	**5.38**	**85,851**	**100,017**	**33,970**	**53,547**

The notes in chapter 5 form an integral part of these financial statements of 31.12.2017.

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5. NOTES TO THE 2017 ANNUAL SEPARATE & CONSOLIDATED FINANCIAL STATEMENTS

5.1. General information about the Company and its subsidiaries

The Company "HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A. (ATHEX)" with the commercial name "ATHENS STOCK EXCHANGE" was founded in 2000 (Government Gazette 2424/31.3.2000) having General Electronic Commercial Registry (GEMI) No 3719101000 (former Companies Register No 45688/06/B/00/30). Its head office is in the Municipality of Athens at 110 Athinon Ave, Postal Code 10442. The shares of the Company are listed in the Main Market segment of the Athens Exchange cash market. Following the completion of the merger with the Athens Exchange (decision K2-7391/19.12.2013 of the Deputy Minister of Development and Competitiveness) based on its Articles of Association the company's purpose is:

- the participation in companies and business of any legal form having activities related to the support and operation of organized capital markets, as well as the development of activities and provision of services related to the support and operation of organized capital markets, in companies that it participates and in third parties that participate in organized capital market or that support their operation.
- the organization and support of the operation of a cash market, a derivatives market, as well as other financial means (including any type of product with any kind of reference values) in Greece and abroad.

At the end of 2013 the following corporate actions were completed: a) by the approval decision (K27391/19.12.2013) of the Deputy Minister of Development and Competitiveness, HELEX absorbed ATHEX and as a result carries out itself trading (organization and operation of securities and derivative markets as well as other financial instruments) at the Athens Exchange and b) by the approval decision (39079/19.12.2013) of the Chairman of Thessaloniki Chamber of Commerce and Industry (TCCI), the spin-off of the Central Securities Depository business, the Registry and Settlement services, as well as the management of the Dematerialized Securities System, and contribution to HCSD in accordance with law 2166/1993; as a result the abovementioned activities are now being carried out by the Central Securities Depository S.A. (ATHEXCSD).

The annual financial statements of the Group and the Company for 2017 have been approved by the Board of Directors on 26.3.2018. The financial statements have been published on the internet, at www.athexgroup.gr. The six month and the annual financial statements of the subsidiaries of the Group ATHEXCSD and ATHEXClear are published at www.athexgroup.gr, even though they are not listed on the Athens Exchange.

The companies in which the parent company participates with their relevant activities and participation percentages, which are included in the consolidated financial statements (with the full consolidation method), are:

Company	**Hellenic Central Securities Depository (ATHEXCSD)**	
Head Office	Athens	
Activity	Settlement of off-exchange transfers on transferrable securities. The provision of registration and settlement on dematerialized securities, listed and non-listed on the Athens Exchange or on other exchanges or other organized cash markets. The provision of services concerning: distribution of dividends, interest payment, distribution of securities, intermediation in the transfer of options or stock options without consideration and carrying out any activity related to the above. The development, management and exploitation of the IT and operating system for registering dematerialized securities Carrying out commercial activities to promote and provide IT services and use / broadcast Market Data from Greece and abroad as a Data Vendor, as well as in general the promotion, distribution, support, monitoring, operation and commercial exploitation of products, systems and customized software applications based on corresponding licenses to resell and commercially exploit.	
% of direct participation	**31.12.2017**	**31.12.2016**
ATHEX	100%	100%

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ATHEX GROUP	100%	100%

Company	**Athens Exchange Clearing House (ATHEXClear)**	
Head Office	Athens	
Activity	Management of clearing systems and / or central counterparty, as well as comparable mechanisms with similar characteristics and / or a combination of these systems in order to carry out, in Greece and/or abroad, the activities of finalizing or reconciling or settling the finalization of transactions in financial instruments and in general the operation as a System administrator in accordance with the provisions of article 72 of Law 3606/2007 (Government Gazette A/195/17.8.2007), as it applies.	
% of direct participation	**31.12.2017**	**31.12.2016**
ATHEX	100%	100%
ATHEX GROUP	100%	100%

The ATHEX Group, despite being the entity operating the market for derivative financial products, and possessing the systems (OASIS, DSS) through which transactions in derivative products take place, does not use such products for its own account. Following the approval (decision 20153/15.7.2010) by the Athens Prefecture for the spin-off of the clearing of trades at ATHEX business from HELEX and its contribution to ATHEXClear, in accordance with Law 2166/1993, starting on 16.7.2010 ATHEXClear clears trades at Athens Exchange. ATHEXClear, a subsidiary of the Company, is a central counter-party and performs the clearing for every trade, but does not report these trades. The margin deposited to an account belonging to investors, managed by the Member and blocked in favor of ATHEXClear is not reported in the financial statements.

The various types of guarantees that ATHEXClear and the Athens Exchange receive from their Members, in order to acquire and maintain their capacities in the Cash and Derivatives markets are reported.

5.2. Basis of preparation of the annual financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and their interpretations as issued by the International Financial Reporting Interpretations Committee (IFRIC) of IASB and adopted by the European Union and are mandatory for fiscal years ending on December 31st 2017. There are no standards and interpretations of standards that have been applied before the date they go into effect.

The attached financial statements have been drafted on the basis of historical cost as modified by the revaluation of specific assets, equity and liabilities to fair values (commercial securities portfolio, assets available for sale) and the principle of “going concern”.

The excellent organization of the Group, the reliable operation of the capital market, the continuous investment in modern equipment and processes, the absence of loan liabilities, the recognition of its reliability by internationally recognized rating agencies, as well as the liquidity that it possesses, guarantee its survival in the long term, with significant benefits for shareholders. The recent economic crisis gripping the country, and the imposition of capital controls, create significant problems in the operation and profitability of the Group; however it is estimated that, with the agreed actions of the 3rd memorandum signed by the Greek government as part of the EU and within the Euro system, any obstacles will be overcome and the country will return to growth, supported by the necessary structural changes that are gradually being legislated.

The preparation of financial statements in accordance with the International Financial Reporting Standards requires that the Management of the Group make important assumptions and accounting estimates that affect the balances of the Asset and Liability accounts, the disclosure of contingent claims and liabilities on the preparation date of the Financial Statements, as well as the revenues and expenses presented in the fiscal year in question. Despite the fact that these estimates are based on the best possible knowledge of the management of the Company as regards the current conditions, actual results may differ from these estimates in the end.

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Estimates and judgments are continuously evaluated, and are based on actual data and other factors, including anticipation of future events that are to be expected under reasonable conditions.

The sectors that require a higher degree of judgment and where the assumptions and estimations are significant for the Financial Statements are noted below:

Income tax

Current tax obligations, both for the current as well as for previous fiscal years, are calculated based on the amounts that are expected to be paid to the tax authorities, using the tax rates that have been legislated up until the balance sheet date. Income tax in the income statement includes the tax for the current year, as expected to be declared in the income tax declaration, as well as estimated additional tax assessments that may be imposed by the tax authorities during the auditing of the unaudited fiscal years. These assumptions take into consideration past experience and an analysis of current facts and circumstances. As such, the final income tax settlement may deviation from the income tax booked in the financial statements.

If the final tax figure is different than the amount initially recognized, the difference will affect the income tax in the fiscal year the determination of the tax differences takes place (note 5.47).

Provisions for bad debts

The management of the Group periodically reexamines the adequacy of the provision for bad debts in conjunction with its credit policy, and by taking into consideration information provided by the Legal Affairs Division of the Group, which are the result of the processing of the relevant historical data and recent developments in the cases that it handles (note 5.36).

The provision balance is appropriately adjusted in order to reflect the relevant potential loss. As soon as it becomes known that a particular account is subject to greater than the usual credit risk, the account is analyzed and impairment is charged if conditions indicate that the claim has become doubtful.

Useful lives of tangible and intangible assets - Valuation

Management makes certain estimates concerning the useful life of depreciable assets. These remaining useful lives are periodically reexamined in order to estimate whether they continue to be appropriate. In addition, management evaluates market conditions in the real estate market and makes estimates regarding their valuation (notes 5.33 & 5.34).

Defined benefits plans

The cost of the benefits for defined benefits plans is calculated using actuarial estimates, which in turn use assumptions about the discount rates, the rate of salary increases, and mortality rates. Due to the long term nature of these plans, these assumptions are subject to significant uncertainty, and are reevaluated on each reporting date.

Management strives to estimate in the best possible manner these parameters on every reporting date when this provision is revised (notes 5.20).

Impairment check for participations

The Company carries out the relevant impairment check of their participations when there are impairment indications. In order to perform the impairment check, a determination of the “value in use” of the subsidiaries takes place. This determination of the value in use requires that the future cash flows of each subsidiary be determined, and the appropriate discount rate selected, based on which the present value of the abovementioned future flows is determined (note 5.35).

Deferred tax claims

Deferred tax claims are recognized for all deductible temporary differences and tax losses carried forward to the extent that it is probable that taxable profits will be available in the future to be used against those deductible temporary differences and tax losses carried forward. Significant estimates by Management are required in order to ascertain the size of the deferred tax claim that may be recognized, based on the possible time and size of future taxable profits in conjunction with the tax planning of the entity (note 5.43).

Contingent liabilities

The existence of contingent liabilities requires that Management constantly make assumptions and value judgments regarding the possibility that future events may or may not occur, as well as the effect that these events could have on the activity of the Group (note 5.52).

Estimations – sources of uncertainty

There are no significant assumptions that have been made about the future or other sources of estimation uncertainty which may cause significant risk for material adjustment in the book value of the assets and liabilities in the following fiscal year.

The economic crisis in the country intensifies uncertainty and concern. Following the agreement with the creditors in the EU and the Eurozone however, and the completion of the evaluation of the program by the institutions, Greece is gradually expected to overcome the economic crisis and, supported by the far-reaching and necessary structural changes, enter a growth phase.

Going concern

Management examines the main financial data and, on occasion, the fulfillment of medium term budgets, together with the existing loan conditions, if available, in order to arrive at the conclusion that the assumption of going concern is appropriate for use in preparing the annual financial statements of the Group and the Company.

It is estimated that, following the agreement with the institutions, the signing of the third Memorandum and the implementation of the commitments undertaken, the crisis that the Greek economy faces will gradually be overcome. The positive evaluation of the program by the institutions and the removal of capital controls will help restore a healthy economic environment in Greece. The companies of the Group are very well placed in the domestic and international capital markets, and are well organized in order in order to overcome any adversities they face.

Modifications in the published data of the Group and the Company in the Statement of Comprehensive Income

As part of the effort to provide greater transparency and more meaningful information to investors, a reclassification of accounts in the Statement of Comprehensive Income took place. As a result of these changes, it is required that the published data for the corresponding period last year be adjusted accordingly, in order to make the two periods comparable.

The table below presents the classification of the published Statement of Comprehensive Income of the Group and the Company to the new accounts structure that the Group decided to implement starting in fiscal year 2016.

	note	Group		Company	
		01.01	01.01	01.01	01.01
		31.12.2016	31.12.2016	31.12.2016	31.12.2016
		Modified	Published	Modified	Published
Revenue					
Trading	5.8	4,460	4,460	4,460	4,460
Clearing	5.9	8,288	8,305	0	0
Settlement	5.10	1,415	1,398	0	0
Exchange services	5.11	3,118	3,118	3,118	3,118
Depository services	5.12	2,077	2,077	0	0
Clearinghouse services	5.13	166	166	0	0
Data feed	5.14	3,266	3,266	3,628	3,628
IT services	5.15	320	320	273	273
Revenue from re-invoiced expenses	5.16	915	915	915	915
New Services (XNET, CP CSE - Sibex, IT etc)	5.17	2,008	2,008	1,010	1,010
Other services	5.18	673	922	632	747
Total turnover		**26,706**	**26,955**	**14,036**	**14,151**
Hellenic Capital Market Commission fee	5.19	(1,088)	(1,088)	(405)	(405)
Total Operating revenue		**25,618**	**25,867**	**13,631**	**13,746**
Costs & Expenses					
Personnel remuneration and expenses	5.20	9,543	9,543	4,753	4,753
Third party remuneration and expenses	5.21	588	588	420	420
Utilities	5.22	747	747	109	109
Maintenance / IT support	5.23	1,148	1,148	769	769
Other Taxes	5.24	1,079	1,079	617	617
Building / equipment management	5.25	556	556	109	109
Marketing and advertising expenses	5.26	271	271	242	242
Participation in organizations expenses	5.27	311	311	286	286
Insurance premiums	5.28	421	421	403	403
Operating expenses	5.29	1,106	385	487	529
BoG - cash settlement	5.30	61	61	0	0
Other expenses		0	146	0	73
Total operating expenses before new activities & Depreciation		**15,831**	**15,256**	**8,195**	**8,310**
XNET expenses					0
Re-invoiced expenses	5.31	866	866	752	752
Expenses from new activities (XNET, CSE-SIBEX CP, IT)	5.32	901	901	90	90
Provisions for bad debts	5.33	0	824	0	0
Total operating expenses, including new activities		**17,598**	**17,847**	**9,037**	**9,152**
Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA)		**8,020**	**8,020**	**4,594**	**4,594**

5.3. Basic Accounting Principles

The basic accounting principles adopted by the Group and the Company for the preparation of the attached financial statements are as follows.

5.3.1. Basis for consolidation

(a) Subsidiaries

The Consolidated Financial Statements include the Financial Statements of the Group and its subsidiaries. Subsidiaries are all companies (including special purpose vehicles) whose operation the Group controls. The Group controls a company when it is exposed to, or has rights to, various returns of the company due to its participation in it, and has the ability to affect these returns through its power over the company.

Subsidiaries are fully consolidated from the date that control is transferred to the Group and cease being consolidated from the date that this control no longer exists.

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The Group is using the acquisition method to account for business combinations. The acquisition price for a subsidiary is calculated as the total of the fair values of the assets transferred, liabilities assumed and participation titles issued by the Group. The consideration of the transaction also includes the fair value of the assets or liabilities that arise from a contingent consideration agreement.

In a business combination the costs related to the acquisition are expensed. The identifiable assets acquired, the liabilities and contingent liabilities are measured at fair value on the acquisition date. In case of a non-controlling participation, the Group either recognizes it at fair value, or at the equity share value of the company acquired.

If an acquisition takes place in stages, the book value of the assets of the company that is acquired and possessed by the Group on the acquisition date is revalued at fair value. The profit or loss from the revaluation at fair value is recognized in the profit and loss statement.

Each contingent consideration provided by the Group is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent consideration, which is considered an asset or a liability, is recognized either in accordance with IAS 39, in the profit and loss statement, or as a change in other comprehensive income. The contingent consideration that is classified as an asset is not revalued and subsequent arrangements take place in equity.

Goodwill initially recognized in the acquisition cost is the excess amount from the total consideration that was paid and the amount recognized as a non-controlling participation, against the net assets that were acquired and the liabilities assumed. Provided that the fair value of assets is greater than the total consideration, the profit from the transaction is recognized in the Statement of Comprehensive Income.

Following the initial recognition, goodwill is measured at cost minus accumulated impairment losses. For the purposes of an impairment test, goodwill created from company acquisitions is distributed after the acquisition date to each cash generating unit of the Group that is expected to benefit from the acquisition, irrespective on whether the assets or liabilities of the acquired firm are transferred to that unit.

If goodwill is allocated to a cash generating unit and part of the activity of that unit is sold, goodwill associated with that part of the activity is included in the book value when determining profit and loss from the sale. In that case, goodwill sold is calculated based on the relative values of the activity sold and the part of the cash flow generating unit that is maintained.

Any losses are distributed to non-controlling participations, even if the balance becomes negative.

In the Statement of Financial Position of the Company, investments in subsidiaries are shown at the acquisition value less any impairment losses. The acquisition value is adjusted in order to incorporate the changes in the consideration from the changes in the contingent consideration.

The financial statements of the subsidiaries are prepared on the same date and use the same accounting principles as the parent Company. Intra-group transactions, balance and accrued profits/ losses in transactions between the companies of the Group are eliminated.

(b) Changes in the participation in subsidiaries without change in control

Transactions with non-controlling participations that result in control of a subsidiary by the Group being maintained are considered equity transactions, i.e. transactions between owners. The difference between the fair value of the consideration paid and the part of the book value of the net assets of the subsidiary company that has been acquired is also recognized in equity.

(c) Sale of subsidiaries

When the Group ceases to have control, any remaining participation is revalued at fair value, while any differences that arise compared to the book value is recognized in the results. Then the asset is recognized as an associate company, joint venture or financial asset at that fair value.

In addition, relevant amounts previously recognized in other comprehensive income concerning that company, is accounted using the same method that the Group would have used in case the assets or liabilities had been liquidated, i.e. they may be transferred to the results.

5.3.2. Conversion of foreign currencies

Functional and presentation currency

The data in the Financial Statements of the companies of the Group are measured in the currency of the financial environment in which each company functions (functional currency). The consolidated Financial Statements are presented in euro, the functional currency of the parent company.

Transactions and balances

Transactions in foreign currency are converted to the functional currency using the exchange rates in effect on the date of the transactions. Profits and losses that arise from the settlement of transactions in foreign currency, as well as from the valuation, at the end of the fiscal year, of the currency assets and liabilities that are expressed in foreign currency, are booked in the Statement of Comprehensive Income. Foreign exchange differences from non-currency assets that are valued at fair value are considered part of the fair value and are therefore booked just like differences in fair value.

5.3.3. Tangible assets

Investments in real estate

Investments in real estate are those assets which are owned either for rental income or for capital gains or both. Plots of land and buildings are the only investments considered investments in real estate.

Investments in real estate are initially measured at cost. Initial cost includes transaction expenses: professional and legal expenses, transfer taxes and other direct costs.

Following the initial measurement, investments in real estate are measured at cost minus accumulated depreciation.

Transfers to investments in real estate only take place when the purpose of their use changes, as demonstrated with the end of their use, the start of a long term financial lease to third parties or the completion of their construction or development. Transfers from investments in real estate only take place when there is a change in use, as demonstrated by the start of their use by the Group or the start of development with the intent to sell.

For a transfer from investments in real estate that is presented at fair value to owner-occupied property, the cost of the property for subsequent accounting treatment (in accordance with IAS 16), is the acquisition cost minus accumulated depreciation.

Depreciation of investments in real estate (except plots of land which are not depreciated) is calculated using the straight line method for the duration of their useful life, which is estimated at 25 years.

The useful life of investments in real estate and their salvage values are revised annually. When the book value of investments in real estate exceeds their recoverable value, the difference (impairment) is recognized as an expense in the Statement of Comprehensive Income.

Tangible owner-occupied assets

Real estate (plots of land – buildings) belonging to fixed assets are recorded at their adjusted values, during the first application of IFRS, and subsequently at fair value which is based on estimated made by independent estimators, less future building depreciation. Estimations are made regularly in order for the fair value of the adjusted asset not to differ significantly from its book value.

Other tangible assets used are recorded in the financial statements at acquisition cost minus accumulated depreciation and any value impairment provisions. The acquisition cost includes all the direct expenses for the acquisition of the assets.

Later expenses are recognized as an increase in the book value of the tangible fixed assets or as a separate asset only if it is probable that future financial benefits will flow to the Group, and the cost can be reliably measured.

The cost of repairs and maintenance is recognized in the Statement of Comprehensive Income when incurred.

Depreciation of other tangible assets (except plots of land which are not depreciated) is calculated using the straight line method during their useful life.

The useful lives of tangible assets are shown below:

	Useful life after 1.1.2014
Buildings and construction	25 years ή 4%
Machinery	5 years ή 20%
Means of transportation	6.25 years ή 16%
Other equipment	5-10 years ή 20-10%

The useful life of tangible assets and their salvage values are revised annually. When the book value of the fixed assets exceeds their recoverable value, the difference (impairment) is recognized as an expense in the Statement of Comprehensive Income.

When tangible assets are retired or sold, the associated cost and the accumulated depreciation are eliminated from the relevant accounts at the time the asset is retired or sold, and the associated profits or losses are recognized in the Statement of Comprehensive Income.

5.3.4. Intangible assets

Intangible assets include software licenses valued at the acquisition cost minus accumulated depreciation and any impairment. Depreciation is calculated using the straight line method during the useful life of these assets, which is estimated to be approximately 3 years.

It is noted that the depreciation rate applied by the Group for development – upgrade of its core systems is 10%.

5.3.5. Impairment of non-financial assets

The Company and the Group examine at each date of the financial statements, whether there are impairment indications for non-financial assets. The book values of assets are revised for any impairment, whenever events or changed circumstances indicate that the book value may not be recoverable. When the book value of an asset exceeds its recoverable value, an impairment loss is recognized in the Profit and Loss Statement. The recoverable amount is calculated as the greater of the fair value less sale expenses and the value-in-use.

The fair value less sale expenses is the amount that results from the sale of an asset in an independent transaction between informed and willing parties, after subtracting all additional direct sale expenses, while the value-in-use is the present value of the estimated future cash flows that are expected to occur from the continuous use of the asset and its disposal at the end of its useful life. In order to evaluate the impairment, the assets are grouped at the lowest level for which there are discrete recognizable cash flows.

5.3.6. Financial instruments

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Financial instruments are presented as claims, liabilities, or elements of equity, based on the substance or contents of the relevant contracts from which they arise. Interest, dividends, profits or losses which arise from the financial products which are designated as claims or liabilities are accounted for as income or expenses respectively. Dividends distributed to shareholders are recognized directly to equity. Financial instruments are offset when the Company has this right according to the law and intends to offset on a net basis (between them) or to recover the asset and to offset the liability at the same time.

Securities are documents (titles) incorporating a right on a specific asset which can be valued in cash. These titles are either registered or bearer. The main types of securities are shares, T-bills, bonds (government, bank or corporate), treasury bills, mutual funds etc.

Purchases and sales of financial instruments are recognized on the day of the transaction, which is the day the Group is obliged to purchase or sell the instrument.

Securities were initially characterized as securities available for sale. The estimated profits or losses that arise from the changes in the fair value of the securities that are classified in the available for sale portfolio are recognized in a special reserve in equity. When the securities from the available-for-sale portfolio are sold, the corresponding accumulated profits/losses are transferred from the special reserve to the corresponding accounts in the Statement of Comprehensive Income.

The financial assets of the Group are classified in the following categories based on the nature of the contract and the purpose for which they were acquired. The decision for the classification is taken by management when the asset is initially recognized.

Loans and claims

Includes non-derivative financial assets with fixed or predetermined payments, which are not traded in an active market, and which are not intended for sale. They are included in Current Assets unless their maturity is longer than 12 months from the date of the Financial Statements.

Financial claims and financial liabilities in the statement of financial position include cash and cash equivalents, third party balances in ATHEXClear bank accounts, securities, other claims, participations, short and long term liabilities.

Available-for-sale financial assets

This category includes non-derivative financial assets that are either classified in this category, or cannot be classified in one of the abovementioned categories. They are included in non-current assets if management does not intend to liquidate them within 12 months from the date of the Statement of Financial Position.

Accounting treatment and valuation

Purchases and sales of financial assets at fair value through the results, held until maturity and available-for-sale, are recorded on the transaction date, i.e. the date during which the Group commits to purchase or sell the asset. Financial assets that are not recognized at fair value through the results are initially recognized at fair value plus transaction costs. Financial assets cease being recognized when the rights to collect their cash flows expire, or when the Group has essentially transferred the risks and returns or rewards that ownership entails.

Investment titles available-for-sale and financial assets at fair value through the results are valued and presented at fair value in future periods as well.

Profits and losses from changes in the fair value of financial assets available for sale are recognized directly to Other Comprehensive Income, until the financial asset is derecognized or impaired, in which case the accumulated profit or loss, which was up until then recognized in equity, is transferred to the Statement of Comprehensive Income. Interest however from those assets which is calculated based on the real interest rate method, is recognized in the Statement of Comprehensive Income. Dividends from financial assets available-for-sale are recognized in the Statement of Comprehensive Income ("Income Statement") when the right to collect the dividend is approved by shareholders.

The fair value of investments that are traded in active markets, is determined by the current exchange ask prices.

The Group ceases to recognize (i.e. retires from the Statement of Financial Position) a financial asset (or whenever appropriate, part of the financial asset or part of a group of similar financial assets) when:

- The contractual rights on the cash flows of the financial asset expire, or
- The contractual rights on the cash flows of the financial asset are transferred or a contractual obligation is undertaken to pay all those cash flows on behalf of the eventual recipients, without substantial delay through a rollover agreement and either (a) the Company has essentially transferred all risk and benefits of ownership of the financial asset, or (b) the Company has neither transferred nor essentially maintained all risks and benefits of ownership of the asset, but has transferred control of the asset.

5.3.7. Other long term claims

Other long term claims may include rent guarantees, guarantees to utilities (OTE, PPC etc.) and other long term duration amounts. Other long term claims are valued at book value using the real interest rate method.

5.3.8. Clients and other trade receivables

Client receivables are initially recognized at fair value, and subsequently valued at amortized cost with the real interest rate, less any impairment losses. On every financial statements date, all past due or bad debts are evaluated in order to determine whether or not a provision for bad debts is required. The balance of the particular provision for bad debts is appropriately adjusted on each closing date of the financial statements in order to reflect the possible risks.

It is the policy of the Group almost never to write-off any such claims until all possible legal recourse for their collection has been exhausted. Commercial and other short term client claims and debtors are usually settled by the Group and the Company within 60 days, while if they become past due, no late payment fees are charged to clients.

5.3.9. Cash and cash equivalents

Cash and cash equivalents include cash at hand, sight deposits and short term (up to 3 months) investments, having high liquidity and low risk.

For the purposes of preparing the Statement of Cash Flows, cash assets consist of cash and bank deposits, as well as cash equivalents as described above.

5.3.10. Third party balances in ATHEXClear bank accounts

In order to comply with the corporate governance framework defined by Regulation (EU) 648/2012 of the European Parliament and Council (EMIR Regulation), the Company keeps all cash collateral that are being managed by the Company and concern the cash market and the derivatives market, as well as its own cash balances, in an account that it maintains at the Bank of Greece as a direct participant over the internet to the TARGET2-GR Express Transfer of Capital and Settlement System in real time (TARGET2-GR).

Therefore its own cash balance and the balances of third parties (margins) are deposited in the same account that ATHEXClear maintains at the Bank of Greece, and as a result a separation of the assets is necessary in order for the collateral that ATHEXClear collects to be shown separately in the current assets of 31.12.2017 and 31.12.2016. In the Statement of Financial Position of 31.12.2017 and 31.12.2016, they are reported as equal amounts in both current assets and short term liabilities as “third party balances at the bank account of the company” and concern exclusively the margins in the derivatives market that were deposited in the bank account maintained by ATHEXClear at the BoG on 31.12.2017 and 31.12.2016 respectively.

5.3.11. Share Capital

Share capital includes the common stock of the Company that has been issued and is in circulation.

Treasury stock concerns the shares of the Company (EXAE) that are purchased on the Exchange by the Company or subsidiary of the Group, following a decision by the Annual General Meeting of shareholders. The acquisition cost as well as the associated expenses of acquiring treasury stock is, in accordance with IFRS, shown in equity, reducing share capital.

The acquisition cost of treasury stock is shown as reducing Company equity, up until the treasury stock is sold or cancelled.

5.3.12. Current and deferred income tax

Current and deferred tax is calculated based on the Financial Statements in accordance with the tax laws in effect in Greece. Income tax is calculated based on the profits of each company as adjusted in their tax declarations, any additional income tax that is assessed by the tax audits of the tax authorities, and from deferred income taxes based on the enacted tax rates.

Deferred income tax is determined using the liability method and arises from the temporary differences between the book value and the tax basis of the assets and liabilities.

Deferred tax is not recognized when it arises at the initial recognition of an asset or a liability from a transaction that is not a business combination and at the time of the transaction it affects neither the accounting nor the taxable result (profit / loss).

Deferred tax is determined using the tax rates (and tax laws) that have been implemented or effectively implemented until the date of the Financial Statements and are expected to be implemented when the asset in question is recovered or the liability settled.

Deferred tax claims are recognized to the extent that there will be a future tax gain for the offset of the temporary difference that creates the deferred tax claim.

Deferred income tax is determined on the temporary differences that arise from investments in subsidiaries and associated companies, with the exception of the case when reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax claims and liabilities are offset when there is a legally enforceable right to offset current tax claims and liabilities, and when the deferred tax claims and liabilities concern income tax that is imposed by the same tax authority either to the same taxable entity or to different taxable entities when there is the intention to settle the balances on a net basis.

5.3.13. Employee benefits

Current benefits

Current benefits to employees in cash and in kind are recognized as an expense when they accrue.

Staff retirement obligations

Staff retirement obligations include both defined contributions plans as well as defined benefits plans.

Defined contribution plan

Under the defined contributions plan, the obligation of the company (legal) is limited to the amount agreed to be contributed to the organization (social security fund) which manages the contributions and grants the benefits (pensions, health care etc.).

The accrued cost of the defined contributions schemes is recognized as an expense in the corresponding period.

Defined benefits plan

The defined benefits plan of the Group concerns its legal obligation to pay a lump sum indemnity to each employee upon retirement.

The liability recognized in the Statement of Financial Position for this plan is the present value of the obligation for the defined benefit depending on the accrued right of the employees and in relation to the specific point of time that this benefit is expected to be paid.

The present value of the defined benefit liability is calculated by discounting the future cash outflows with a discount rate equal to the interest rate of long-term, high credit rating corporate bonds that have a duration approximately equal to the pension plan.

The actuarial profits or losses that arise from the adjustments based on historical data are directly recognized in Other Comprehensive Income (note 5.20).

5.3.14. **Government grants**

Government grants related to the subsidy of tangible assets are recognized when there is reasonable assurance that the grant will be collected and that the Company will comply with the terms and conditions that have been set for payment. When government grants are related to an asset, the fair value is recorded in long term liabilities as deferred revenue and is transferred to the Statement of Comprehensive Income in equal annual installments based on the expected useful life of the relevant asset that was subsidized. When the grant is related to an expense, it is recognized as revenue in the fiscal year required in order for the grant to correspond on a systematic basis to the expenses it is intended to compensate. Grant depreciation is recorded in “Other Revenue” in the Statement of Comprehensive Income.

5.3.15. **Provisions and contingent liabilities**

Provisions are recognized when:

- the Company has a current commitment (legal or inferred) as a result of a past event;
- it is likely that an outflow of resources incorporating financial benefits will be required to settle the commitment and it is possible to reliably estimate the amount of the commitment.

Provisions are re-examined on the preparation date of the financial statements and are adjusted so as to present the best possible estimates.

If the effect of the time value of money is significant, the provisions are recognized on a discounted basis by using an interest rate before taxes that reflects that current market estimates about the time value of money and the risks associated with the liability. When provisions are discounted, the increase in the provision due to the passing of time is recognized as a borrowing cost.

Contingent liabilities are not recognized in the financial statements, but are published, unless the possibility of an outflow of resources which incorporate financial benefits is very small. Contingent claims are not recognized in the financial statements, but are published provided the inflow of financial benefit is likely.

5.3.16. **Revenue Recognition**

Revenue includes the fair value of the transactions, net of any taxes recovered, rebates and returns. Intragroup revenue within the Group is eliminated in full. Revenue is recognized to the extent that it is possible that the economic benefits will flow to the Group and the relevant amounts can be reliably measured.

The following specific recognition criteria must also be satisfied when revenue is recognized:

Revenue from shares, bonds, ETFs (Trading, Clearing & Settlement)

It concerns Member subscriptions based on trades in the cash market.

Revenue from stock, bond etc. trading is recognized at the time the transaction is concluded and clearing and settlement take place at the Exchange.

Collection for trading in the cash market takes place on the day following trade settlement or the third working day of the following month, provided the Member submits such a request.

Revenue from derivative products

It concerns Member subscriptions based on trades in the derivatives market.

Revenue from the derivatives market is recognized at the time the transaction is cleared at Athens Exchange through ATHEXClear, the transactions clearing entity.

Collection for trading in the derivatives market takes place on the day following trade settlement.

Revenue from Members (fees)

It concerns Member subscriptions and IT services to Members.

Revenue is recognized when the Members are invoiced at the end of each month or quarter in question.

Revenue from listed companies

Revenue concerning subscriptions, one-off fees, company listings, rights issues, and HERMES System services, are recognized at the time the relevant invoices are issued, when the corporate action is completed. Subscriptions are recognized as revenue at the beginning of each quarter.

Revenue from market data vendors

Revenue from this source is recognized at the time of invoicing, together with the completion of the provision of that service.

IT services

Revenue from IT services is recognized at the time the service provided is completed. IT services concern the Exchange trading network and DSS terminal licenses.

Other services

Revenue from other services is recognized at the time the service provided is completed.

Interest income

Interest income is recognized on an accrual basis and with the use of the real interest rate. When there is an impairment indication about the claims, their book value is reduced to their recoverable amount, which is the present value of the expected future cash flows, discounted by the initial real interest rate. Next, interest is assessed at the same interest rate on the impaired (new book) value.

Dividends

Dividend income is recognized when the right to collect by the shareholders is finalized; that is, on approval by the General Meeting.

5.3.17. Commercial and other liabilities

Supplier balances and other liabilities are recognized at the cost associated with the fair value of the future payment for the purchase of services rendered. Commercial and other short term liabilities are not interest bearing and are usually settled within 60 days by the Group and the Company.

5.3.18. Expenses

Expenses are recognized in the Statement of Comprehensive Income (“Income Statement”) on an accrued basis.

Dividend distribution

The distribution of dividends to shareholders is recognized directly to equity, net of any relevant income tax benefit (until the approval of the financial statements), and is recorded as a liability in the financial statements when distribution is approved by the General Meeting of shareholders.

5.3.19. Profits / (losses) per share

Basic profits / (losses) per share are calculated by dividing the net profits / (losses) that correspond to the shareholders of the parent company by the average weighted number of shares that are in circulation during each year, excluding the average of the common stock that was acquired by the Group as treasury stock.

The adjusted profits / (losses) per share are calculated by dividing the net profit that is distributed to the Parent company shareholders (after it is adjusted for the effects of all potential shares that dilute participation) by the weighted average number of shares in circulation during the year (adjusted for the effect of all potential shares that dilute participation), excluding the average of the common stock that was acquired by the Group as treasury stock.

5.3.20. Research and development

Expenditures for research activities that take place with the intention of the Group to acquire new technical knowledge and expertise are recognized in the Statement of Comprehensive Income (“Income Statement”) as an expense when they occur. Development activities presuppose the drafting of a study or a plan for the production of new or significantly improved products, services and processes. Development costs are capitalized only when the cost of development can be reliably measured, the product or the process is productive, feasible technically and commercially, future financial benefits are expected, and the Group has the intention, having at the same time sufficient means at its disposal, to complete the development and use or sell the asset.

The capitalization of expenditures includes the cost of direct consulting service expenses, direct work performed and the appropriate share of general expenses. Other development costs are recognized in the Statement of Comprehensive Income as an expense when they occur.

Development costs that have been capitalized are valued at the acquisition cost less accumulated depreciation and accumulated impairment losses and there is no impairment indication.

Subsequent expenditures are capitalized only when they increase the expected future economic benefits that are incorporated in the specific asset to which they refer. All other expenditures, including expenditures for internally created surplus value and trademarks, are recognized in the Statement of Comprehensive Income.

Depreciation is based on the cost of the asset. Depreciation is recognized in the Statement of Comprehensive Income using the straight line method for the duration of the useful life of the intangible assets, starting on the date they are available for use. The useful life for the current and the comparative period in the capitalization of development costs is 10 years.

The profit or loss that arises from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if they exist, and the book value of the asset. This profit or loss is recognized in the Statement of Comprehensive Income when the asset is derecognized.

5.3.21. Lease policy

The determination of whether an arrangement contains a lease or not is based on the substance of the transaction on the date the relevant contract is concluded, namely on whether fulfilment of the arrangement depends on the use of one or more assets or whether the arrangement assigns the right to use the asset.

The Group as lessee

Asset leases by third parties where the Group does not assume all risk and asset ownership benefits are treated as operating, and the lease payments are recognized as an expense in the income statement on a consistent basis during the lease.

All leases of the Group are treated as operating leases. They concern office rentals etc.

The Group as lessor

Asset leases to third parties where the Group does not transfer all risks and asset ownership benefits are treated as operating, and the lease payments are recognized as revenue in the income statement on a consistent basis during the lease.

Initial direct costs incurred by lessors during the negotiation of an operating lease are added to the book value of the leased asset and are recognized over the lease duration on the same basis as the lease revenue.

The Group leases office space. These leases are treated as operating leases.

5.3.22. Determination of fair value

The fair value of a financial asset is the price that someone would obtain from the sale of an asset, or someone would pay for transferring the obligation in a real transaction between market participants on the measurement date. The fair value of financial assets in the financial statements on 31 December 2017 was determined using the best possible estimates by management. When there is no data available, or data from active markets is limited, the fair value valuations are derived from management estimates in accordance with the information available.

The Company uses the following hierarchy for determining and disclosing the fair value of financial means by measurement technique:

Level 1: Traded (non-adjusted) prices in active markets for similar assets or liabilities,

Level 2: Other techniques for which inflows that have a significant impact in recorded fair value are observable, either directly or indirectly,

Level 3: Techniques that use data that have a significant impact on the recorded fair value and are not based on observable market data.

During the fiscal year there were no transfers between levels 1 and 2, nor transfers into and out of level 3 when measuring fair value. In addition, during the same period there was no change in the purpose of any financial asset that would lead to a different classification of this asset.

The amounts with which cash & cash equivalents, claims and short term liabilities are shown in the Statement of Financial Position, approach their corresponding fair values due to their short term maturity. As a result, there are no differences between fair values and the corresponding book values of financial assets and liabilities. The Company does not use financial derivative products.

5.3.23. New standards, amended standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after 1.1.2017. The Group’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

- **IAS 7 (Amendments) “Disclosure initiative”**

  These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- **IAS 12 (Amendments) “Recognition of Deferred Tax Assets for Unrealized Losses”**

  These amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

Annual Improvements to IFRSs (2014 – 2016 Cycle)

- **IFRS 12 "Disclosures of Interests in Other Entities"**

  The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.

Standards and Interpretations effective for subsequent periods

- **IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7** *(effective for annual periods beginning on or after 1 January 2018)*

  IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Management of the Group has examined the potential credit loss that it would incur if it had adopted the standard on 31.12.2017. In particular, it applied a specific methodology of classifying client insolvency based on indices, and the result is negligible, having a minimal effect on the results of the Group.

- **IFRS 9 (Amendments) "Prepayment Features with Negative Compensation"** *(effective for annual periods beginning on or after 1 January 2019)*

  The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. The Group cannot early adopt the amendments as they have not yet been endorsed by the EU.

- **IFRS 15 "Revenue from Contracts with Customers"** *(effective for annual periods beginning on or after 1 January 2018)*

  IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Group is in the process of assessing the impact of this standard on the financial statements. Due to the nature of its activities, it does not expect a significant impact.

- **IFRS 16 "Leases"** *(effective for annual periods beginning on or after 1 January 2019)*

  IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group has begun assessing the effects of the standard, which is effective 1.1.2019, on its results.

- **IFRS 17 "Insurance contracts"** *(effective for annual periods beginning on or after 1 January 2021)*

  IFRS 17 has been issued in May 2017 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard as well as the relevant information. The purpose of the Standard is to ensure that entities provide relevant information which present a fair picture concerning these contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU.

- **IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"** *(effective for annual periods beginning on or after 1 January 2018)*

  The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments have not yet been endorsed by the EU.

- **IFRS 4 (Amendments) "Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts"** *(effective for annual periods beginning on or after 1 January 2018)*

  The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39.

- **IAS 40 (Amendments) "Transfers of Investment Property"** *(effective for annual periods beginning on or after 1 January 2018)*

  The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The amendments have not yet been endorsed by the EU.

- **IAS 28 (Amendments) "Long term interests in associates and joint ventures"** *(effective for annual periods beginning on or after 1 January 2019)*

  The amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9. The amendments have not yet been endorsed by the EU.

- **IFRIC 22 "Foreign currency transactions and advance consideration"** *(effective for annual periods beginning on or after 1 January 2018)*

  The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation has not yet been endorsed by the EU.

- **IFRIC 23 "Uncertainty over income tax treatments"** *(effective for annual periods beginning on or after 1 January 2019)*

  The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has not yet been endorsed by the EU.

- **IAS 19 (Amendments) "Plan amendment, curtailment or settlement"** *(effective for annual periods beginning on or after 1 January 2019)*

  The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRSs (2014 – 2016 Cycle)

- **IAS 28 "Investments in associates and Joint ventures"** *(effective for annual periods beginning on or after 1 January 2018)*

  The amendments clarified that when venture capital organizations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

Annual Improvements to IFRSs (2015 – 2017 Cycle) *(effective for annual periods beginning on or after 1 January 2019)*

The amendments set out below include changes to four IFRS. The amendments have not yet been endorsed by the EU.

- **IFRS 3 "Business combinations"**

  The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

- **IFRS 11 "Joint arrangements"**

  The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- **IAS 12 "Income taxes"**

  The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

- **IAS 23 "Borrowing costs"**

  The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

5.3.24. Rounding

Any differences between the amounts in the financial statements and the corresponding amounts in the notes are due to rounding.

5.4. Risk Management

General – Risk management environment

A major consideration of the Athens Exchange Group is the management of risk that arises from its business activities.

The Group, as organizer of the capital market, has developed a comprehensive framework for managing the risks to which it is exposed, ensuring its sustainability and development, as well as contributing to the stability and security of the capital market.

Athens Exchange Clearing House (ATHEXClear) belongs to the Group; it operates as a central counterparty (CCP) in the clearing of cash and derivatives products, and as such is obliged to satisfy the strict requirements of the EMIR regulatory framework concerning risk management, under which it has been licensed since 2015. Even though risk management at the Group concerns all companies and risk categories, it is recognized that because of its role in the market, ATHEXClear faces and must manage the most significant risk.

The internal and external legal and regulatory framework which ATHEXClear is directly subject to and the Group indirectly with regards to their obligations to monitor and manage risk, includes the Regulation of Clearing of Transferable Securities Transactions in Book Entry Form, the Regulation on the Clearing of Transactions on Derivatives and Regulation (EU) 648/2012 of the European Parliament and Council of July 4th 2012 for OTC derivatives, central counterparties, and trade repositories, known as EMIR (European Market Infrastructure Regulation).

Risk Strategy and Risk Management

The risk strategy of the Group is aligned with its business strategy to provide the appropriate infrastructure for the reliable, safe and unhindered operation of the capital market. In accordance with the strategy of the Group, the risk tolerance level is defined in order to satisfy market needs, limit cost for participants, maximize the exploitation of business opportunities but also ensure market security and compliance with regulatory requirements.

Organizational structure

Besides the comprehensive measures for ensuring the smooth operation of the systems of the Group, each organizational unit of the Group is responsible for monitoring and managing possible risks in such a way so as to react quickly and effectively in case risk events arise.

Continuing the effort of previous years, in 2017 efforts were made to strength the operation of risk management by ATHEXClear, in order to remain aligned with the EMIR Regulation and to follow international good practices.

In particular, as far as ATHEXClear is concerned, the organizational structure that supports risk management includes the following units:

- *Board of Directors*, which has the final responsibility and accountability regarding the management of the risk management operation of the company. In particular, the Board of Directors defines, determines and documents the appropriate level of risk tolerance and ability of the company to assume risk. In addition, the BoD and senior management ensure that the policies, processes and audits of the company are consistent with the risk tolerance level and the ability of the company to assume risk, and examine ways through which the company recognizes, reports, monitors and manages risks.
- *Risk Committee*, which advises the Board of Directors on matters of risk management.
- *Investments Committee*, which decides on the determination of limits and monitors liquidity risk, determines policies and standards for the investment strategy, financing principles, liquidity management, interest rate risk and management.
- *Risk Management Department*, of the Risk Management & Clearing Division of ATHEXClear, which is sufficiently independent from other departments of the Company, and whose main duty is the comprehensive approach to risks that ATHEXClear faces, in order to recognize them, calculate them and finally manage them. The Risk Management Department possesses the required jurisdiction, the necessary means, know-how and access to all relevant information.
- *Chief Risk Officer*, heading the Risk Management Department, who reports to the Board of Directors on matters of risk management through the Chairman of the Risk Committee, and implements the risk management framework through the policies and procedures that the Board of Directors enacts.
- *Organizational Units* which are responsible for recognizing and managing risks within their scope and participate in overall risk management at the Group.

Unified risk management

The services that the Group provides involve various types and levels of risk, and it is recognized that effective risk management consists of the following:

- *Recognizing and assessing risks*: Analyzing the present and future activities of the Group, recognizing cases in which the Group is exposed to risks. The risks recognized are evaluated as to the potential exposure to loss. This includes in general the estimation of both the possibility that the loss will occur, as well as the potential effects.
- *Controlling risks:* The arrangements for managing each risk are the key to the effective management of risks and it is important that they be understood by all personnel. In addition, management is responsible to ensure the appropriate application of the unified framework for risk management and individual policies / frameworks.
- *Risk containment:* Management identifies the best method for risk containment, taking into consideration costs and benefits. As a general principle, the Group does not assume risks that pose the possibility of catastrophic or significant losses. Likewise, insuring against losses that are relatively predictable and without a material impact is avoided. The alternatives for containing risk depend on the level of tolerance of the Group against various types of risk.
- *Monitoring and reporting risks:* The Group possesses a comprehensive system for reporting and monitoring risks. In particular, the ATHEXClear Risk Management Department monitors the risk levels of the company on a continuous basis using specialized and approved risk management methods. The main assumptions, the data sources and the processes used in measuring and monitoring risk are documented and tested for reliability on a regular basis through the review and audit and the validation framework.

Risk categories

The Group ensures that it deals with all risks, internal or external, present or future, and especially those that have been recognized as being significant. It is recognized that each service provided by the Group can expose it to any combination of the risks mentioned below.

The usual risks to which, due to the nature of its activities, the Group is exposed to are:

Financial Risk

- Market risk (changes in exchange rates, interest rates, market prices, commodities and volatility)
- Credit risk (mainly counterparty credit risk and from the investment of own assets)
- Liquidity risk (mainly cash flows risk)

Description of categories and main risk factors

Market risk

Foreign exchange risk: This risk does not materially affect the operation of the Group, given that transactions with clients & suppliers in foreign currency are very few. In particular, the risk that ATHEXClear faces is treated as part of the risk management measures that apply to the clearing activity. ATHEXClear monitors possible exposures in foreign currencies, and calculates any capital it needs to maintain against foreign exchange risk.

Price risk: The Group is exposed to the risk that the value of the securities it holds changes. On 31.12.2017 the Group held (through Hellenic Exchanges – Athens Stock Exchange) shares of Piraeus Bank as a result of the exchange of Piraeus Bank bonds with a face value of €4,000,000 for shares of an equal value during the recent recapitalization of the bank. On 31.12.2017, following the reverse split in the stock at a new par value of €6.00, the share price was €3.07 for the 668,265 shares it owns.

If the share prices deviates by 10 basis points from the price on 31.12.2017, the valuation revenue changes by +/- €2 thousand.

Credit risk

Credit risk: The Group's credit risk mainly concerns transactions in the cash and derivatives markets, in which ATHEXClear operates as Central Counterparty, as described in the following paragraphs.

Besides the counterparty credit risk that ATHEXClear faces, the Group faces credit risk only from the investment of its cash in Greek banks and foreign banks with a good rating that operate in Greece. As part of its Investment Policy, specific principles are defined for investing cash. Specifically for ATHEXClear, asset investments are as a rule made at the Bank of Greece, a fact that minimizes its risk exposure.

BANK RATINGS

			STANDARD & POOR' S				
			Outlook	Long Term Local Issuer Credit	Short Term Local Issuer Credit	Long Term Foreign Issuer Credit	Short Term Foreign Issuer Credit
ALPHA BANK AE	ALPHA GA Equity	GR	STABLE	CCC+	C	CCC+	C
EUROBANK ERGASIAS SA	EUROB GA Equity	GR	STABLE	CCC+	C	CCC+	C
NATIONAL BANK OF GREECE	ETE GA Equity	GR	STABLE	CCC+	C	CCC+	C
PIRAEUS BANK S.A	TPEIR GA Equity	GR	STABLE	CCC+	C	CCC+	C
BANK OF GREECE	TELL GA Equity	GR	#N/A	NR	NR	NR	NR
HSBC BANK PLC	MID LN Equity	GB	STABLE	AA-	A-1+	AA-	A-1+
			MOODY' S				
			Outlook	Local Long Term Bank Deposits	Foreign Long Term Bank Deposits	Subordinated Debt	Senior Unsecured Debt
ALPHA BANK AE	ALPHA GA Equity	GR	POS	Caa3	Caa3	(P)Caa3	(P)Caa3
EUROBANK ERGASIAS SA	EUROB GA Equity	GR	STABLE	Caa3	Caa3	Caa3	Caa3
NATIONAL BANK OF GREECE	ETE GA Equity	GR	POS	Caa3	Caa3	#N/A	Caa2
PIRAEUS BANK S.A	TPEIR GA Equity	GR	STABLE	Caa3	Caa3	(P)Caa3	(P)Caa3
BANK OF GREECE	TELL GA Equity	GR	#N/A	#N/A	#N/A	#N/A	WR
HSBC BANK PLC	MID LN Equity	GB	#N/A	Aa3 *-	Aa3 *-	A3 *-	Aa3 *-
			FITCH				
			Long Term Issuer Default Rating	Senior Unsecured Debt	Short Term		
ALPHA BANK AE	ALPHA GA Equity	GR	RD	C *+	C		
EUROBANK ERGASIAS SA	EUROB GA Equity	GR	RD	C *+	C		
NATIONAL BANK OF GREECE	ETE GA Equity	GR	RD	WD	C		
PIRAEUS BANK S.A	TPEIR GA Equity	GR	RD	C *+	C		
BANK OF GREECE	TELL GA Equity	GR	#N/A	#N/A	#N/A		
HSBC BANK PLC	MID LN Equity	GB	AA-	AA-	F1+		

Out of a total cash and cash equivalents of the Group of €85.8m, €55.2m is placed with Greek systemic banks.

Credit counterparty risk

The Hellenic Capital Market Commission, with decisions 5, 6 and 7/556/8.7.2010 granted to ATHEXClear a license to manage and operate systems to clear trades on dematerialized securities (Securities System) and derivatives products (Derivatives System). In this capacity, ATHEXClear assumes the risk that Clearing Members default on their obligations to clear and settle trades, as described in the Rulebooks (credit counterparty risk). In addition, as of 22 January 2015 has been licensed as a Central Counterparty under the EMIR regulation, and has a very strict framework for managing risk.

ATHEXClear has enacted and is implementing a number of mechanisms and financial assets to cover risk, and is responsible for the smooth operation of the system in general, in conjunction with the scope and scale of trades whose clearing it has undertaken. The mechanisms that ATHEXClear applies are described in the "Regulation of Clearing of Transferable Securities Transactions in Book Entry Form," in the "Regulation on the Clearing of Transactions on Derivatives," as well as the relevant decision of the ATHEXClear BoD.

In order to obtain the status of Clearing Member, the Intermediary or Bank must conform to the minimum specific financial and operational adequacy requirements, as specified in the Clearing Rulebooks; these requirements must be continuously fulfilled during the time the Member is in operation.

Both for the cash market, as well as for the derivatives market, ATHEXClear clears trades assuming the role of Central Counterparty. In order to cover the risk against its clearing members, ATHEXClear monitors and calculates on a daily basis (end-of-day but also during the day in almost real time) the margin for each clearing account of the Clearing Members, and blocks the additional guarantees in the form of cash and/ or transferable securities.

In addition, it manages the Clearing Funds of the two markets which act as risk sharing funds to which Clearing Members contribute exclusively in cash. Based on the margins that have been blocked, the credit limits allocated to members are continuously reviewed, fulfillment of which is monitored in real time during the trading session. The minimum size of the Clearing Funds is recalculated at least on a monthly basis, in accordance with the provisions of the Rulebook, in order for its size to be adequate to cover at any time the obligations imposed by EMIR, that is the absorption of losses beyond the margins in case of a default of a group of clearing members under extreme market conditions.

The risk management models and the parameters used are examined as to their effectiveness on a daily basis and under extreme but possible scenarios (Margin/Haircut Back-Testing, Default Fund Coverage under Stress).

Concentration risk is low because risk is not concentration in only one client.

Liquidity Risk

Liquidity risk as a whole for the Group is maintained at low levels by maintaining adequate cash.

In particular for ATHEXClear, the aim is to maintain an adequate liquidity level in order to ensure that it is in a position to fulfill its obligations concerning payments or settlement in all currencies that are payable, at the end of each day and / or, if required, on an intraday basis. The estimation of the size of the obligations of ATHEXClear is done both based on its business plan, as well as based on possible, but unforeseen, events.

ATHEXClear’s liquidity is monitored based on the criteria imposed by EMIR. On a daily basis, and under extreme but possible market scenaria, it is examined whether cash required will be sufficient, following the default by two (2) groups of clearing members to which ATHEXClear has the greatest demand for liquidity to close-out their positions separately for each market (equities, derivatives). In addition, the overall liquidity needs of ATHEXClear are monitored on a daily basis using liquidity gap analysis.

The Group does not have loans or other obligations of more than 12 months.

5.5. Capital Management

The primary aim of the capital management of the Group is to maintain its high credit rating and healthy capital ratios, in order to support and expand the activities of the Group and maximize shareholder value.

There were no changes in the approach adopted by the Group concerning capital management in 2017.

5.6. Segment Information

In accordance with the provisions of IFRS 8, the determination of operating segments is based on a “management approach.” Based on this approach, information that is disclosed for operating segments must be that which is based on internal organizational and managerial structures of the Group and the Company, and in the main accounts of the internal financial reports that are being provided to the chief operating decision makers. The chief business decision market of the Group is the Chief Executive Officer (Executive member of the BoD).

An **operating segment** is defined as a group of assets and operations exploited in order to provide products and services, each of which has different risks and returns from other business sectors. For the Group, the main interest in financial information focuses on operating segments since the company's electronic systems – located at its headquarters - are at the disposal of investors irrespective of their physical location.

On 31 December 2017 the core activities of the Group broken down by business sector were as follows:

Group	Segment information on 31.12.2017						
	Trading	Clearing	Settlement	Data feed	IT - Other *	Exchange services	Total
Revenue	4.435	8.343	4.073	3.204	4.209	3.148	27.412
Capital income	52	98	48	38	49	36	321
Expenses	(3.170)	(5.964)	(2.912)	(2.290)	(3.009)	(2.250)	(19.595)
Depreciation	(495)	(931)	(455)	(358)	(470)	(351)	(3.060)
Taxes	(324)	(609)	(297)	(234)	(307)	(231)	(2.002)
Earnings after tax	**498**	**937**	**457**	**360**	**472**	**352**	**3.076**
Assets	4.909	9.234	4.508	3.546	4.659	3.484	30.340
Cash and cash equivalents	13.890	26.129	12.756	10.035	13.182	9.859	85.851
Other assets	28.185	53.021	25.885	20.362	26.749	20.006	174.208
Total assets	**46.984**	**88.384**	**43.149**	**33.943**	**44.590**	**33.349**	**290.399**
Total liabilities	**27.732**	**52.168**	**25.468**	**20.034**	**26.319**	**19.684**	**171.405**

Group	Segment information on 31.12.2016						
	Trading	Clearing	Settlement	Data feed	IT - Other *	Exchange services	Total
Revenue	4.460	8.454	3.492	3.266	3.916	3.118	26.706
Capital income	96	183	75	71	85	67	577
Expenses	(3.513)	(6.659)	(2.751)	(2.573)	(3.085)	(2.456)	(21.037)
Depreciation	(481)	(912)	(377)	(352)	(422)	(337)	(2.881)
Taxes	(323)	(613)	(253)	(237)	(284)	(226)	(1.936)
Earnings after tax	**239**	**453**	**186**	**175**	**210**	**166**	**1.429**
Assets	5.201	9.859	4.072	3.809	4.567	3.635	31.143
Cash and cash equivalents	16.703	31.661	13.078	12.232	14.666	11.677	100.017
Other assets	38.154	72.321	29.873	27.939	33.500	26.673	228.460
Total assets	**60.058**	**113.841**	**47.023**	**43.980**	**52.733**	**41.985**	**359.620**
Total liabilities	**36.562**	**69.303**	**28.626**	**26.774**	**32.102**	**25.561**	**218.928**

The distribution of expenses was made based on fixed distribution percentages for each business sector.

* In revenue it includes: revenue from re-invoiced expenses, X-NET revenue from other services.

5.7. Overview of the capital market

The Athens Exchange General Index was up for the third consecutive year, closing on 31.12.2017 at 802.37 points, 24.7% higher than the close at the end of 2016 (643.64 points). The average capitalization of the market was €50.2bn, increased by 21.7% compared to 2016 (€41.3bn).

The total value of transactions in 2017 (€14.8bn) is 2% lower compared to 2016 (€15.1bn), while the average daily traded value was €58.8m compared to €60.5m in 2016, reduced by 2.8%. The average daily traded volume decreased by 24.6% (72.7m shares vs. 96.4m shares).

In the derivatives market, total trading activity increased by 25.7% (2017: 19.4m contracts, 2016: 15.5m), while the average daily traded volume increased by 23.9% (78.7 thousand contracts vs. 63.5 thousand).

(Amounts in thousand euro unless otherwise noted) 97

5.8. Trading

Total revenue from trading in 2017 amounted to €4.44m vs. €4.46m in 2016 decreased by 0.6%. Revenue is broken down in the table below:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Shares	3,850	3,965	3,850	3,965
Derivatives	573	495	573	495
ETFs	(2)	0	(2)	0
Bonds	14	0	14	0
Total	**4,435**	**4,460**	**4,435**	**4,460**

Revenue from stock trading amounted to €3.9m vs. €4.0m in 2016, decreased by 2.9%. This drop is due to the decrease in trading activity in 2017.

5.9. Clearing

Revenue from clearing amounted to €8.17m in 2017 vs. €8.29m in 2016, decreased by 1.4%, and is broken down in the following table:

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Shares	5,776	6,040	0	0
Bonds	14	1	0	0
Derivatives	1,340	1,157	0	0
ETFs	4	1	0	0
Transfers - Allocations (Special settlement instruction)	306	354	0	0
Trade notification instructions	732	734	0	0
Total	**8,171**	**8,288**	**0**	**0**

Revenue from share clearing, which consists of revenue from the organized market and the Common Platform, amounted to €5.8m, decreased by 4.4% compared to 2016.

Revenue from transfers – allocations amounted to €306 thousand, decreased by 13.6% compared to 2016, while trade notification instructions amounted to €732 thousand, decreased by 0.3%.

Certain amounts of the previous fiscal year have been reclassified (see note 5.2).

5.10. Settlement

Revenue from settlement amounted to €1.49m vs. €1.42m in 2016, increased by 5.5%, and is broken down in the following table:

(Amounts in thousand euro unless otherwise noted) 98

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Off-exchange transfers OTC (1)	1,096	1,287	0	0
Off-exchange transfers (2)	394	109	0	0
Rectification trades	3	19	0	0
Total	**1,493**	**1,415**	**0**	**0**

(1) Transactions through DSS operators.

(2) Transfers, public offers, donations.

Certain amounts of the previous fiscal year have been reclassified (see note 5.2).

5.11. Exchange services

This category includes revenue from issuers for quarterly subscriptions and rights issues from ATHEX listed companies, as well as quarterly ATHEX member subscriptions in the cash and derivatives markets.

Revenue from this category in 2017 was €3.15m vs. €3.12m in 2016, roughly unchanged from last year. It is analyzed in the table below:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Rights issues by listed companies (1)	194	441	194	441
Quarterly subscriptions by listed companies (2)	2,107	1,980	2,107	1,980
Member subscriptions (3)	448	453	448	453
ATHEX listing fees (IPOs) (4)	198	77	198	77
Bonds - Greek government securities	9	0	9	0
Subscriptions of ENA company advisors	10	10	10	10
Revenue from corresponding ETF index (5)	110	114	110	114
Other services (Issuers)	72	42	72	42
Total	**3,148**	**3,118**	**3,148**	**3,118**

(1) Fees on rights issues by listed companies amounted to €194 thousand (FRIGOGLASS - €56 thousand; ALPHA BANK - €50 thousand; ATHINA - €15 thousand; NIKAS - €12 thousand; TRASTOR - €10 thousand; FORTHNET - €9 thousand; INTRAKAT - €6 thousand etc.) as well as from the listing of corporate bonds (MYTILINEOS - €3 thousand; SUNLIGHT - €3 thousand; OPAP - €3 thousand; TERNA ENERGY - €3 thousand) vs. €441 thousand in 2016 (ATTICA BANK - €183 thousand; JUMBO - €166 thousand; ASTIR PALACE - €34 thousand; ATHINA - €17.5 thousand; NEXANS - €10.5 thousand; VIOHALCO - €6 thousand etc.), decreased by 56.01%.

(2) Revenue from listed company subscriptions amounted to €2.1m in 2017 vs. €2.0m in 2016, increased by 6.4% due to the increase in the market capitalization of listed companies.

(3) Revenue from member subscriptions in the cash market, which depends on members' annual trading activity, amounted to €414 thousand in 2017 vs. €418 thousand in 2016, decreased by 1.0%. Revenue from member subscriptions in the derivatives market amounted to €34 thousand in 2017, unchanged compared to 2016.

(4) Revenue from one-off ATHEX listing fees amounted to €198 thousand and concerns the listing of ADMIE on ATHEX - €192 thousand and the listing of BRIQ PROPERTIES - €6 thousand. In 2016 the

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corresponding amount of €77 thousand concerned the listings on the Athens Exchange of INTERCONTINENTAL and CENERGY HOLDINGS S.A.

(5) Revenue from corresponding ETF index was €110 thousand in 2017, reduced by 3.5% compared to 2016.

5.12. Depository Services

This category includes revenue from rights issues by listed companies, quarterly operator subscriptions as well as revenue from inheritances etc. Revenue for this category in 2017 amounted to €2.58m vs. €2.08m in 2016, increased by 24.2%. Revenue is broken down in the following table:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Issuers (Rights issues - AXIA LINE) (1)	811	755	0	0
Bonds - Greek government securities	136	79	0	0
Investors	95	129	0	0
Fees from listing at ATHEX (IPOs) (2)	213	41	0	0
Operators (3)	1,325	1,073	0	0
Total	**2,580**	**2,077**	**0**	**0**

(1) Fees on rights issues by listed companies in 2017 amounted to €485 thousand (FRIGOGLASS - €101 thousand; ALPHA BANK - €95 thousand; ATHINA - €35 thousand; MYTILINEOS – 33 thousand; INTRAKAT - €31 thousand; NIKAS - €31 thousand; TRASTOR - €30 thousand; IASO - €22 thousand; KEKROPS - €13 thousand; PIRAEUS BANK - €8 thousand; SARANTIS - €6 thousand; BANK OF CYPRUS - €4 thousand; DIONIC - €4 thousand; FOURLIS - €3.5 thousand; AUDIOVISUAL - €6 thousand; LAZARIDIS €3 thousand etc.), as well as corporate bond listings (MYTILINEOS - €10 thousand; SUNLIGHT - €10 thousand; OPAP - €10 thousand; TERNA ENERGY - €10 thousand) vs. €467 thousand (ATTICA BANK - €180 thousand; ATHINA - €37 thousand; SELONDA - €36 thousand; NEXANS - €30 thousand; NIREUS - €21.5 thousand; PLASTIKA KRITIS - €14.5 thousand; HERTZ - €3 thousand; AUDIOVISUAL - €3 thousand; GEK - €3 thousand; EUROCONSULTANTS - €3 thousand etc.), increased by 3.9%. Revenue from the provision of information to listed companies through electronic means was €203 thousand in 2017 vs. €202 thousand in 9M 2016. Revenue from notifications of beneficiaries for cash distributions was €94 thousand vs. €78 thousand last year.

(2) Revenue from ATHEX listing fees was €213 thousand and concerns the listing of ADMIE on ATHEX - €180 thousand, as well as the listing of BRIQ PROPERTIES - €33 thousand. In 2016 the corresponding amount was €41 thousand and concerned the listing at the Athens Exchange of INTERCONTINENTAL.

(3) Revenue from operators includes revenues from monthly subscriptions amounting to €993 thousand vs. €802 thousand in 2016, and is calculated based on the value of the portfolio of the operators (there was an increase in both the number of portfolios as well as in the average portfolio value); revenue from authorization number usage amounted to €121 thousand vs. €92 thousand; revenue from opening investor accounts €89 thousand vs. €63 thousand in 2016, as well as other revenue from operators.

5.13. Clearing House Services

Revenue in this category amounted to €172 thousand vs. €166 thousand in 2016, increased by 3.6% and concern clearing member subscriptions in the derivatives market.

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	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Derivatives market clearing Member subscriptions	172	166	0	0
Total	**172**	**166**	**0**	**0**

5.14. Market data

Revenue from this category includes the rebroadcast of ATHEX and CSE market data, as well as revenue from the sale of statistical information. Revenue from this category decreased by 1.9% and amounted to €3.20m vs. €3.27m in 2016, and is broken down in the following table:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Revenue from Data Feed	3,177	3,236	3,453	3,597
Revenue from publication sales	27	30	29	31
Total	**3,204**	**3,266**	**3,482**	**3,628**

5.15. IT services

Revenue from this category dropped 3.4% and amounted to €309 thousand vs. €320 thousand in 2016 and is broken down in the table below:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
DSS terminal use licenses (1)	167	171	121	125
Services to Members (2)	142	149	142	148
Total	**309**	**320**	**263**	**273**

(1) Revenue from DSS terminal licenses amounted to €167 thousand, reduced by 1.8% compared to 2016, and includes €45 thousand in fees for retaining an extra operator code.

(2) Revenue from services to Members dropped by 4.7% and includes revenue from TRS services - €45 thousand, unchanged from 2016; revenue from the use of FIX protocol - €40 thousand, unchanged from 2016, as well as revenue from the use of additional terminals - €42 thousand (2016: €49 thousand).

5.16. Revenue from re-invoiced expenses

Expenses that were re-invoiced to clients in 2017 amounted to €1.13m vs. €915 thousand in 2016, increased by 23.8% compared to last year.

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
ATHEXNet	495	512	495	512
General Meeting Services to listed companies (SODALI)	74	76	74	76
Revenue from sponsorships-NY-London roadshows	415	222	415	222
Travel revenue	4	2	3	2

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Electricity consumption - Colocation	145	103	45	103
Total	**1,133**	**915**	**1,032**	**915**

ATHEXnet revenue of €495 thousand concerns the re-invoicing of expenses of the Group for the use of the ATHEX Exchange Transactions network to members. The corresponding expenses are shown in re-invoiced expenses (see note 5.31).

Revenue from sponsorships includes the amount of €115 thousand that concerns the Energy Exchange.

5.17. New Activities (Xnet, CSE-Sibex Common Platform, IT)

This category includes support services of other markets as well as new services provided by the Group that are not directly related with its core businesses, such as collocation services, which refer to the concession to use the premises and IT systems of the Group, as well as the provision of software services to third parties. New services are analyzed in the following table:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Revenue from X-NET/InBroker (see table)	651	605	17	35
Support of other markets (CSE, SIBEX)	287	279	202	237
Co-location Services (2)	726	693	612	578
Market Suite	151	133	40	42
Hellenic Capital Market Commission	118	118	118	118
UNAVISTA LEI - EMIR TR (1)	237	180	0	0
Total	**2,170**	**2,008**	**989**	**1,010**

(1) When reporting transactions, liable parties are recognized based on a Legal Entity Identifier (LEI) code, a unique code for each legal entity that is issued in accordance with the ISO17442 standard and supervised by the Regulatory Oversight Committee for the Global Entity Identifier System (LEIROC) that has been appointed by the Financial Stability Board. For the needs of the abovementioned services, agreements have been signed with our members, as well as with a supplier. Revenue from this service in 2017 amounted to €237 thousand vs. €180 thousand in 2016.

(2) The Group offers co-location services from which it received €726 thousand in 2017 (BLOOMBERG, PANTELAKIS SECURITIES, AXIA VENTURES, FORTHNET, MEDNET, CITIGROUP GLOBAL MARKETS, UBS LIMITED, DEUTSCHE BANK A.G, OBRELA SECURITY INDUSTRIES, CREDIT SUISSE SECURITIES, OPAP, SHARELINK, GLOBAL CAPITAL, GUARDIAN TRUST, EGR BROKING LTD, IBG, CAPITAL SECURITIES) vs. €693 thousand in 2016.

Inbroker/InBrokerPlus

ATHEX owns and provides the InBrokerPlus® system on a commercial basis to ATHEX members, as a comprehensive real-time price watch and order routing/management service for end-users (OMS), for capital markets that are supported (ATHEX, CSE, and other foreign markets), as part of the operation of the XNET network by the Group.

In 2017 revenue from the InBrokerPlus® system amounted to €651 thousand, increased by 7.6% compared to 2016, and is analyzed in the table below:

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	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Revenue from X-NET	82	73	17	33
Revenue from Inbroker	569	532	0	2
Total	**651**	**605**	**17**	**35**

For the corresponding expenses, refer to 5.32.

5.18. Other services

Revenue from other services decreased by 11.3%, amounting to €597 thousand vs. €673 thousand in 2016. The breakdown of this category is shown in the table below:

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Education (1)	135	140	132	138
Rents (2)	274	302	197	223
Provision of support services	0	0	258	107
Guarantee forfeitures – penalties	78	15	0	0
Revenue from swift instructions	8	8	0	0
Asset grants (depreciation note 5.42)	13	24	0	0
Other (3)	89	184	88	164
Total	**597**	**673**	**675**	**632**

(1) Concerns revenue from seminars and certifications.

(2) Rental income for the Group concern the lease of a store in Thessaloniki (monthly lease: €5 thousand) and the Mayer building (monthly lease: €16.4 thousand). Rental income for the Company is reduced due to the reduction in the monthly lease of the Mayer building to €16.4 thousand starting on 1.7.2016 from €20.8 thousand previously.

(3) Other revenue in 2017 includes €23 thousand – currency exchange difference from the provision of liquidity to facilitate XNET settlement, and €49 thousand - Vineyard Grant agreement no 687628, compared to €118.5 thousand in 2016.

Certain amounts of the previous fiscal year have been reclassified (see note 5.2).

5.19. Hellenic Capital Market Commission fee

The operating results of the Group in 2017 do not include the Hellenic Capital Market Commission (HCMC) fee, which for the Group amounted to €1,063 thousand compared to €1,088 thousand in 2016. This fee is collected and turned over to the HCMC, within two months following the end of each six-month period. The decrease resulted from a corresponding decrease in the revenue of the Group from the trading, clearing and settlement of trades on stocks and derivatives, on which it is calculated.

For the Company, the HCMC fee in 2017 amounted to €399 thousand compared to €405 thousand in 2016.

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5.20. Personnel remuneration and expenses

Personnel remuneration and expenses in 2017 amounted to €9.46m vs. €9.54m in 2016, decreased by 0.9%.

In accordance with the accounting principle applied by the Group starting on 01.01.2013, expenses that concern systems development in the Group are capitalized (CAPEX creation). The amount thus capitalized in 2017 was €890 thousand at the Group level (2016: €607 thousand), while for the Company it was €337 thousand (2016: €300 thousand) and has been transferred from personnel remuneration and expenses (note 5.33).

The change in the number of employees of the Group and the Company, as well as the breakdown in staff remuneration is shown in the following table. It should be noted that there have been internal personnel transfers among the companies of the Group in order for the Company to comply in the provision of services with EU Regulations and Hellenic Capital Market Commission decisions.

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Salaried staff	221	224	112	97
Total Personnel	**221**	**224**	**112**	**97**

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Personnel remuneration	6,695	6,619	3,762	3,209
Social security contributions	1,570	1,560	871	723
Termination benefits	303	317	99	272
Net change in the compensation provision (actuarial valuation)	(48)	53	142	26
Other benefits (insurance premiums etc.)	938	994	513	523
Total	**9,458**	**9,543**	**5,387**	**4,753**

Obligations to employees

The ATHEX Group assigned the preparation of a study to an actuary in order to investigate and calculate the actuarial figures, based on the requirements of the International Accounting Standards (Revised IAS 19), which require their recognition in the statement of financial position and the statement of comprehensive income. In the actuarial valuation, all financial and demographic parameters concerning the employees of the Group were taken into consideration.

It is standard policy of the Athens Exchange Group to carry out an actuarial study at the end of the year, when the parameters and data are determined in order to calculate the actuarial obligation.

The changes in the provision for 2017 are shown in detail in the following table:

Accounting Presentation in accordance with revised IAS 19 (amounts in €)	Group	
	31.12.2017	31.12.2016
Amounts recognized in the Balance Sheet		
Present values liabilities	1,839,832	1,850,253
Net obligation recognized in the Statement of Financial Position	**1,839,832**	**1,850,253**
Amounts recognized in the Profit & Loss Statement		
Cost of current employment	30,126	35,817
Net Interest on the liability/asset	32,935	47,273

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Regular expense in the Profit & Loss Statement	**63,061**	**83,090**
Cost of personnel reduction / mutual agreements/retirement	(25,217)	99,075
Total expense recognized in the Profit & Loss Statement	**37,844**	**182,165**
Change in the present value of the liability		
Present value of the obligation at the beginning of the period	1,850,253	1,790,637
Cost of current employment	30,126	35,817
Interest expense	32,935	47,273
Benefits paid by the employer	(86,114)	(129,236)
Cost of personnel reduction / mutual agreements/retirement	(25,217)	99,075
Actuarial loss/(profit) - financial assumptions	35,825	28,239
Actuarial loss/(profit) - experience of the period	2,023	(21,552)
Present value of the liability at the end of the period (note 5.43)	**1,839,832**	**1,850,253**
Adjustments		
Adjustments to liabilities from changes in assumptions	(35,825)	(28,239)
Experience adjustments in liabilities	(2,023)	21,552
Total recognized in equity	**(37,848)**	**(6,687)**
Changes in net liability recognized in the balance sheet		
Net liability at the start of the year	1,850,253	1,790,637
Benefits paid by the employer	(86,114)	(129,236)
Total expense recognized in the Profit & Loss Statement	37,845	182,165
Total amount recognized in equity	37,848	6,687
Net Liability at the end of the year(note 5.43)	**1,839,832**	**1,850,253**

Accounting Presentation in accordance with revised IAS 19 (amounts in €)	**Company**	
	31.12.2017	**31.12.2016**
Amounts recognized in the Balance Sheet		
Present values liabilities	1,143,171	978,992
Net obligation recognized in the Statement of Financial Position	**1,143,171**	**978,992**
Amounts recognized in the Profit & Loss Statement		
Cost of current employment	11,092	14,179
Net Interest on the liability/asset	17,426	24,906
Regular expense in the Profit & Loss Statement	**28,518**	**39,085**
Cost of personnel reduction / mutual agreements/retirement	(68,369)	70,982
Other expense / (revenue)	181,772	0
Total expense recognized in the Profit & Loss Statement	**141,921**	**110,067**
Change in the present value of the liability		
Present value of the obligation at the beginning of the period	978,992	943,403
Cost of current employment	11,092	14,179
Interest expense	17,426	24,906
Benefits paid by the employer	0	(84,083)
Cost of personnel reduction / mutual agreements/retirement	(68,369)	70,982
Additional payments or expenses	181,772	0
Actuarial loss/(profit) - financial assumptions	20,247	9,150
Actuarial loss/(profit) - demographic assumptions	2,011	455
Present value of the liability at the end of the period (note 5.43)	**1,143,171**	**978,992**
Adjustments		
Adjustments to liabilities from changes in assumptions	(20,247)	(9,150)
Experience adjustments in liabilities	(2,011)	(455)
Total recognized in equity	**(22,258)**	**(9,605)**
Changes in net liability recognized in the balance sheet		
Net liability at the start of the year	978,992	943,403

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Employer contributions	0	(84,083)
Total expense recognized in the Profit & Loss Statement	141,921	110,067
Total amount recognized in equity	22,258	9,605
Net Liability at the end of the year (note 5.43)	**1,143,171**	**978,992**

The actuarial assumptions used in the actuarial study for the Group in accordance with IAS 19 are as follows:

Actuarial assumptions	Valuation dates	
	31.12.2017	31.12.2016
Discount rate	1.63%	1.78%
Increase in salaries (long term)	1.00%	1.00%
Inflation	1.00%	1.00%
Mortality table	E V K 2000 (Swiss table)	E V K 2000 (Swiss table)
Personnel turnover	0.50%	0.50%
Regular retirement age	Based on the rules of the Social security fund in which each employee belongs	Based on the rules of the Social security fund in which each employee belongs
Average duration of the program	17.03	17.82

The average duration of the program for the Company that was used in the actuarial study is 16.41 years in 2017 compared to 18.25 years in 2016.

The table of sensitivity tests on the discount rate, the annual inflation rate and the salary increase rate for the Company is shown below:

Cash flows	Company	
Expected benefits from the plan in the next fiscal year	31.12.2017	31.12.2016
Sensitivity scenaria for the economic and demographic assumptions used		
Sensitivity 1 – Discount rate plus 0.5% - % difference in liability present value (PV)	(7.60)%	(8.43)%
Sensitivity 2 - Discount rate minus 0.5% - % difference in liability PV	8.33%	9.31%
Sensitivity 3 – Annual inflation plus 0.5% - % difference in liability PV	8.34%	9.34%
Sensitivity 4 - Annual inflation minus 0.5% - % difference in liability PV	(7.68)%	(8.54)%
Sensitivity 5 - Assumption: salary increase plus 0.5% - % difference in liability PV	6.99%	8.14%
Sensitivity 6 – Assumption: salary increase minus 0.5% - % difference in liability PV	(6.90)%	(7.75)%

5.21. Third party remuneration & expenses

In 2017 third party remuneration and expenses amounted to €810 thousand vs. €588 thousand, increased by 37.8% compared to 2016. Third party fees and expenses include the remuneration of the members of the BoDs of all the companies of the Group. The corresponding amount for the Company was €438 thousand (2016: €420 thousand).

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
BoD member remuneration	58	52	48	44
Attorney remuneration and expenses	60	75	60	75
Fees to auditors (2)	75	93	30	39
Fees to consultants (1)	435	189	144	101
Fees to FTSE (ATHEX)	132	151	132	150
Other Fees	25	17	0	0
Fees to training consultants	25	11	25	11
Total	**810**	**588**	**439**	**420**

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(1) Fees to consultants include fees for consultancy services, actuarial study fees, fees for tax and legal services. In 2017 these expenses increased because an additional fee of €200 thousand was paid to a consultant for the annual review of the clearing models (no corresponding amount was booked in 2016).

(2) Concerns the fees for the regular audit by the certified auditors of the Group, as well as the tax certificate.

It is noted that the certified auditors of the Group received total fees of €86.1 thousand in 2017, out of which €11.1 thousand (12.9% of the total fees) in fees not related to the regular audit and the tax certificate. For the Company, the total fees of the certified auditors amounted to €41.1 thousand, out of which €11.1 thousand (27.1% of the total) in fees not related to the regular audit and the tax certificate.

5.22. Utilities

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Fixed - mobile telephony - internet	168	176	53	54
Leased lines - ATHEXNet	78	133	25	40
PPC (Electricity)	419	431	12	15
EYDAP (water)	6	7	0	0
Total	**671**	**747**	**90**	**109**

Expenses in this category include electricity, water, fixed line and mobile telephony and telecommunications networks, and amounted to €671 thousand in 2017 vs. €747 thousand in 2016, reduced by 10.2%.

5.23. Maintenance / IT Support

Maintenance and IT support includes expenses for the maintenance of the Group's technical infrastructure and support for the IT systems (technical support for the electronic trading platforms, databases, Registry [DSS] etc.), and are contractual obligations.

Expenses in this category for the Group amounted to €1,270 thousand in 2017 increased by 10.6% compared to 2016 (€1,148 thousand), due to the new contracts for the surveillance system and the digital signature platform. For the company expenses were €924 thousand in 2017 increased by 20.1% compared to 2016 (€769 thousand).

5.24. Other taxes

Non-deductible Value Added Tax, and other taxes (Property Tax) that burden the cost of services amounted to €1,200 thousand compared to €1,079 thousand in 2016 due to the increase in invoices from abroad and to consultant fees. For the Company, other taxes amounted to €623 thousand vs. €617 thousand in 2016.

5.25. Building / equipment management

This category includes expenses such as: building and equipment insurance premiums, security and cleaning services, maintenance and repairs et al.

Building and equipment management expenses in 2017 amounted to €514 thousand vs. €556 thousand in 2016, reduced by 7.6%. For the Company, building and equipment management expenses amounted to €112 thousand in 2017 compared to €109 thousand in 2016.

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	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Cleaning and building security services	351	358	101	101
Building repair and maintenance - other equipment	133	165	11	8
Fuel and other generator materials	13	15	0	0
Communal expenses	17	18	0	0
Total	**514**	**556**	**112**	**109**

5.26. Marketing and advertising expenses

Marketing and advertising expenses amounted to €278 thousand in 2017 vs. €271 thousand, increased by 2.6% compared to 2016. The increase is due to the frequent marketing events organized at the Athinon Ave. headquarters, as well as due to the promotion expenses for the Exchange in Cyprus amounting to €15.6 thousand based on a signed contract. For the Company, these expenses amounted to €255 thousand in 2017 vs. €242 thousand in 2016.

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Promotion, reception and hosting expenses	212	195	204	190
Event expenses	66	76	51	52
Total	**278**	**271**	**255**	**242**

5.27. Participation in organizations expenses

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Subscriptions to professional organizations & contributions	302	297	283	272
Hellenic Capital Market Commission subscription	13	14	13	14
Total	**315**	**311**	**296**	**286**

Subscriptions in professional organizations include participation in WFE, FESE, SIIA, EACH, Reuters, Bloomberg, magazines, newspapers etc.

5.28. Insurance premiums

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Electronic equipment fire insurance	16	16	16	16
Means of transport insurance	5	5	4	4
Building fire insurance premiums	24	21	3	4
BoD member civil liability ins. Premiums (D&O, DFL & PI)	358	379	358	379
Total	**403**	**421**	**381**	**403**

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Members of the Board of Directors and executives of the Group have been insured against professional liability risk, employee fraud, BoD member and executive liability, legal liability and electronic fraud, with the premium in 2017 amounting to €358 thousand, reduced by €21 thousand compared to 2016.

5.29. Operating expenses

Operating expenses in 2017 amounted to €1.32m vs. €1.11m in 2016, increased by 19.1%; for the company these expenses amounted to €1.01m vs. €487 thousand in 2016.

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Stationery	12	10	10	7
Consumables	49	39	48	38
Travel expenses	133	159	101	108
Transportation expenses	52	52	41	42
Storage fees	13	13	9	9
Operation support services	0	0	117	102
Automobile leases	18	20	18	20
Rent expenses	61	61	178	187
Other expenses	979	752	491	(26)
Total	**1,317**	**1,106**	**1,013**	**487**

Travel expenses concern participation in conferences abroad, as well as for educational purposes.

Other expenses include:

- Provision for bad debts: €600 thousand for the Group (compared to €824 thousand in 2016) and €200 thousand for the Company in 2017; there was no corresponding amount in 2016.
- Client claims write-off: €254 thousand for the Group and €227 thousand for the Company in 2017 (there were no corresponding amounts in 2016).
- Reversal of unused provisions: €32 thousand for the Group and the Company (compared to €249 thousand in 2016 for the Group and €115 thousand for the Company).
- Return of a Partnership Agreement for the Development Framework (ESPA) grant amount of €17 thousand to the Manpower Employment Organization (OAED) that had been collected in previous fiscal years; cash prices - €26 thousand; and client write-offs - €9 thousand.

5.30. BoG cash settlement

In 2017 fees amounting to €61 thousand for the Group were paid to the Bank of Greece (BoG) for the cash settlement of trades in the cash and derivatives markets, in accordance with the contract signed between the BoG and ATHEX, ATHEXClear and ATHEXCSD. The amount paid in 2016 was also €61 thousand.

5.31. Re-invoiced expenses

The expenses on this category for the Group in 2017 amounted to €977 thousand vs. €866 thousand in 2016, increased by 12.8%, while for the company these expenses amounted to €821 thousand vs. €752 thousand in 2016.

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	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Leased Lines (ATHEXNet)	435	449	428	441
Sodali expenses (General Meetings)	57	57	57	57
VAT on re-invoiced expenses	71	88	71	88
Promotion, reception and hosting expenses (NY-London roadshows)	269	168	265	165
Electricity consumption - Collocation	145	103	0	0
Other	0	1	0	1
Total	**977**	**866**	**821**	**752**

The increase in expense in the category is due to the increase in marketing expenses for the roadshows in London and New York for the whole of which there are sponsorships (note 5.16), as well as to the cost of electricity for the colocation service, which is now re-invoiced to clients.

5.32. Expenses for new activities

The expenses on this category for the Group amounted to €1.092 thousand vs €901 thousand in 2016; for the Company these expenses amounted to €247 thousand vs. €90 thousand in 2016. The breakdown of this category is shown in the table below:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
New services Expenses (1)	176	19	156	18
X-NET Expenses (2)	543	565	34	60
Expenses on IT Services to third parties (3)	250	187	42	12
VAT on IT Services to third parties (4)	123	130	15	0
Total	**1,092**	**901**	**247**	**90**

1. Concerns marketing expenses for the Energy Market.
2. InBroker Plus expenses for X-NET (the corresponding revenue is described in note 5.17) concern data feed, which is purchased from foreign exchanges in order for the product to be more attractive to a greater range of clients and vendors. In particular, data feed is purchased from the London Stock Exchange, Euronext, Deutsche Börse et al, aiming to widen the investment horizon of investors.
3. Expenses on IT Services mainly include the expenses of the UNAVISTA LEI service and amounted to €209 thousand vs. €169 thousand in 2016 (the corresponding UNAVISTA LEI revenue is described in note 5.17), as well as Oracle services - €41 thousand.
4. Concerns VAT on all of the services in this category.

XNET expenses are analyzed in the table below:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Expenses concerning foreign securities	83	84	34	55
Inbroker Plus data feed expenses	460	481	0	5
Total	**543**	**565**	**34**	**60**

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5.33. Owner occupied tangible assets and intangible assets

The book value of the assets of the Group per building on 31.12.2017 is summarily presented in the following table:

Analysis of the Assets of the Group per category in the Statement of Financial Position of 31.12.2017				
	Own use			Real Estate investments
	Athinon Ave. building	Katouni building (Thessaloniki)	Total	Mayer building (note 5.36)
Plots of land	3,000	1,500	4,500	1,000
Construction	15,562	358	15,920	1,791
Means of transportation	7	0	7	0
Electronic systems	799	0	799	0
Communication & other equipment	239	0	239	0
Intangible assets	6,084	0	6,084	0
Total	**25,691**	**1,858**	**27,549**	**2,791**

Analysis of the Assets of the Group per category in the Statement of Financial Position of 31.12.2016				
	Own use			Real Estate investments
	Athinon Ave. building	Katouni building (Thessaloniki)	Total	Mayer building (note 5.36)
Plots of land	3,000	1,500	4,500	1,000
Construction	16,537	454	16,991	1,996
Means of transportation	17	0	17	0
Electronic systems	935	0	935	0
Communication & other equipment	264	0	264	0
Intangible assets	5,440	0	5,440	0
Total	**26,193**	**1,954**	**28,147**	**2,996**

The tangible and intangible assets of the Group on 31.12.2017 and 31.12.2016 are analyzed as follows:

Group	TANGIBLE ASSETS & INTANGIBLE ASSETS						
	Plots of Land	Building and Construction	Machinery & other equip.	Means of Transportation	Furniture fittings and equip.	Intangible Assets	Total
Acquisition and valuation on 31.12.2015	**4,500**	**26,991**	**800**	**165**	**7,317**	**7,866**	**47,639**
Additions in 2016	0	15	0	5	1,050	1,423	**2,493**
Reductions in 2016	0	(132)	(673)	(2)	(652)	(818)	**(2,277)**
Acquisition and valuation on 31.12.2016	**4,500**	**26,874**	**127**	**168**	**7,715**	**8,471**	**47,855**
Accumulated depreciation on 31.12.2015	**0**	**8,941**	**800**	**136**	**6,774**	**2,657**	**19,308**
Depreciation in 2016	0	1,074	0	17	394	1,192	**2,677**
Accumulated depreciation reduction in 2016	0	(132)	(673)	(2)	(652)	(818)	**(2,277)**
Accumulated depreciation on 31.12.2016	**0**	**9,883**	**127**	**151**	**6,516**	**3,031**	**19,708**
Book value							
on 31.12.2015	4,500	18,050	0	29	543	5,209	**28,331**
on 31.12.2016	**4,500**	**16,991**	**0**	**17**	**1,199**	**5,440**	**28,147**

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Group	Plots of Land	Building and Construction	Machinery & other equip.	Means of Transportation	Furniture fittings and equip.	Intangible Assets	Total
	TANGIBLE ASSETS & INTANGIBLE ASSETS						
Acquisition and valuation on 31.12.2016	**4,500**	**26,874**	**127**	**168**	**7,715**	**8,471**	**47,855**
Additions in 2017	0	5	0	0	225	2,031	**2,261**
Acquisition and valuation on 31.12.2017	**4,500**	**26,879**	**127**	**168**	**7,922**	**10,502**	**50,098**
Accumulated depreciation on 31.12.2016	**0**	**9,883**	**127**	**151**	**6,516**	**3,031**	**19,708**
Depreciation in 2017	0	1,076	0	10	382	1,387	**2,855**
Accumulated depreciation reduction in 2017	0	0	0	0	(14)	0	**(14)**
Accumulated depreciation on 31.12.2017	**0**	**10,959**	**127**	**161**	**6,884**	**4,418**	**22,549**
Book value							
on 31.12.2016	**4,500**	**16,991**	**0**	**17**	**1,199**	**5,440**	**28,147**
on 31.12.2017	**4,500**	**15,920**	**0**	**7**	**1,038**	**6,084**	**27,549**

The tangible and intangible assets of the Company on 31.12.2017 and 31.12.2016 are analyzed as follows:

Company	Plots of Land	Building and Construction	Machinery & other equip.	Means of Transportation	Furniture fittings and equip.	Intangible Assets	Total
	TANGIBLE ASSETS & INTANGIBLE ASSETS						
Acquisition and valuation on 31.12.2015	**0**	**0**	**103**	**154**	**5,243**	**5,841**	**11,341**
Additions in 2016	0	15	0	5	817	901	**1,738**
Reductions in 2016	0	0	0	0	(290)	(162)	**(452)**
Acquisition and valuation on 31.12.2016	**0**	**15**	**103**	**159**	**5,770**	**6,580**	**12,627**
Accumulated depreciation on 31.12.2015	**0**	**0**	**103**	**130**	**4,854**	**1,673**	**6,760**
Depreciation in 2016	0	0	0	16	306	956	**1,278**
Accumulated depreciation reduction in 2016	0	0	0	0	(290)	(162)	**(452)**
Accumulated depreciation on 31.12.2016	**0**	**0**	**103**	**146**	**4,870**	**2,467**	**7,586**
Book value							
on 31.12.2015	**0**	**0**	**0**	**24**	**389**	**4,168**	**4,581**
on 31.12.2016	**0**	**15**	**0**	**13**	**900**	**4,113**	**5,041**

Company	Plots of Land	Building and Construction	Machinery & other equip.	Means of Transportation	Furniture fittings and equip.	Intangible Assets	Total
	TANGIBLE ASSETS & INTANGIBLE ASSETS						
Acquisition and valuation on 31.12.2016	**0**	**15**	**103**	**159**	**5,770**	**6,580**	**12,627**
Additions in 2017	0	0	0	0	148	1,036	**1,184**
Reductions in 2017	0	0	0	0	0	0	**0**
Acquisition and valuation on 31.12.2017	**0**	**15**	**103**	**159**	**5,918**	**7,616**	**13,811**
Accumulated depreciation on 31.12.2016	**0**	**0**	**103**	**146**	**4,870**	**2,467**	**7,586**
Depreciation in 2017	0	1	0	9	282	1,074	**1,366**
Accumulated depreciation	0	0	0	0	0	0	**0**

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reduction in 2017							
Accumulated depreciation on 31.12.2017	**0**	**1**	**103**	**155**	**5,152**	**3,541**	**8,952**
Book value							
on 31.12.2016	**0**	**15**	**0**	**13**	**900**	**4,113**	**5,041**
on 31.12.2017	**0**	**14**	**0**	**4**	**766**	**4,075**	**4,859**

Intangible assets include the amounts of €890 thousand for the Group and €607 thousand for the Company and concern the capitalization of expenses (CAPEX creation) concerning systems development by the Group in 2017 (note 5.20).

The management of the Group estimates that there are no impairment indications on the owner occupied buildings of the Group.

On 31.12.2017 there were no encumbrances on the assets of the companies of the Group.

5.34. Real Estate Investments

Building (at Acharnon & Mayer)

The book value of the investments in real estate for the Group and the Company on 31.12.2017 and 31.12.2016 is shown in the following table:

GROUP-COMPANY	Total
Acquisition and valuation on 31.12.2015	**6,198**
Additions in 2016	0
Reductions in 2016	0
Acquisition and valuation on 31.12.2016	**6,198**
Accumulated depreciation on 31.12.2015	**2,998**
Depreciation in 2016	204
Accumulated depreciation on 31.12.2016	**3,202**
Book value	
on 31.12.2015	**3,200**
on 31.12.2016	**2,996**

GROUP-COMPANY	Total
Acquisition and valuation on 31.12.2016	**6,198**
Additions in 2017	0
Reductions in 2017	0
Acquisition and valuation on 31.12.2017	**6,198**
Accumulated depreciation on 31.12.2016	**3,202**
Depreciation in 2017	205
Accumulated depreciation reduction in 2017	0
Accumulated depreciation on 31.12.2017	**3,407**
Book value	
on 31.12.2016	**2,996**
on 31.12.2017	**2,791**

The book value of the real estate investments approaches their fair value.

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5.35. Investments in subsidiaries and other long term claims

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Participation in ANNA	1	1	1	1
Participation in subsidiaries	0	0	57,880	57,880
Management committee reserve	11	11	0	0
Valuation from subsidiaries due to stock options	0	0	227	227
Rent guarantees	56	56	10	10
Total	**68**	**68**	**58,118**	**58,118**

The breakdown of the participations of the parent company in the subsidiaries of the Group on 31.12.2017 is shown below:

	% of direct participation	Number of shares / total number of shares	Valuation 31.12.2017	Valuation 31.12.2016
ATHEXCSD (former TSEC)	100	802,600 / 802,600	32,380	32,380
ATHEXClear	100	8,500,000 / 8,500,000	25,500	25,500
		Total	**57,880**	**57,880**

From its participation in the ATHEXCSD subsidiary, the Company received in 2017 dividends of €802,600 (802,600 shares x €1.00 per share) concerning fiscal year 2016. In 2016 it had received dividend of €4,013,000 (802,600 shares x €5.00 per share) concerning fiscal year 2015.

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5.36. Trade receivables, other receivables and prepayments

All claims are short term and, therefore, no discounting is required on the date of the statement of financial position. The breakdown of clients and other receivables is shown in the following table:

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Clients	7,421	8,088	3,917	4,434
Clients (intra-Group)	0	0	251	111
Less: provisions for bad debts	(3,571)	(2,971)	(1,894)	(1,694)
Net commercial receivables	**3,850**	**5,117**	**2,274**	**2,851**
Other receivables				
Tax withheld on dividends for offsetting (1)	4,721	4,721	4,421	4,421
Tax (0.20%) (2)	2,528	2,444	0	0
HCMC fee claim	453	453	453	453
Taxes withheld on deposits	52	103	26	72
Accrued income (interest)-Prepaid non accrued expenses(3)	351	206	310	123
Letter of guarantee for NSRF (ESPA) seminars	0	185	0	185
Other withheld taxes	30	21	20	13
Prepayment of tax audit differences (note 5.47) (4)	983	1,559	983	1,559
Other debtors (5)	113	415	441	394
Total other receivables	**9,231**	**10,107**	**6,654**	**7,221**
Income tax claim (6)	**168**	**3,312**	**464**	**1,052**

(1) Concerns the dividend withholding tax on dividends received by the Company from its former subsidiary Athens Exchange. Tax offsetting ended in 2014.

(2) The tax claim which starting on 1.4.2011 became 0.20%. It is turned over by members on T+2, however some members take advantage of their right to turn it over in one tranche to ATHEXCSD on the third working day after the end of the month when the transactions took place.

(3) Concerns interest on cash assets and a provision for data feed revenue for Q4 2017 which was invoiced in 2018.

(4) Concerns the remaining balance, after offsetting with taxes payable, from the prepayment of the tax resulting from the ATHEX tax audit for the period 2008-2010 (note 5.49).

(5) Other debtors include – among others- rent payment claim on the Mayer building - €49 thousand and undue tax payment – €13 thousand; claim from HCGC - €21 thousand and claim from the Energy Exchange - €31 thousand. For the Company, an additional amount of €321 thousand is included which concerns a claim for XNET cash settlement by ATHEXCSD.

(6) The Group has a tax claim of €168 thousand which breaks down as follows: ATHEXClear - €66 thousand; ATHEXCSD – minus €387 thousand; ATHEX (parent company) - €489 thousand. On 31.12.2016, the tax claim amounted to €3,312 thousand and concerned: ATHEXClear - €1,254 thousand; ATHEXCSD - €1,006 thousand and ATHEX (parent company) - €1,052 thousand (note 5.47).

The provisions for bad debts are analyzed in the table below:

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Provisions for bad debts	Group	Company
Balance on 31.12.2015	**2,148**	**1,694**
Additional provisions in 2016	824	0
Balance on 31.12.2016	**2,971**	**1,694**
Additional provisions in 2017	600	200
Balance on 31.12.2017	**3,571**	**1,894**

In the tables below, a classification of the claims of the Group and the Company is made into:

a) Not past due

b) Past due without significant risk of default

c) Past due with significant risk of default

Group	31.12.2017		31.12.2016	
Classifications	Without impairment	With impairment	Without impairment	With impairment
Not past due	3,258	0	3,529	0
Past due without significant default risk	592	0	1,588	0
Past due with significant default risk	0	3,571	0	2,971
Before provisions	**3,850**	**3,571**	**5,117**	**2,971**
Less: provisions for impairment	0	3,571	0	2,971
After provisions	**3,850**	**0**	**5,117**	**0**

Company	31.12.2017		31.12.2016	
Classifications	Without impairment	With impairment	Without impairment	With impairment
Not past due	2,130	0	2,185	0
Past due without significant default risk	143	0	666	0
Past due with significant default risk	0	1,894	0	1,694
Before provisions	**2,273**	**1,894**	**2,851**	**1,694**
Less: provisions for impairment	0	1,894	0	1,694
After provisions	**2,273**	**0**	**2,851**	**0**

The abovementioned claims include a claim on the Greek State in the amount of €1,961,760 on which an impairment provision of €1,545,150 has been made.

The book value of the claims above reflects their fair value.

5.37. Financial assets available for sale

Financial assets available for sale include the Bank of Piraeus shares that were obtained in exchange for the bond issued by the same bank that the Group possessed. In particular, 13,365,316 shares of Piraeus Bank were acquired at a par value of €0.30 per share and total value of €4,009,594.80.

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The significant reduction in the fair value compared with the acquisition value of the securities in the first nine months of 2016 (price on 30.09.2016: €0.134), is an impairment indication. For this reason the Company / the Group, in accordance with IAS 39, charged the results of the period and in particular the Provisions for devaluation of participations and securities account with the amount of €2,219 thousand which concerns the securities impairment provision of the Piraeus Bank shares from the initial acquisition date. In other words, the amount of €2,219 thousand includes the €294 loss that had been booked in Other Comprehensive Income on 31.12.2015 and was transferred to the results in 2016.

On 31.12.2016 the share price recovered to €0.209, however the positive difference of €1,002 thousand did not reduce the loss but was, in accordance with IAS 39, transferred to Other Comprehensive Income.

On 31.7.2017 the Bank of Piraeus did a reverse split of its stock, correspondingly increasing its par value together with a reduction in the number of shares outstanding. Thus on 3.8.2017 the company possessed 668.265 shares with a new acquisition cost of €6.00 per share.

On 31.12.2017 the share price closed at €3.07 and as a result the valuation of the Bank of Piraeus shares was €2,051,573.55, a loss of €742 thousand compared to the valuation on 31.12.2016 (€2,793,351.04), which, in accordance with IAS 39, is reported in Other Comprehensive Income (OCI), thus reducing the relevant reserve that had been formed on 31.12.2016.

The change in the value of the Bank of Piraeus shares is analyzed below:

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Balance - start of the fiscal year	2,793	3,716	2,793	3,716
Profit / (Loss) from the valuation of the participation recognized in the results	0	(1,925)	0	(1,925)
Profit / (Loss) from the valuation of the participation recognized in the Statement of Comprehensive Income	(742)	1,002	(742)	1,002
Balance - end of the fiscal year	**2,052**	**2,793**	**2,052**	**2,793**

5.38. Cash and cash equivalents

The cash at hand and at bank of the Group are invested in short term interest bearing instruments in order to maximize the benefits for the companies of the Group, in accordance with the policy set by the Strategic Investments Committee of the Company. By placing its cash in short term interest bearing investments, the Group had income of €321 thousand in 2017 (2016: €577 thousand); for the Company, the corresponding income was €180 thousand (2016: €407 thousand).

A significant portion (35.7%) of the cash of the Group is, due to compliance of ATHEXClear with the EMIR Regulation, kept at the Bank of Greece (BoG).

Deposits of the Group at the BoG carried a negative interest rate 0.3% from 9.12.2015 and negative 0.4% from 16.3.2016 onwards.

Expenses and bank commissions over the same period amounted to €166 thousand (2016: €131 thousand) for the Group and €49 thousand for the Company (2016: €20 thousand). The breakdown of the cash at hand and at bank of the Group is as follows:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Deposits at the Bank of Greece	30,685	28,101	0	0
Sight deposits in commercial banks	2,036	31,092	1,246	30,505
Time deposits < 3 months	53,119	40,806	32,722	23,037
Cash at hand	11	18	2	5
Total	**85,851**	**100,017**	**33,970**	**53,547**

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5.39. Third party balances in bank accounts of the Group

This essentially is a memo account for the margins that ATHEXClear receives from its Members for the derivatives market and, starting on 16.02.2015, for the cash market. ATHEXClear manages Member margins, which in accordance with the investment policy for deposits, are placed with the BoG.

Implementation of the ATHEXClear investment policy begun together with the application of the new clearing model and risk management in the derivatives market on 1.12.2014. The amounts of €157,598 thousand on 31.12.2017 and €206,080 thousand on 31.12.2016 respectively shown below and in the Statement of Financial Position, concern exclusively Member collaterals in the cash and derivatives markets as well as XNET respectively (see note 5.45).

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Clearing Fund collaterals – Cash Market	10,475	15,726	0	0
Additional Clearing Fund collaterals – Cash Market	99,325	145,202	0	0
Clearing Fund collaterals – Derivatives Market	8,685	8,207	0	0
Additional Clearing Fund collaterals – Derivatives Market	37,548	35,717	0	0
Members Guarantees in cash for X-NET (1)	1,565	1,228	1,565	1,228
Third party balances in ATHEXClear Account	**157,598**	**206,080**	**1,565**	**1,228**

(1) Margin received by the Company for the XNET market on 31.12.2017 were kept in commercial bank accounts.

Implementation of the new model in the cash market, in accordance with Regulation (EU) 648/12, concerning the Clearing Fund and member guarantees in the cash market, went into effect on 16.02.2015.

5.40. Deferred Tax

The deferred taxes accounts are analyzed as follows:

	Group		Company	
Deferred taxes	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Deferred tax claims	1,241	983	1,173	915
Deferred tax liabilities	(1,568)	(1,711)	0	0
Total	**(327)**	**(728)**	**1,173**	**915**

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The analysis of deferred tax claims and liabilities for the Group is as follows:

Deferred tax claims	Intangible assets	Property plant & equipment	Provisions - Actuarial study & staff retirement obligations	Other provisions	Loss from the sale of securities in previous FY	Share valuation provision	Total
Balance 1.1.2016	**64**	**116**	**519**	**785**	**136**	**85**	**1,705**
(Debit) / credit to the results	(4)	(19)	14	44	0	0	**35**
(Debit) / credit to other comprehensive income	0	0	4	0	0	(85)	**(81)**
Balance 31.12.2016	**60**	**97**	**537**	**829**	**136**	**0**	**1,659**
(Debit) / credit to the results	(9)	(31)	(6)	58	0	0	**12**
(Debit) / credit to other comprehensive income	0	0	9	0	0	0	**9**
Balance 31.12.2017	**51**	**66**	**540**	**887**	**136**	**0**	**1,680**

Deferred tax liabilities	Intangible assets	Property plant & equipment	Provisions - Actuarial study & staff retirement obligations	Other provisions	Share valuation provision	Total
Balance 1.1.2016	**(2)**	**(2,261)**	**0**	**0**	**0**	**(2,263)**
Debit / (credit) to the results	2	165	0	0	0	167
Debit / (credit) to other comprehensive income	0	0	0	0	(291)	(291)
Balance 31.12.2016	**0**	**(2,096)**	**0**	**0**	**(291)**	**(2,387)**
Debit / (credit) to the results	0	165	0	0	0	165
Debit / (credit) to other comprehensive income	0	0	0	0	215	215
Balance 31.12.2017	**0**	**(1,931)**	**0**	**0**	**(76)**	**(2,007)**

The analysis of deferred tax claims and liabilities for the Company is as follows:

Deferred tax claims	Intangible assets	Property plant & equipment	Provisions - Actuarial study & staff retirement obligations	Other provisions	Loss from the sale of securities in previous FY	Share valuation loss provision	Total
Balance 1.1.2016	**0**	**117**	**274**	**636**	**136**	**85**	**1,248**
(Debit) / credit to the results	9	(20)	8	44	0	0	**41**
(Debit) / credit to other comprehensive income	0	0	3	0	0	(85)	**(82)**
Balance 31.12.2016	**9**	**97**	**284**	**680**	**136**	**0**	**1,207**
(Debit) / credit to the results	3	(31)	41	24	0	0	**37**
(Debit) / credit to other comprehensive income	0	0	6	0	0	0	**6**
Balance 31.12.2017	**12**	**66**	**331**	**704**	**136**	**0**	**1,249**

Deferred tax liabilities	Intangible assets	Property plant & equipment	Provisions - Actuarial study & staff retirement obligations	Other provisions	Share valuation loss provision	Total
Balance 1.1.2016	**(2)**	**0**	**0**	**0**	**0**	**(2)**
Debit / (credit) to the results	2	0	0	0	0	2
Debit / (credit) to other comprehensive income	0	0	0	0	(291)	(291)
Balance 31.12.2016	**0**	**0**	**0**	**0**	**(291)**	**(291)**
Debit / (credit) to the results	0	0	0	0	0	0
Debit / (credit) to other comprehensive income	0	0	0	0	215	215
Balance 31.12.2017	**0**	**0**	**0**	**0**	**(76)**	**(76)**

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Other data concerns the tax corresponding to the valuation and sale of participations and securities.

Deferred income tax is calculated based on the temporary differences, which arise between the book value of the assets and the liabilities included in the financial statements, and the tax assessment of their value in accordance with the tax legislation.

The charge for deferred income tax (deferred tax liability) in the Statement of Comprehensive Income (OCI) includes the temporary tax differences that arise mainly from the accounted revenue-profits which will be taxed at a future time.

The credit for deferred tax (deferred tax claim) includes mainly the temporary tax differences that arise from specific provisions, which are tax deductible at the time they are formed. Debit and credit deferred tax balances are offset when there is a legally enforceable offset right, and the deferred tax claims and liabilities concern income taxes collected by the tax authorities.

5.41. Equity and reserves

a) Share Capital

The 1st Repetitive General Meeting of shareholders of 9.6.2017 approved another share capital return of €0.24 to shareholders, with a corresponding reduction in the share par value, as well as the cancellation of 4,769,563 shares in treasury stock. Thus, the share capital of the Company amounts to €50,903,160.00, divided into 60,599,000 shares with a par value of €0.84 per share.

	Number of shares	Par value (€)	Share Capital (€)	Share Premium (€)
TOTAL 01.01.2016	**65,368,563**	**1.30**	**84,979,131.90**	**157,084.15**
Reduction of share capital (June 2016)		(0.22)	(14,381,083.86)	
TOTAL 31.12.2016	**65,368,563**	**1.08**	**70,598,048.04**	**157,084.15**
Reduction of share capital (May 2017)		(0.24)	(15,688,455.12)	0
Total	**65,368,563**	**0.84**	**54,909,593**	**0**
Reduction of Share Capital through cancellation of Own Shares	(4,769,563)	0.84	(4,006,432.92)	
TOTAL 31.12.2017	**60,599,000**	**0.84**	**50,903,160.00**	**157,084.15**

Following the decision of the General Meeting of shareholders of the Company on 20.5.2015 the share buyback program of the Company began, and was completed in April 2017 (see below note c).

b) Reserves

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Regular Reserve (1)	29,392	29,336	28,116	28,116
Tax free and specially taxed reserves (2)	10,736	10,735	10,281	10,281
Treasury stock reserve (3)	(11,681)	6,396	(11,681)	6,396
Real estate revaluation reserve	15,819	15,819	14,383	14,383
Other (4)	5,983	5,735	5,983	5,733
Special securities valuation reserve (5)	185	712	185	712
Reserve from stock option plan to employees	1,385	1,385	1,336	1,337
Total	**51,819**	**70,119**	**48,603**	**66,958**

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(1) ATHEXClear regular reserve: €217 thousand; ATHEXCSD regular reserve: €1,059 thousand.

(2) Reserves in this category include taxed reserves - €595 thousand (ATHEX - €141 thousand; ATHEXCSD - €454 thousand).

(3) The €18,076,643.77 change from 31.12.2016 concerns the value of the treasury stock purchased (€23,244,794.18) minus the value of the treasury stock cancelled (€4,006,432.92) minus the value of the treasury stock (€1,162,130.00) still in the possession of the Company.

(4) Concerns a special dividend reserve for 2015- €5,696 thousand; dividend reserve for 2016- €247 thousand; and specially taxed reserves - €40 thousand.

(5) The Group has invested part of its cash assets in shares of a listed company which it has classified as a portfolio of securities available for sale, as part of IAS 39. The result of the valuation of the shares on 30.09.2016 was a loss of €2,219 thousand and was booked as a securities valuation provision, while the special securities valuation reserve the amount of €1,002,398.67, which concerned the positive difference between the valuations on 30.09.2016 and 31.12.2016, was booked, from which the amount of €290,695.61 (which concerns the deferred tax claim – 29% x €1,002,398.67), and was transferred to deferred taxes. Thus the final amount shown on 31.12.2016 is €711,703.06.

    On 31.12.2017 the shares posted a valuation loss of €741,777.49 which was charged to the special securities valuation reserve from which the amount of €215,115.47 (29% x €741,777.49) was subtracted and transferred to deferred tax. Thus the end balance on 31.12.2017 was €185,041.04.

c) Share Buyback program

The company completed a share buyback program on 20.4.2017. The program was approved by the 14th Annual General Meeting of shareholders on 20.5.2015 with the following terms:

- Buy back up to 10% of the share capital
- Buyback price per share: from €1.50 to €7.00
- Duration of the program: 2 years (until end of May 2017)
- Purpose of the program: at least 95% of the shares that will be bought back will be cancelled - the remaining 5% of the shares may be distributed to the personnel of the Group.

The share buyback program begun on 9.2.2016, and up until 20.4.2017, 5,020,563 own shares were purchased (7.68% of the number of shares outstanding of the company) at an average price of €4.63 per share and a total cost of €23,244,794.

Out of the abovementioned treasury stock, 95% (4,769,563 shares) were cancelled by the 1st Repetitive General Meeting on 9.6.2017. Following the cancellation of the abovementioned number of shares and the €4,006,432.92 reduction in share capital, 251,000 shares in treasury stock, valued at €1,161,717.49 remain in the possession of the Company, while the total number of shares outstanding of the Company is 60,599,000.

d) Capital Requirements

According to the EMIR Regulation (article 45 of the EU 20. 648/2012) a clearing house must keep lines of defense in case of member's default (default water fall).

In accordance with article 35 of the technical standards, for clearinghouses the amount of the own assets of central counterparties that are used as line of defense in case of default is calculated, and in particular:

- The central counterparty maintains and reports separately on its balance sheet the amount of special own assets earmarked for the purposes mentioned in article 45 paragraph 4 of Regulation (EU) 648/2012.
- The central counterparty calculates the minimum amount specified in paragraph 1 by multiplying the minimum capital requirement by 25%, including undistributed profits and reserves for the purposes mentioned in article 16 of Regulation (EU) 648/2012 and by authorization Regulation (EU) 152/2013 of the Commission (1).

The Central Counterparty reviews the minimum amount in question on an annual basis.

Based on the above, as a recognized clearing house, ATHEXClear drafted a report "Methodology for calculating capital requirements", in cooperation with consultants, in which the methodology applied was described in order to estimate the capital requirements for credit risk, counterparty risk, market risk, winding down risk, operating risk and business risk. The methodology applied was based on the following:

- Regulations (EU) 648/2012, (EU) 152/2013 and (EU) 153/2013
- Regulation (EU) 575/2013
- FSA: Prudential sourcebook for Banks, Building Societies and Investment Firms
    - BIRBU 13,4 CCR mark to market method
    - BIRBU 5,4 Financial collateral
    - BIRBU 3 Standardized credit risk

Based on the above, ATHEXClear regularly calculates its capital requirements which are required in order to fulfill its regulatory obligations on a quarterly basis, and reports it in its financial statements.

If ATHEXClear equity, as calculated above, is less than 110% of the capital requirements, or less than 110% of the €7.5m threshold notification, ATHEXClear will immediately notify the relevant authority (Hellenic Capital Market Commission), and will continue to keep it informed on a weekly basis, until the amount of capital it possesses exceeds the notification threshold.

ATHEXClear's capital requirements on 31.12.2017 are broken down in the table below:

Capital requirements **Risk type**	**Capital requirements 31.12.2017**
Credit risk (total)	122
Derivatives market	0
Cash market	0
Investment of own assets	122
Market risk	0
Exchange rate risk	0
Operating risk	80
Winding down risk	3,247
Business risk	1,623
Total Capital requirements	**5,072**
Notification Threshold (110% of capital requirements)	**5,579**
Additional special resources (25% of capital requirements of 31.12.2017)	**1,268**

ATHEXClear equity amounting to €30.1m, as reported in the statement of financial position of ATHEXClear on 31.12.2017, exceeds its capital requirements, as calculated above.

The additional special resources of €1,268 thousand that correspond to 25% of the capital requirements are distributed as follows: €693 thousand in the cash market and €575 thousand in the derivatives market on 31.12.2017.

5.42. Grants and other long term liabilities

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The Group shows an amount of €50 thousand in 2017 in withholding on compensation (Law 103/75) and concerns the Company, compared to €63 thousand in fiscal year 2016. The reduction from 2016 concerns the amortization of €13 thousand from the grant from the Ministry of Northern Greece to purchase equipment in order to promote ATHEXCSD activities in Northern Greece.

5.43. Provisions

		Group		Company	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
Staff retirement obligation (5.20)		1,840	1,850	1,143	979
Termination provisions		350	150	232	150
Total		**2,190**	**2,000**	**1,375**	**1,129**
Other provisions		1,360	1,360	1,300	1,300
Total		**1,360**	**1,360**	**1,300**	**1,300**

For the change in staff retirement obligations, please refer to 5.20.

The change in provisions on 31.12.2017 and 31.12.2016 for the Group and Company is shown below:

Group	Termination provision	Provisions for other risk
Balance on 31.12.2015	**0**	**1,360**
Additional provision in the period	150	0
Balance on 31.12.2016	**150**	**1,360**
Additional provision in the period	200	0
Balance on 31.12.2017	**350**	**1,360**

Company	Termination provision	Provisions for other risk
Balance on 31.12.2015	**0**	**1,300**
Additional provision in the period	150	0
Balance on 31.12.2016	**150**	**1,300**
Additional provision in the period	82	0
Balance on 31.12.2017	**232**	**232**

By taking provisions, the Group and the Company are trying to protect themselves against potential future risks.

5.44. Trade and other payables

All liabilities are short term and, therefore, no discounting on the date of the financial statements is required. The breakdown of suppliers and other liabilities are shown in the following table:

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	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Suppliers	2,017	2,189	1,502	1,122
Suppliers (intra-Group)	0	0	0	44
Hellenic Capital Market Commission Fee (1)	553	440	202	155
Tax on stock sales 0.20% (2)	3,535	3,125	0	0
Dividends payable	28	31	28	31
Accrued third party services (3)	490	368	295	254
Contributions payable	367	45	206	26
Share capital return to shareholders (4)	88	77	88	77
Tax on salaried services	238	255	143	140
Tax on external associates	1	4	0	2
VAT-Other taxes (5)	295	198	183	113
Various creditors	85	73	0	0
Total	**7,697**	**6,805**	**2,647**	**1,964**

(1) The Hellenic Capital Market Commission fee €553 thousand (compared to €440 thousand in 2016) is calculated based on the value of the trades in the cash and derivatives market and is turned over to the Hellenic Capital Market Commission within two months following the end of each 6-month period. The amount concerns the third quarter of 2017.

(2) ATHEXCSD, as successor to the Central Securities Depository, based on article 9 §2 of Law 2579/88 as amended by Law 2742/99, acts as an intermediary and collects from ATHEX members the tax (0.20%) on stock sales that take place on ATHEX which it turns over to the Greek State. The amount of €3.5m corresponds to the tax (0.20%) on stock sales that has been collected for December 2017 and was turned over to the Greek State in January 2018. Starting on 1.4.2011 the tax rate on stock sales increased to 0.20% (from 0.15%).

(3) Accrued third party services include a provision of €70 thousand for building and equipment maintenance; a provision of €100 thousand for FTSE; a provision of €59 thousand for data vendors; a provision of €30 thousand for an ELDAS invoice; a provision for auditor fees - €49 thousand; provisions for circuits - €17 thousand; provisions for attorney fees - €26 thousand; provisions for Vodafone - €17 thousand; provisions for DFL, D&O - €23 thousand; provision for a risk assessment study by EY - €23 thousand.

(4) Includes the obligation to pay share capital returns to shareholders.

(5) The increase in other taxes is due to the receipt of invoices from abroad, subject to VAT – approx. €43 thousand more, as well as due to the issuance of invoices that are subject to VAT outflows - €40 thousand compared to December last year. The tax due was paid in January 2018.

The book value of the liabilities above reflects their fair value.

5.45. Third party balances in bank accounts of the Group

It concerns effectively a memo account for the collateral received by ATHEXClear for the Derivatives Market and, starting on 16.2.2015, the cash market. ATHEXClear manages Member collaterals; in accordance with the investment policy, they are deposited at the BoG.

The amount is shown in both assets and liabilities in the Statement of Financial Position of ATHEXClear and the Group on 31.12.2017 and is analyzed as follows:

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	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Clearing Fund collaterals – Cash Market	10,475	15,726	0	0
Additional Clearing Fund collaterals – Cash Market	99,325	145,202	0	0
Clearing Fund collaterals – Derivatives Market	8,685	8,207	0	0
Additional Clearing Fund collaterals – Derivatives Market	37,548	35,717	0	0
Members Guarantees in cash for X-NET (1)	1,565	1,228	1,565	1,228
Third party balances in ATHEXClear Account	**157,598**	**206,080**	**1,565**	**1,228**

(1) Concerns member collaterals in cash for XNET markets at ALPHA BANK, in effect starting on 16.02.2015.

The cash balance of ATHEXClear that concern Clearing Member cash collaterals, as well as the balance of the Clearing Fund are, in accordance with the investment policy of ATHEXClear, kept at an account at the Bank of Greece that the Company maintains as a direct participant in Target2.

Implementation of the ATHEXClear investment policy begun together with the application of the new clearing model and risk management in the derivatives market on 1.12.2014. The amount of €157,598 thousand on 31.12.2017 and €206,080 thousand on 31.12.2016 shown above and in the Statement of Financial Position, concern exclusively Member collaterals in the cash and derivatives markets as well as XNET respectively.

5.46. Social security organizations

The obligations to social security organizations for the Group include contributions to [social security organizations] IKA, TSMEDE (now EFKA), as well as a provision for the Occupational Insurance Fund that is being set up. In 2017 the amount was €942 thousand compared to €909 thousand on 31.12.2016, increased by 3.6%. For the Company, the corresponding amounts were €746 thousand in 2017 compared to €676 thousand on 31.12.2016.

5.47. Current income tax payable

The management of the Group plans its policy in order to minimize its tax obligations, based on the incentives provided by tax legislation.

Nondeductible expenses mainly include provisions, various expenses as well as amounts which the company considers as not justifiable production expenses in a potential tax audit and which are adjusted by management when the income tax is calculated.

Tax liabilities	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Liabilities 31.12	(3,312)	(3,715)	(1,052)	(1,155)
Income tax expense	2,177	2,140	851	1,168
Taxes paid	967	(1,737)	(263)	(1,065)
Liabilities / (claims)	**(168)**	**(3,312)**	**(464)**	**(1,052)**

The amount of €168 thousand shown as Group income tax claim on 31.12.2017 breaks down as follows: ATHEXClear - €74 thousand; ATHEXCSD – negative liability of €370 thousand; ATHEX (parent company) - €464 thousand.

For 2017, the change in income tax liability was a debit balance (liability) and as such was transferred to assets in income tax payable (note 5.38).

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	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Income Tax	2,177	2,140	851	1,168
Deferred Tax (note 5.40)	(175)	(203)	(36)	(43)
Income tax expense	**2,002**	**1,937**	**814**	**1,125**

Reconciliation of the income tax with profits/losses before tax on the basis of the applicable ratios and the tax expense is as follows:

	Group		Company	
Income tax	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profits before taxes	5,078	3,366	2,400	5,293
Income tax rate	29%	29%	29%	29%
Expected income tax expense	1,473	976	696	1,535
Tax effect of non-taxable income	0	0	0	(410)
Tax effect of non-deductible expenses	529	961	118	0
Income tax expense	**2,002**	**1,937**	**814**	**1,125**

Non-taxable income refers mainly to dividend income from subsidiaries, which is eliminated on a consolidated basis. Thus the tax rate calculated on the accounting profits increases, since the corresponding taxable profits are larger. Furthermore, the resulting effective tax rate on the consolidated profits is larger than the nominal tax rate in effect because – during the current fiscal year- there are intra-Group transactions.

The losses from the bank bonds have a different accounting treatment in IFRS compared to tax accounting, and are the main reason for the creation of deferred tax.

Tax Compliance Report

For fiscal years 2011 to 2015, the Greek Sociétés Anonymes and Limited Liability Companies whose annual financial statements must be audited were required to obtain an "Annual Certificate", as provided for in §5 article 82 of Law 2238/1994 and article 65A Law 4174/2013, which is issued after a tax audit carried out by the same statutory auditor or audit firm that audits the annual financial statements. After completion of the tax audit, the statutory auditor or the audit firm issues to the company a "Tax Compliance Report" which is then submitted electronically to the Ministry of Finance.

Starting with fiscal year 2016, the issuance of an "Annual Certificate" is optional. The tax authorities reserve the right to carry out a tax audit within the established framework as defined in article 36 of Law 4174/2013.

Unaudited fiscal years

The status of the tax audits for the companies of the Group, by fiscal year, is as follows:

	2008	2009	2010	2011	2012	2013	2014			
ATHEX to 30.06.2014	x	x	-	x	x	x	x	2015	2016	2017
ATHENS EXCHANGE (ATHEX)		appeal		x	x	x	x	x	x	+
ATHEXCSD (former TSEC)	x	x	-	x	x	x	x	x	x	+
ATHEXClear	x	x	-	x	x	x	x	x	x	+

(-) Tax audit has not begun

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(x) Tax audit completed
(+) Tax audit in progress

ATHENS EXCHANGE (ATHEX): The audit order issued by the Audit Center for Large Enterprises (KEMEP) for 2010, the only unaudited fiscal year, has been received.

ATHEX: (see below concerning the tax audit for fiscal years 2008-2010).

For fiscal year 2011 the Company has been audited by PricewaterhouseCoopers S.A., and for fiscal years 2012-2016 it has been audited by Ernst and Young S.A. and it has received clean "Tax Compliance Reports" in accordance with the regulations in effect (article 82, §5 of Law 2238/1994 for fiscal years 2011-2013 and article 65A of Law 4174/2013 for fiscal years 2014-2015).

For fiscal year 2017 the tax audit is already in progress by PricewaterhouseCoopers S.A. in accordance with article 65A of Law 4174/2013. At the conclusion of the tax audit, management of the Company does not expect that any significant tax obligations will arise besides those recording and reflected in the financial statements.

Tax audit of the Company for fiscal years 2008, 2009 and 2010

On 30.9.2016, within the time limits of the law, the Company filed an administrative appeal in accordance with article 63 of Law 4174/2013 at the Dispute Settlement Directorate (DED) of the General Secretariat of Public Revenue (GGDE), against the findings of the tax audit, and at the same time paid 100% of the amount due i.e. €1,562 thousand, in order to avoid the accumulation, calculation and assessment of interest for the duration of the suspension of the sum due (article 53 §1 of law 4174/2013).

The DED finding, which was received on 15.2.2017, reduces the total amount by €579 thousand, to €983 thousand. This difference has already been offset with an equal amount of Company tax obligations by the appropriate tax office. The Company has further appealed (16.03.2017) to the Administrative Courts in order to reduce the tax and penalties assessed by the tax audit. The Company received a summons from the Administrative Court of Appeals of Athens to attend the hearing set for March 6th 2018. The decision is expected in the next few months.

5.48. Management of the Clearing Fund

Cash Market

Athens Exchange Clearing House S.A. (ATHEXClear) manages the Clearing Fund in order to protect the System from credit risk of the Clearing Members that arise from the clearing of transactions.

In the Clearing Fund Clearing Members contribute exclusively in cash. ATHEXClear monitors and calculates, on a daily basis as well as during the day, the risk that Clearing Members will renege on their obligations, and blocks the corresponding guarantees in cash and/or letters of guarantee. Based on the guarantees that have been blocked, the credit limits of the members are reevaluated on a daily basis; monitoring the limits takes place in real time during market hours. The minimum size of the Clearing Fund is recalculated at least every month, in accordance with the provisions of the Rulebook, so that its size is sufficient at a minimum to cover at any time the loss, under any extreme market conditions that may arise in case the Clearing Member in which the system has the greatest exposure is overdue.

The participation of each Clearing Member in the Clearing Fund is determined based on its Account in it. The Account consists of all of the contributions by the Clearing member that have been paid into the Fund in order to form it, and is increased by any proceeds resulting from the management and investment of the assets of the Fund, as well as by the cost of managing risk and margins, as determined by ATHEXClear procedures. Revenues and expenses are distributed on a pro rata basis to each Clearing Member account in the Clearing Fund, in relation to the size of the Account balance.

The new size of the Clearing Fund is €12,042,086 and is in effect until 31.03.2018.

Derivatives Market

The BoD of ATHEXClear at meeting number 109/17.11.2014 approved the creation of a set of risk management policies and methodologies as a result of the clearing model changes in the derivatives market, the Regulation on the Clearing of Transactions on Derivatives, as well as due to the adjustments to the requirements of the EMIR Regulation.

In accordance with the new Regulation on the Clearing of Transactions on Derivatives and in particular Part 6 of Section II, a Clearing Fund for the Derivatives Market is set up; the size of the Fund for the time period from 01.03.2018 to 31.03.2018 is €10,733,465. Calculation takes place on a monthly basis.

Management of the Clearing Fund in the Derivatives Market does not differ from the Clearing Fund in the cash market (see above).

5.49. Related party disclosures

The value of transactions and the balances of the Group with related parties are analyzed in the following table:

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Remuneration of executives and members of the BoD	1,412	1,411	1,025	1,009

The intra-Group balances on 31.12.2017 and 31.12.2016, as well as the intra-Group transactions of the companies of the Group on 31.12.2017 and 31.12.2016 are shown below:

INTRA-GROUP BALANCES (in €) 31-12-2017				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Claims	0	569,926	68,090
	Liabilities	0	0	0
ATHEXCSD	Claims	0	0	1,261,736
	Liabilities	569,926	0	6,637
ATHEXCLEAR	Claims	0	6,637	0
	Liabilities	68,090	1,261,736	0

INTRA-GROUP BALANCES (in €) 31-12-2016				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Claims	0	154,864	16,533
	Liabilities	0	44,400	0
ATHEXCSD	Claims	44,400	0	33,785
	Liabilities	154,864	0	1,600
ATHEXCLEAR	Claims	0	1,600	0
	Liabilities	16,533	33,785	0

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INTRA-GROUP REVENUES-EXPENSES (in €) 31-12-2017				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Revenue	0	431,605	105,115
	Expenses	0	306,567	0
	Dividend Income	0	802,600	0
ATHEXCSD	Revenue	306,567	0	5,258,875
	Expenses	431,605	0	14,893
ATHEXCLEAR	Revenue	0	14,893	0
	Expenses	105,115	5,258,875	0

INTRA-GROUP REVENUES-EXPENSES (in €) 31-12-2016				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Revenue	0	415,114	53,332
	Expenses	0	289,867	0
	Dividend Income	0	4,013,000	0
ATHEXCSD	Revenue	289,867	0	6,227,402
	Expenses	415,114	0	0
ATHEXCLEAR	Revenue	0	0	0
	Expenses	53,332	6,227,402	0

Intra-Group transactions concern: the annual fee for trade settlement (art. 1 decision 1 on fees), settlement instructions (art. 1 decision 1 on fees), support services (accounting, security, administrative services etc.), IT services, as well as PC support services, which are invoiced at prices comparative to those between third parties.

5.50. Composition of the BoDs of the companies of the Group

The current members of the Boards of Directors of the companies of the ATHEX Group are listed in the following tables:

HELLENIC EXCHANGES - ATHENS STOCK EXHANGE S.A. HOLDING	
Name	**Position**
George Handjinicolaou	Chairman, non-executive member
Socrates Lazaridis	Vice Chairman & Chief Executive Officer
Alexandros Antonopoulos	Independent non-executive member
Konstantinos Vassiliou	Non-executive member
Ioannis Emiris	Non-executive member
Dimitrios Karaiskakis	Executive member
Sofia Kounenaki – Efraimoglou	Independent non-executive member
Ioannis Kyriakopoulos	Non-executive member
Adamantini Lazari	Independent non-executive member
Nikolaos Milonas	Independent non-executive member
Alexios Pilavios	Non-executive member
Dionysios Christopoulos	Independent non-executive member

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Nikolaos Chryssochoidis	Non-executive member

(*) At the meeting of the Board of Directors on 27.12.2017 Mr. George Handjinicolaou replaced Mr. Iakovos Georganas as non-executive member. At the same meeting, the Board of Director elected Mr. George Handjinicolaou as new non-executive Chairman of the Board of Directors.

ATHENS EXCHANGE CLEARING HOUSE S.A	
Name	**Position**
Alexios Pilavios	Chairman, non-executive member
Gikas Manalis	Vice Chairman, non-executive member
Socrates Lazaridis	Chief Executive Officer, Executive member
Andreas Mitafidis	Independent non-executive member
Nikolaos Pimplis	Executive member
Charalambos Saxinis	Independent non-executive member
Dionysios Christopoulos	Independent non-executive member

HELLENIC CENTRAL SECURITIES DEPOSITORY S.A.	
Name	**Position**
George Handjinicolaou	Chairman, non-executive member
Socrates Lazaridis	Vice Chairman & Chief Executive Officer
Nikolaos Pimplis	Executive member
Nikolaos Porfyris	Executive member
Dionysios Christopoulos	Non-executive member

5.51. Profits per share and dividends payable

The BoD of the Athens Exchange proposed the distribution of €0.06 per share, i.e. a payout of €3,922,113.78, as dividend from the profits of fiscal year 2016, as well as the return of capital to shareholders of €0.24 per share, i.e. a payout of €15,688,455.12. The actual amounts per share were €0.06499 and €0.25997 respectively, due to the existence of treasury stock (which is not entitled to receive cash distributions). The proposals of the BoD for the distribution of dividend and the return of capital were approved by shareholders at the 16th Annual General meeting on 24.5.2017 and the 1st Repetitive GM on 9.6.2017 respectively.

The net after tax profit of the Group in 2017 was €3.1m or €0.05 per share, while after including other comprehensive income, profit was €2.5m or €0.042 per share. Following the share capital reduction of the Company due to the cancellation of treasury stock (note 5.41), the number of shares outstanding of the Company became 60,599,000 out of which 251,000 shares remain as treasury stock on 31.12.2017.

5.52. Contingent Liabilities

The Group is involved in legal proceedings with employees, members of the Athens Exchange, listed companies as well as with third parties. The management of the Group and its legal counsel estimate that the outcome of these cases will not have a significant effect on the financial position or the results of the operation of the Group and the Company.

In order to reduce client receivables, the Group exercises all legal courses of action provided by the law and the Regulations. In this context, out-of-court complaints and lawsuits have been submitted, which will be judged in court. A significant part of the receivables is estimated to be recoverable by the companies of the Group.

(Amounts in thousand euro unless otherwise noted) 130

5.53. Alternative Performance Measures (APMs)

The European Securities and Markets Authority (ESMA/2015/1415el) published the final guidelines on the Alternative Performance Measures (APMs) that apply starting on 3 July 2016 to companies with transferable securities traded in organized exchanges. APMs are published by the issuers during the publication of regulated information, and aim to improve transparency and promote usability as well as provide accurate and comprehensive information to investors.

An Alternative Performance Measure is an adjusted financial measurement of past or future financial performance, financial position or cash flows that is different from the financial measurement defined in the applicable financial reporting framework. In other words an APM on the one hand is not exclusively based on financial statement standards, and on the other it provides material supplementary information, excluding items that may potentially differentiate from the operating results or the cash flows.

Transactions with a non-operational or non-cash valuation that have a significant effect in the Statement of Comprehensive Income are considered items that affect the adjustment of the indices to APMs. These, non-recurring in most cases, items may arise among others from:

- Asset impairments
- Restructuring measures
- Consolidation measures
- Sale or transfer of assets
- Changes in legislation, compensation for damages or legal claims

APMs must always be taken into consideration in conjunction with the financial results that have been drafted based on IFRS, and in no instance should they be considered as replacing them. The Athens Exchange Group used APMs for the first time in fiscal year 2016, in order to better reflect the financial and operational performance related to the activity of the Group as such in the fiscal year in question, as well as the previous comparable period.

The definition, analysis and calculation basis of the APMs used by the Group is presented below.

Items affecting the adjustment

In accordance with the financial statements of fiscal year 2017, essentially the only items affecting the adjustment of the measures used by the Group in order to calculate APMs are the provisions against bad debts and the valuation of the shares of a listed bank that it possesses.

The itemized data that affect the adjustment of APMs on 31.12.2017 and 31.12.2016 are shown in the table below:

in € thousand	**01.01-31.12.2017**	**01.01-31.12.2016**
Statement of Comprehensive Income		
Provisions against bad debts	(600)	(824)
Share valuation	0	(2,219)
Reversal of unused provisions	32	249
Total	**(568)**	**(2,794)**
Other Comprehensive Income		
Share valuation	(527)	711
Grand total	**(1,095)**	**(2,083)**

1. EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization - items affecting the adjustment

€ thousand	01.01-31.12.2017	01.01-31.12.2016	Deviation %
EBITDA	**7,983**	**8,020**	**(0)%**
Provisions against bad debts	600	824	(27)%
Reversal of unused provisions	(32)	(249)	(87)%
Adjusted EBITDA	**8,551**	**8,595**	**(1)%**
Deviation %	**7%**	**7%**	

In fiscal year 2017 adjusted EBITDA was 7% higher compared to EBITDA, while compared to 2016, adjusted EBITDA was 1% lower, i.e. slightly deteriorated.

2. EBIT = Earnings Before Interest & Taxes - items affecting the adjustment

€ thousand	01.01-31.12.2017	01.01-31.12.2016	Deviation %
EBIT	**4,923**	**5,139**	**(4)%**
Provisions against bad debts	600	824	(27)%
Reversal of unused provisions	(32)	(249)	(87)%
Adjusted EBIT	**5,491**	**5,714**	**(4)%**
Deviation %	**12%**	**11%**	

In 2017 adjusted EBIT was 12% higher compared to EBIT, while compared to 2016, adjusted EBIT was 4% lower, i.e. deteriorated.

3. EBT = Earnings Before Taxes - items affecting the adjustment

€ thousand	01.01-31.12.2017	01.01-31.12.2016	Deviation %
EBT	**5,078**	**3,366**	**51%**
Provisions against bad debts	600	824	(27)%
Reversal of unused provisions	(32)	(249)	(87)%
Share valuation	0	2219	(100)%
Adjusted EBT	**5,646**	**6,160**	**(8)%**
Deviation %	**11%**	**83%**	

In fiscal year 2017 adjusted EBT was 11% higher compared to EBT, while compared to 2016, adjusted EBT was 8% lower, i.e. deteriorated.

4. EAT = Earnings After Taxes - items affecting the adjustment

€ thousand	01.01-31.12.2017	01.01-31.12.2016	Deviation %
EAT	**3,076**	**1,429**	**115%**
Provisions against bad debts	600	824	(27)%
Reversal of unused provisions	(32)	(249)	(87)%
Share valuation	0	2219	(100)%
Adjusted EAT	**3,644**	**4,223**	**(14)%**
Deviation %	**18%**	**196%**	

In fiscal year 2017 adjusted EAT was 18% higher compared to EAT, while compared to 2016, adjusted EAT was 14% lower, i.e. deteriorated.

5. Cash flows after investments

(cash flows before financial activities in the Statement of Cash Flows) = Net cash flows from operating activities - Net cash flows from investment activities - items affecting the adjustment

€ thousand	01.01-31.12.2017	01.01-31.12.2016	Deviation %
Net cash flows from operating activities	11,990	4,250	182%
Net cash flows from investment activities	(1,934)	(1,916)	1%
Cash flows after investment activities	**10,056**	**2,334**	**331%**
Items affecting the adjustment	568	2,794	(80)%
Adjusted cash flows from investment activities	**10,624**	**5,128**	**107%**
Deviation	**6%**	**120%**	

In 2017 adjusted cash flows after investments were 6% higher, while compared to 2016 adjusted cash flows after investments were 107% higher.

6. Return on Investment (ROI) %

$$\text{Return on Investment (ROI) \%} = \frac{\text{Profits Before Taxes + Interest \& related expenses – items affecting the adjustment}}{\text{Total liabilities (reduced by third party cash \& cash equivalents) + average interest bearing liabilities during the year}} \times 100$$

€ thousand	01.01-31.12.2017	01.01-31.12.2016	Deviation %
Return on Investment (ROI)	**38%**	**27%**	**41%**
Earnings After Tax	5,078	3,366	51%
Interest & related expenses	166	131	27%
Items affecting the adjustment	568	2,794	(80)%
Total (a)	**5,812**	**6,291**	**(8)%**
Total liabilities – Third party cash & cash equivalents (b)	**13,807**	**12,848**	**7%**
Adjusted Return on Investment (ROI) (a)/(b)	**42%**	**49%**	**(14)%**
Deviation %	**11%**	**81%**	

In 2017 adjusted ROI was 11% higher compared to ROI, while compared to 2016, adjusted ROI was 14% lower, i.e. deteriorated.

7. Adjusted Return on Equity (ROE), %

$$= \frac{\text{Profits After Taxes – items affecting the adjustment}}{\text{Total Equity (average)}} \times 100$$

€ thousand	01.01-31.12.2017	01.01-31.12.2016	Deviation %
Return on Equity	**2.50%**	**1%**	**167%**
Net earnings for the period	3,076	1,429	115%
Items affecting the adjustment	568	2,794	(80)%
Total	**3,644**	**4,223**	**(14)%**
Average total Equity	**123,053**	**152,358**	**(19)%**
Adjusted Return on Equity	**2.96%**	**2.77%**	**7%**
Deviation %	**18%**	**196%**	

In 2017 adjusted ROE was 18% higher compared to ROE, while compared to 2016, adjusted ROE for fiscal year 2017 was 7% higher, i.e. improved.

8. Degree of Financial Self-Sufficiency

$$= \frac{\text{Total Equity – items affecting the adjustment}}{\text{Total Balance sheet – third party cash assets}} \times 100$$

€ thousand	01.01-31.12.2017	01.01-31.12.2016	Deviation %
Degree of Financial Self-Sufficiency	**90%**	**92%**	**(2)%**
Total Equity	118,994	140,692	(15)%
Items affecting the adjustment	568	2,794	(80)%
Share valuation	527	(711)	(174)%
Total (a)	**120,089**	**142,775**	**(16)%**
Total Balance Sheet - Third party cash & cash equivalents	**132,801**	**153,540**	**(14)%**
Adjusted Degree of Financial Self-Sufficiency (a/b)	**90%**	**93%**	**(3)%**
Deviation %	**0%**	**1%**	

In 2017 the Adjusted Degree of Financial Self-Sufficiency was unchanged compared to the Degree of Financial Self-Sufficiency, while compared to the Adjusted Degree of Financial Self-Sufficiency in 2016 it was reduced by 3%, i.e. deteriorated.

9. Adjusted EPS

$$= \frac{\text{Net Profit attributable to the owners of the parent Company – items affecting the adjustment}}{\text{Average number of shares during the period}} \times 100$$

€ thousand	01.01-31.12.2017	01.01-31.12.2016	Deviation %
EPS	**0.026**	**0.03**	**(13)%**
Other comprehensive income	2,522	2,135	18%
Provisions against bad debts	600	824	(27)%
Share valuation	0	2,219	(100)%
Reversal of unused provisions	(32)	(249)	(87)%
Share valuation	527	(711)	(174)%
Net adjusted other comprehensive income	**3,617**	**4,218**	**(14)%**
Average number of shares during the period	**60,348,000**	**63,875,729**	**(6)%**
Adjusted EPS deviation	**0.060**	**0.066**	**(9)%**
Deviation %	**131%**	**120%**	

In 2017 adjusted EPS was 131% higher compared to EPS, while compared to 2016, adjusted EPS in fiscal year 2017 was 9% lower, i.e. deteriorated.

5.54. Events after the date of the financial statements

There is no event that has a significant effect in the results of the Group and the Company which has taken place or was completed after 31.12.2017, the date of the 2017 annual financial statements and up until the approval of the annual financial statements by the Board of Directors of the Company on 26.03.2018.

Athens, 26 March 2018

THE CHAIRMAN OF THE BoD

GEORGE HANDJINICOLAOU ____________________________

THE CHIEF EXECUTIVE OFFICER

SOCRATES LAZARIDIS ____________________________

THE CHIEF FINANCIAL OFFICER

VASILIS GOVARIS ____________________________

THE DIRECTOR OF FINANCIAL MANAGEMENT

CHRISTOS MAYOGLOU ____________________________

THE DEPUTY DIRECTOR OF FINANCIAL CONTROL, BUDGETING & INVESTOR RELATIONS

CHARALAMBOS ANTONATOS ____________________________