2016 ANNUAL FINANCIAL REPORT

For the period 1 January 2016 – 31 December 2016
In accordance with the International Financial Reporting Standards and Article 4 of Law 3556/2007

ATHENS EXCHANGE CLEARING HOUSE S.A.
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1. DECLARATIONS BY MEMBERS OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL STATEMENTS OF 31.12.2016 AND THE ANNUAL REPORT OF THE BOARD OF DIRECTORS
(in accordance with article 4 §2 of Law 3556/2007)

WE DECLARE THAT

1. To the best of our knowledge, the annual Financial Statements, which have been prepared in accordance with the applicable International Financial Reporting Standards, present accurately the assets and liabilities, the equity as at 31.12.2016 and the results of the fiscal year 2016 of "ATHENS EXCHANGE CLEARING HOUSE S.A.".
2. To the best of our knowledge, the attached report of the Board of Directors for the fiscal year 2016 presents accurately the course, performance and position of "ATHENS EXCHANGE CLEARING HOUSE S.A.", including the description of main risks and uncertainties that the Company faces.
3. To the best of our knowledge, the attached Financial Statements for the fiscal year are those that were approved by the Board of Directors of "ATHENS EXCHANGE CLEARING HOUSE S.A." on 27.03.2017.

Athens, 27 March 2017

THE	**THE**	**THE**
CHAIRMAN OF THE BOARD	**CHIEF EXECUTIVE OFFICER**	**MEMBER OF THE BOARD**
ALEXIOS PILAVIOS	**SOKRATIS LAZARIDIS**	**ANDREAS MITAFIDIS**
ID CARD No. AB-340965	**ID CARD No. AK -218278**	**ID CARD No. Π-364444**

2. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

OF “ATHENS EXCHANGE CLEARING HOUSE S.A.” FOR THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 31.12.2016 (in accordance with Article 4 of Law 3556/2007)

The Board of Directors of ATHENS EXCHANGE CLEARING HOUSE S.A. (ATHEXClear or the Company) presents its Report with regard to the financial statements for the fiscal year 2016 pursuant to articles 43a and 136 of Codified Law 2190/1920.

The financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union.

THE GREEK STOCK MARKET

The Athens Exchange General Index closed on 31.12.2016 at 643.6 points, increased by 1.9% from the 631.4 points at the end of 2015. The average market capitalization came to €41.3 billion, a drop of 5.7% compared to 2015 (€43.8 billion).

The total traded value in 2016 (€15.1 billion) is decreased by 20.9% compared to 2015 (€19.1 billion), while the average daily traded value in 2015 reached €60.5 million contrasted with €85.7 million in 2015, showing a decrease of 29.4%.

It should be noted that in 2015 the Athens Exchange remained closed for 25 business days (the last 2 days of June and throughout July) due to the enforced bank holiday and the imposition of restrictions on capital movements (capital controls).

In the derivatives market, despite the increase of the total trade volume by 3.3% (2016: 15.8 million contracts, 2015: 15.3 million contracts), the price drop in the underlying stock market led to a reduction of the average revenue per contract by 40% (2016: €0.105, 2015: €0.175). The average daily traded volume decreased by 7.4% (63.5 thousand contracts) compared to 2015 (68.6 thousand contracts).

BUSINESS DEVELOPMENTS

Transition of DSS to a Web Platform

Systems development implemented an extensive project for the transfer of the Dematerialized Securities System (DSS), which is a central information system of the Group, to a modern technological platform (WEB).

In order for the project to be completed and be put into operation, a full retesting of the system (forms, procedures, reports) was required so as to ensure its proper operation. The testing of subsystems that concerned clearing, risk management and settlement was conducted by ATHEXClear, which also undertook the coordination of the overall project for the testing of the new version.

In the first half of 2016, application testing was completed and at the same time errors in translation and problems resulting from the transition to the new environment were corrected. Also, in order to allow users to be acquainted with the new environment, the Clearing Members and the DSS Operators were also given the possibility to perform tests for a period of two months (March and April) in the testing environment. Finally, a General Test was performed, which aimed at offering to the Clearing Members and the DSS Operators the possibility to carry out technical tests in order to try the new version before being put in operation in the production environment. To support the General Test, a number of scenarios had to be prepared and also the manuals describing the clearing procedures had to be upgraded in order to reflect the changes.

On 23.05.2016 the new environment was put in operation for the internal users and on 30.05.2016 the new environment was put in operation for the external users.

Development of an Electronic Book Building service for bonds

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 it capital raises, 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 proposal of companies that seek financing.

In 2016 the service provided was expanded to support bond issues; at the same time the procedure were improved in order to fulfil the demands of those involved.

Towards this end, changes were necessary both in the legal framework as well as in the IT systems of the Group that support the service.

The whole undertaking was successfully completed with the use of the EBB service in the issuance of the first bond in the Main Market.

Introduction of Covered Sales

This is a new functionality that allows sales without consuming credit limit, provided that the shares to be sold are blocked before the activation of the sale order in the trading system.

With this new functionality, the resources committed by market participants are reduced, thereby reducing cost, while maintaining the same level of market safety.

In order to implement the covered sales functionality, significant changes had to be made both to the regulatory framework of operation of the market, as well as in the IT systems for trading, clearing, and risk management. In order to test this new functionality, test were carried out with the participation of members.

Supporting the rebalancing of the FTSE Large Cap index for derivatives market products

Following requests by Members, and in order to stimulate investor interest and increase market liquidity, it was decided to rebase the FTSE/ATHEX Large Cap index.

At the same time, it was decided to increase the nominal value of the Index Futures by a factor of four. This adjustment significantly reduced the cost of trading in this particular product (as a percentage of its face value).

The abovementioned rebase required that changes be made in the IT systems, as well as comprehensive provision of information and coordination with market participants.

Development of functionality in the Clearing System for member default in the Derivatives Market

The immediate reaction of ATHEXClear in case of member default can significantly reduce its exposure to risk, and the loss that it may ultimately face.

New functionality was therefore developed in the Clearing System in order to:

- Immediately provide more comprehensive information regarding the defaulting member's obligations.
- Automate procedures, such as a transfer of positions of the defaulting member, the creation of orders for closing out positions etc., in order to reduce both reaction time and operating risk due to human intervention.

Improvement in the tax withholding process for OTC securities lending transactions

In collaboration with the tax authorities, the avoidance of double tax withholding on OTC lending transactions when intermediaries are involved was implemented.

Following the implementation of this new functionality, the process for taxing these transactions is rationalized, and the relevant request by market participants is satisfied.

Annual certification of the risk management models

As part of the annual update of the risk management models, in accordance with Article 49 of Regulation (EU) 648/2012 (EMIR), ATHEXClear was audited by an independent specialized external consultant. During the audit, that was carried out in accordance with the provisions of Article 47 of Regulation (EU) 153/2013 concerning

Technical Standards, no deviation was found for the provisions and requirements of EMIR; and no significant finding was recorded.

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

ATHEXClear participated in the second phase of the EU-wide stress test for counterparty credit risk that was carried out by the European Securities and Markets Authority (ESMA). ESMA demanded that supervised Central Counterparties calculate possible losses that could arise from clearing member default under new, increased extreme market condition factors. ATHEXClear completed these test successfully, as there was no essential weakness in the ability to absorb losses under these extreme scenarios.

The conclusions of the audit carried out by ESMA, also resulted in specific proposals concerning the audit scenario under extreme conditions which must be applied by all participating Central Counterparties. These changes were incorporated in ATHEXClear's Risk Management Framework, without however having a significant impact.

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 are the display of cash collateral requested by a clearing member in order to more reflect risk more transparently, and the creation of new reports to audit the degree of concentration of clearing members.

The aim behind the continuing development in the RMS is to increase automation in the daily monitoring of risks.

Development of a data warehouse for risk management data

In order to make possible the storage and handling of a large volume of data that concern risk management, in order to use it to easily generate reports, the project of developing a data warehouse has begun.

During 2016, planning and infrastructure development was completed, and primary data was gathered, to be followed by the use of the system to generate reports.

The process of report creation will be easier, resulting in a reduction in the time required by the human resources of the Division, while at the same time it will be possible to gather and combine information from various sources.

Improvements in the EMIR-TR services

In order to ensure compatibility with ESMA requirements concerning the obligation to report trades (EMIR Trade Reporting Level II Validation), as well as improve the service provided to Members, a number of actions were implemented mainly in the IT system that supports the service. In particular:

- Deletion of the special characters from the position account codes in the derivatives market.
- Addition of a series of controls in the IT system in order to increase the accuracy of the data that is entered, in accordance with ESMA instructions.
- Automated the process of sending and receiving trade report files on derivatives transactions that are not cleared by ATHEXClear. The reason is to reduce human interaction, reduce operating risk, and increase the safety of the system.
- Automation of the invoicing process through the issuance of invoicing data directly from the IT system of the service. At the same time, the option to produce detailed data on charges per member, client and type of transaction.

The required changes were originally made in the test environment in which member users have access, in order to ensure both the smooth operation of the system, and that users were familiarized before operation in a production environment.

In an effort to reduce the cost of the service, both for ATHEXClear as well as for the participants in the derivatives market, the potential suppliers (Trade Repositories) were re-evaluated taking into consideration new data concerning trade activity and the number of reports being sent. In accordance with the pricing policies of the suppliers, it was estimated that it will be significantly more advantageous to collaborate with a new provider. Towards this end the necessary changes in the technological infrastructure were implemented, and all necessary actions taken so that from 01.01.2017 the service could migrate to a new provider, and at the same time a new, lower pricing policy offered to clearing members and ATHEXClear clients.

Other actions

In 2016 a series of supplementary actions were also carried out, the most important of which are the following:

- Change in the procedures for suspension or write-off of derivative products to allow dealing with emergencies in a more rational manner, which was also in accordance with a request of market participants.
- Implementation of procedure for issuing a tax certificate regarding the interest tax withheld and paid on the revenue of the lender for the Securities Lending Products from 01.01.2015 onwards.
- Changes in pricing policy for SIBEX products. In an effort to increase trading activity, SIBEX decided to offer discounts on trading fees for intraday trades for a specified period. ATHEXClear also adopted a similar pricing policy of lower charges for a specific period. To implement the above pricing policy, limited changes in the information systems and the relevant tests for proper operation were required.
- Introduction of systemic controls in the entry and matching of settlement instructions with reason of transfer “6, Re-registration”, where the end beneficiary of the securities transferred is now logged in order to ensure the proper use of the specific function. For this purpose, implementation of changes in the information systems and notification to market participants were required.
- Improvement and automation of the procedure for communication with TARGET2 in the event of unavailability of network connection. This procedure is part of the Business Continuity processes and simultaneously reduces the time required of the Group executives during the half-yearly audit carried out by the Bank of Greece.

COMMENTS ON THE RESULTS

In the fiscal year 2016 ATHEXClear recorded a net profit after tax of €169 thousand compared to a loss of €270 in the same period of the year 2015. The profit recorded is due to a discount of €2 million allowed by ATHEXCSD on the flat annual settlement fee.

Approximately 96% of the turnover of the company in 2016 results from the clearing of transactions in the stock and derivatives markets carried out in the Athens Exchange (including revenues from the ATHEX-CSE common trading platform). Turnover reached the amount of €8.1 million contrasted with €10.8 million in 2015, showing a decrease of 25.2%. Revenue from clearing came to €7.7 million, showing a decrease of €2,5 million or 24.9%.

The operating revenue of the Company for 2016 after deduction of the Capital Market Commission Fee amounted to €7.5 million compared to €10.1 million for the respective period of 2015.

The expenses of the Company including the flat settlement fee reached €7.2 million compared to €10.2 million of the previous fiscal year, showing a decrease of 30.0%. Due to the significant drop in revenues from clearing, in accordance with the Regulatory Decision 1 regarding ATHEXCSD fees, the minimum charge of €7.5 million was initially applied and subsequently ATHEXClear, in order to avoid recording a loss in the Statement of Comprehensive Income for 2016, requested a discount from ATHEXCSD. ATHEXCSD, taking into account the situation created, allowed a discount of €2.0 million as a result of which the flat annual settlement fee for 2017 was limited to the amount of €5.5 million.

Personnel remuneration and expenses came to €1,002 thousand, showing a decrease of 5.1%. The number of employees as at 31.12.2016 was 23 persons, remaining unchanged in relation to the respective period last year.

With regard to Earnings Before Interest and Taxes (EBIT), ATHEXClear shows a profit of €282 thousand contrasted with losses of €213 thousand in the respective period of last year.

Third-party balances in ATHEXClear bank accounts

In order to comply with the corporate governance framework laid down by Regulation (EU) No. 648/2012 of the European Parliament and of the Council (EMIR Regulation), the Company keeps all cash collaterals that are managed by the Company and relate to the cash market and the derivatives market, as well as its own cash balances, in an account in its name with the Bank of Greece as a direct participant through the Internet to the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2-GR).

Therefore, its own cash balance and the balances of third parties (margins) are deposited in the same account that ATHEXClear holds with 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 31.12.2016. In the Statement of Financial Position of 31.12.2016, they are reported as equal amounts both in current assets and in current liabilities as “third-party balances in the bank account of the Company” and concern exclusively the margins in the cash and derivatives markets that were deposited in the bank account held by ATHEXClear with the Bank of Greece as at 31.12.2016.

SHARE CAPITAL

The share capital of the Company amounts to €25,500,000 and consists of 8,500,000 shares of a nominal value of €3 each.

TREASURY SHARES

The company does not hold any treasury shares as at 31.12.2016.

DIVIDEND POLICY

The company has not yet distributed a dividend.

TRANSACTIONS BETWEEN ASSOCIATED PARTIES

Total trades with associated parties amount to €97 thousand compared to €115 thousand in the fiscal year 2015 and concern the remuneration of executives and members of the Board of Directors of the Company. Apart from these transactions, no other transactions were carried out with associated parties as defined in IAS 24, which could materially affect the financial position or the performance of the Company during that period.

USE OF FINANCIAL INSTRUMENTS

The Company does not use financial instruments for the valuation of assets and liabilities or of the financial position or of the profit and loss account and, therefore, does not use hedge accounting.

OUTLOOK FOR 2017

The prospects of the Company are shaped by the interventions that are taking place at the European Union level in the regulatory framework, with the focus by the European Commission in the possibility of financing small and medium sized enterprises in Europe with equity, due to the continuing deleveraging in the banking system, to overall developments in the international macroeconomic environment and of course in Greece.

Under such conditions, the Company endeavours to reduce its cost of operation, to ensure the well ordered operation of its markets, to provide added value services, to utilize its infrastructure improving it with the addition of new products and services, and to fulfil effectively its role in the transfer of investment resources to the productive fabric of Greece.

The EMIR Regulation, which directly affects the Company and the Group, creates a single European environment for the structure, licensing, operation and supervision of the Clearing Houses, while the CSDR under development creates a similar environment for the Depositories.

The adaptation of the Company and the Group to the new models of operation creates opportunities for developing new undertakings and collaborations and the conditions for effective and profitable operation in an international environment of increased security and reduced risk.

The deterioration of the Greek economy during the last years significantly affected the trading activity and share prices on the Athens Exchange. The decline of share values also had a negative impact on the cash and derivatives markets, from which ATHEXClear derives a significant part of its revenues.

The exceptional organization of ATHEXClear of the Athens Exchange Group, the unhindered operation of the stock market, the continuous investment in modern equipment and processes, the absence of debt liabilities, the acknowledgement of its reliability by internationally recognized rating agencies, as well as the liquidity that it possesses, are the guarantee for its lasting survival with significant benefits for the shareholders. The recent economic crisis has a negative impact on the profitability of the Group but it is nonetheless expected that, with the implementation of the agreed actions in the EU and within the Eurosystem, any obstacles will be overcome and the country will return to growth supported by the necessary structural reforms, which are gradually legislated.

TURNOVER - RISKS AND UNCERTAINTIES

The revenues of ATHEXClear and of the Athens Exchange Group in general are determined by to a large extent by factors that cannot be influenced, as they are connected with the developments of the volumes of the Greek capital market, which are in turn affected by a number of factors, such as the main financial figures of listed companies, the fundamental macroeconomic elements of the Greek economy as well as the developments in the international capital markets.

Major sources of revenue for the Company, apart from the clearing fees for trades carried out on the markets of the Athens Exchange, which are collected through the Members, are the proceeds from trade transfers and allocations, from settlement instructions, from trade notification instructions, from subscriptions of clearing members, from TR service etc.

In contrast to revenues, the amount of which cannot be controlled by the Companies of the Group, on the cost side concerted efforts are made for rationalization, with the aim to improve the financial results of the Company and the Group even in adverse market conditions.

The economic crisis afflicting the Greek economy during recent years has increased the risks for foreign and local investors resulting in a significant decrease in the volume of stock market transactions as well as in the number of corporate actions of listed companies other than banks.

RISK MANAGEMENT

General – Risk Management Environment

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

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

Athens Exchange Clearing House (ATHEXClear) is also a member of the Group and operates as a Central Counterparty (CCP) in the clearing of products of the cash and derivatives markets, and it must therefore fulfil the strict requirements on risk management of the EMIR regulatory framework, in accordance with which it has been licensed since 2015. Although risk management within the Group concerns all companies and risk categories, it is recognized that, due to its role in the market, ATHEXClear faces and has to manage the major risk.

The internal and external regulatory and legal framework that governs ATHEXClear directly and the Group indirectly with regard to their obligations in monitoring and managing risk includes the Regulation of Clearing of Transferable Securities Transactions in Book Entry Form, the Regulation on the Clearing of Transactions on Derivatives and the Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, known as EMIR (European Market Infrastructure Regulation).

In light of these new regulatory requirements, the Group is implementing a comprehensive plan for risk management in order to continue to provide high standard services.

Risk Strategy and Risk Management

The risk strategy of the Company of the Group is aligned with its business strategy to provide the appropriate infrastructure for the reliable, safe and unhindered operation of the stock market. In accordance with the strategy of the Group, the risk tolerance level is defined so as to satisfy the market needs, to reduce the cost for the participants, to derive maximum benefit from business opportunities but also to ensure the security of the market and the compliance with the regulatory requirements.

Organizational structure

In 2016 the risk management operation continued to be strengthened for ATHEXClear, in order to remain consistent with the EMIR Regulation. Specifically, in addition to particular measures for ensuring the unobstructed operation of the systems of the Group, each organizational unit of the Group is responsible to monitor and manage potential risks in such a way as to react promptly and effectively in case of occurrence of risk events.

In particular, as far as ATHEXClear is concerned, the risk management environment is formed with the participation of the following units:

Board of Directors, which has the final responsibility and accountability regarding the management of the risk management operation of the company. Specifically, the Board determines, defines and documents the appropriate level of risk tolerance and risk assumption ability of the Company. In addition, the Board and the 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 on risk management issues.

Investments Committee, which makes decisions on the determination of the limits and monitors the liquidity risk, determines policies and standards for the investment strategy, the financing principles, the liquidity management, the interest rate risk and its management.

Risk Management Department of the Risk Management & Clearing Division of ATHEXClear, which is sufficiently independent from the other departments of the Company, and whose main duty is the comprehensive approach to risks that ATHEXClear faces with the aim to identify, assess and eventually manage those risks. The Risk Management Department possesses the required authority, the necessary resources, expertise and access to all relevant information.

Chief Risk Officer, head of the Risk Management Department, who reports to the Board of Directors on matters of risk management through the Chairman of the Risk Committee, and applies the risk management framework through the policies and procedures established by the Board of Directors.

Organizational units, which are responsible for the identification and management of the risks that fall within their scope and participate in the overall risk management of the Group.

Unified risk management

The services provided by the Company and the Group involve various types and levels of risks and it is recognized that effective risk management consists of the following:

Risk Identification & Assessment: Through analysis of the present and future activities of the Group, cases in which the Group is exposed to risks are identified. The risks identified are evaluated as to the potential exposure to loss. This includes in general the assessment both of the possibility that the loss will occur and of the potential effects.

Risk Control: 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, the Management has the responsibility to ensure the appropriate application of the unified risk management framework and of all separate policies/frameworks.

Reduction of Risk: The Management identifies the best method for the reduction of risks, taking into consideration the costs and the benefits. As a general principle, the Group does not assume risks that involve the possibility of disastrous or serious losses. Similarly, the insurance for losses that are relatively predictable and without any material impact is avoided. The alternatives for the reduction of risks depend on the level of tolerance of the Group against various types of risk.

Risk Monitoring & Reporting: 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 constant basis using the specific and approved risk management methods. The main assumptions, the data sources and the processes used in measuring and monitoring risks are documented and tested for their reliability on a regular basis through the review and audit framework and the validation framework.

Risk categories

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

The common risks to which the Company and the Group may be exposed due to the nature of their activities are:

Financial risk

Market risk (changes in exchange rates, interest rates, market prices, commodities and volatility).

Credit risk (mainly counterparty credit risk and risk from equity investments)

Liquidity risk (mainly cash flow risk)

Operating risk

Risk due to a lack or failure of internal procedures and systems, on account of human factor or external events, including legal risk.

Business risk

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

CORPORATE SOCIAL RESPONSIBILITY

Corporate responsibility is a basic characteristic that is common to all advanced societies and economies and concerns the ongoing effort to improve the economic climate, cultivate an open dialogue with interested parties and the active participation of companies in the society.

Given that corporations are entities inextricably linked with the societies in which they operate, affecting and being affected by the conditions of the time and the area of their operation, they must recognize their responsibilities towards society and the environment. One of the axes through which the social responsibility of corporations is expressed, is Corporate Social Responsibility (CSR).

At the Company and the Group, we believe that Corporate Social Responsibility concerns us all. It is our responsibility for our impact on society and the environment. Our Group operates in a constantly changing global environment and is confronted every day with challenges concerning its effectiveness as well as its function as an integral part in social and economic developments. In this environment, the trend that now prevails worldwide is that corporations should be encouraged to undertake more Corporate Social Responsibility initiatives since their decisive role and contribution to social challenges is recognized.

For us at the Group, Corporate Social Responsibility is directly related to the concept of sustainable development, involves voluntary actions and consists a strategic choice of ours. We have created and maintain an action plan that concerns the environment, the people and education:

- We try to contribute in the alleviation of poverty by supporting the work of volunteer organizations that provide support to our fellow human beings.
- We continue our efforts for the protection of the environment through everyday recycling activities and by adopting new workplace methods intended to save energy.
- We promote and support a programme for offering information and education to schoolchildren, university students and members of the market aiming to develop the stock market culture.
- As an active member of the Greek Network for Corporate Social Responsibility we support its efforts which are aimed at boosting awareness of the Corporate Social Responsibility both in businesses and in the society in general, as well as at attaining a balance between profitability and sustainable development.

SIGNIFICANT EVENTS AFTER 31.12.2016

Due to the decline in stock exchange transactions, on which the ATHEXClear clearing revenue is calculated, the minimum charge of €7.5 million was applied for the flat annual settlement fee paid by ATHEXClear to ATHEXCSD, as a result of which ATHEXClear records significant loss. The Company requested by letter a discount of €2.0 million from ATHEXCSD, the Board of which accepted to allow the discount. As a result of the above, the cost of the flat annual settlement fee was limited to the amount of €5.5 million for the Company for the fiscal year 2016.

Subsequently the Board of Directors of ATHEXCSD decided to change the method of calculation of the flat annual settlement fee for 2017 to 60% of the clearing revenue with an annual minimum at €3 million and an annual maximum at €15 million and the relevant amendment to Decision 1 on ATHEXCSD fees.

There is no other event with any significant impact on the results of the Company, which occurred or was concluded after 31.12.2016, the date of the financial statements for 2016, and until the approval of the financial statements for 2016 by the Board of Directors of the Company on 27.03.2017.

Athens, 27 March 2017

THE BOARD OF DIRECTORS

3. AUDIT REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ERNST & YOUNG (HELLAS)
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Report of Independent Certified Public Accountants

To the Shareholders of the Company **"ATHENS EXCHANGE CLEARING HOUSE SOCIÉTÉ ANONYME (ATHEXClear)"**

Auditors' Reports on the Financial Statements

We have audited the accompanying financial statements of **"ATHENS EXCHANGE CLEARING HOUSE SOCIÉTÉ ANONYME (ATHEXClear)"**, which comprise the statements of financial position as at 31 December 2016, the statements of comprehensive income, changes in shareholders' equity and cash flows for the fiscal year then ended, as well as a summary of significant accounting standards and practices and other explanatory notes.

Management's Responsibility regarding the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, as those have been adopted by the European Union, as well as for the internal controls that the management deems necessary in order to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with the International Standards on Auditing, which have been transposed into Greek Law (Government Gazette 2848/B/23.10.2012). Those standards require that we fulfil ethical requirements and that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the financial statements of the company 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 internal controls of the company. An audit also includes evaluating the appropriateness of accounting standards and practices used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **"ATHENS EXCHANGE CLEARING HOUSE SOCIÉTÉ ANONYME (ATHEXClear)"** as at 31 December 2016, its financial performance and its cash flows for the fiscal year then ended in accordance with the International Financial Reporting Standards, as those have been adopted by the European Union.

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Report on Other Legal and Regulatory Matters

Considering that the management has the responsibility for the preparation of the Management Report of the Board of Directors, pursuant to the provisions of Article 2 (Part B), paragraph 5 of Law 4336/2015, we state that:

a) In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of Article 43 of Codified Law 2190/1920 and its content agrees with the attached financial statements for the fiscal year ended 31/12/2016.

b) Based on the knowledge we acquired during our audit regarding the Company **"ATHENS EXCHANGE CLEARING HOUSE SOCIÉTÉ ANONYME (ATHEXClear)"** and its environment, we have not identified any material misstatements in the Management Report of the Board of Directors.

Athens, 27 March 2017

DIMITRIOS KONSTANTINOU	VASILEIOS KAMINARIS
SOEL REGISTRATION NUMBER 16201	SOEL REGISTRATION NUMBER 20411

ERNST & YOUNG (HELLAS)
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COMPANY SOEL REGISTRATION NUMBER 107

4. ANNUAL FINANCIAL STATEMENTS

For the period 01 January 2016 - 31 December 2016

In accordance with the International Financial Reporting Standards

4.1. ANNUAL STATEMENT OF COMPREHENSIVE INCOME

	Note	01/01 31.12.2016	01/01 31.12.2015
Revenue			
Clearing	5.7	7,700	10,249
Clearing House Services	5.8	166	168
New Services	5.9	148	162
Other Services	5.10	63	218
Total turnover		**8,077**	**10,797**
Hellenic Capital Market Commission Fee	5.23	(585)	(730)
Total revenue		**7,492**	**10,067**
Expenses			
Personnel remuneration and expenses	5.12	1,002	1,056
Third party fees and expenses	5.13	67	39
Maintenance/IT support	5.14	74	73
Taxes-VAT	5.15	74	175
Building/equipment management	5.16	29	29
Flat Settlement Fee	5.17	5,500	8,311
Marketing and advertising expenses	5.18	12	6
Expenses of participation in organizations	5.19	13	12
Operating expenses	5.20	208	226
Bank of Greece - cash settlement	5.21	5	7
Other expenses	5.22	27	14
Total operating expenses		**7,011**	**9,948**
Expenses of New Services (CP CSE-Sibex, IT)	5.24	159	366
Re-invoiced expenses		0	1
Provision for bad debts		0	(66)
Total operating expenses, including new activities		**7,170**	**10,249**
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**322**	**(182)**
Depreciation	5.25	(40)	(31)
Earnings before interest and taxes (EBIT)		**282**	**(213)**
Financial expenses	5.28	(109)	(69)
Earnings before tax (EBT)		**173**	**(282)**
Income tax	5.34	(4)	12
Earnings After Tax		**169**	**(270)**

Earnings After Tax (A)		**169**	**(270)**
Other comprehensive income/(loss)			
Other comprehensive income not carried forward to following fiscal years			
Actuarial Gains/(Losses) from employee compensation provision	5.12	(4)	26
Income tax impact	5.29	1	(7)
Other net comprehensive income (B)		**(3)**	**19**
Total comprehensive income (A)+(B)		**166**	**(251)**

Certain amounts of the previous fiscal year have been modified (see note 5.2).

The notes on pages 25 to 65 form an integral part of these annual summary financial statements of 31.12.2016.

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4.2. ANNUAL STATEMENT OF FINANCIAL POSITION

	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Tangible assets for own use	5.25	68	1
Intangible assets	5.25	162	29
Participations and other long-term receivables		2	2
Deferred tax assets	5.29	67	70
		299	**102**
Current assets			
Clients	5.26	419	844
Other receivables	5.26	362	343
Income tax receivable	5.26 & 5.34	1,254	1,332
Cash and cash equivalents	5.28	28,199	29,697
Third party balances in ATHEXClear bank account	5.27	204,852	446,808
		235,086	**479,024**
TOTAL ASSETS		**235,385**	**479,126**
EQUITY AND LIABILITIES			
Equity and reserves			
Share Capital	5.30	25,500	25,500
Reserves	5.30	217	217
Retained earnings		3,918	3,752
Total equity		**29,635**	**29,469**
Non-current liabilities			
Provisions	5.31	188	176
		188	**176**
Current liabilities			
Suppliers and other liabilities	5.32	663	2,630
Third party balances in ATHEXClear bank account	5.33	204,852	446,808
Social security		47	43
		205,562	**449,481**
TOTAL LIABILITIES		**205,750**	**449,657**
TOTAL EQUITY & LIABILITIES		**235,385**	**479,126**

The notes on pages 25 to 65 form an integral part of these annual summary financial statements of 31.12.2016.

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4.3. ANNUAL STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share premium	Reserves	Retained earnings	Total Equity
Balance 01.01.2015	**25,500**	**0**	**173**	**4,047**	**29,720**
Loss for the period				(270)	(270)
Other comprehensive income after tax				19	19
Total comprehensive income after tax	0	0	0	(251)	(251)
Profit distribution to reserves			44	(44)	0
Balance 31.12.2015	**25,500**	**0**	**217**	**3,752**	**29,469**
Profit for the period				169	169
Other comprehensive income after tax				(3)	(3)
Total comprehensive income after tax	0	0	0	166	166
Balance 31.12.2016	**25,500**	**0**	**217**	**3,918**	**29,635**

The notes on pages 25 to 65 form an integral part of these annual summary financial statements of 31.12.2016.

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4.4. ANNUAL CASH FLOW STATEMENT

	Note	1.1-31.12.2016	1.1-31.12.2015
Cash flows from operating activities			
Profit /Loss before tax		173	(282)
Plus/(minus) adjustments for:			
Depreciation	5.25	40	31
Employee compensation provisions	5.12	8	5
Interest paid and related expenses	5.28	109	69
Plus/(minus) adjustments for changes in working capital accounts or relating to operating activities			
Decrease in receivables		407	(237)
Decrease in liabilities (except loans)		(1,964)	(1,757)
Interest and related expenses paid	5.28	(109)	(69)
Payments for employee compensation		0	(8)
Income taxes paid		78	(450)
Net inflows/outflows from operating activities (a)		**(1,258)**	**(2,698)**
Purchase of tangible and intangible assets	5.28	(240)	(30)
Total inflows/(outflows) from investing activities (b)		**(240)**	**(30)**
Total outflows from financial activities (c)		**0**	**0**
Net increase/(decrease) in cash and cash equivalents at beginning of period (a) + (b) + (c)		(1,498)	(2,728)
Cash and cash equivalents at beginning of period	**5.28**	**29,697**	**32,425**
Cash and cash equivalents at end of period	**5.28**	**28,199**	**29,697**

The notes on pages 25 to 65 form an integral part of these annual summary financial statements of 31.12.2016.

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5. NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2016

5.1. GENERAL INFORMATION ABOUT THE COMPANY

The Company under the name "ATHENS EXCHANGE CLEARING HOUSE SOCIÉTÉ ANONYME" and the trade name "ATHEXClear" was set up on 22/07/2005 (originally under the name "Ypsipyli Société Anonyme for the Development of Real Estate and the Provision of Services" and the trade name "Ypsipyli Real Estate S.A." and the announcement of its formation and the relevant registration in the Companies Register was published in the Government Gazette issue No. 8298 of 27/07/2005. The General Electronic Commercial Registry (G.E.MI.) number of the Company is 6410501000 (formerly Companies Register No. 58973/01/B/05/309).

The annual financial statements of the Company for the fiscal year 2016 were approved by the Board of Directors on 27.03.2017. The financial statements of the company are included in the Consolidated Financial Statements prepared by the Athens Exchange Group and are published on the Internet at www.athexgroup.gr.

5.2. BASIS OF PRESENTATION 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 2016. 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 Company, 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.

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 management of the Company estimates that there are no estimates and assumptions that involve a significant risk of causing material adjustments in the book values of the assets and liabilities.

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

Judgement is required of the Company for the establishment of the provision for income tax. There are many transactions and calculations for which the final assessment of the tax is uncertain. If the final tax figure is different from the amount initially recognized, the difference will affect the income tax in the fiscal year in which the assessment of the tax differences will be made (note 5.34).

Provisions for trade and other receivables

The Management of the Company periodically reviews the adequacy of the provision for bad debts in conjunction with its credit policy and taking into consideration information provided by the Legal Department of the Group, which results by means of processing historical data and recent developments of the cases the managed by the Department (note 5.26).

Useful lives of tangible and intangible assets - Valuation

The Management makes certain estimates regarding the useful life of depreciable assets. These residual useful lives are periodically reassessed in order to estimate whether they continue to be appropriate (note 5.25).

Deferred tax assets

Deferred tax assets are recognized due to unused tax losses to the extent that it is possible that taxable profits will be available in the future in order to be used against such losses. Significant estimates by the Management are required in order to ascertain the amount of deferred tax assets that may be recognized, based on the possible time and amount of future taxable profits in conjunction with the tax planning of the entity (note 5.29).

Employee compensation provision

Obligations for employee compensation are calculated based on actuarial methods, the use of which requires the Management to assess specific parameters, such as the future increase in employee remuneration etc. The Management endeavours, on each reporting date when this provision is reviewed, to assess these parameters in the best possible manner (note 5.12).

Contingent liabilities

The existence of contingent liabilities requires the Management to make constantly assumptions and value judgements concerning the possibility that future events may or may not occur, as well as the impact that such events could have on the activity of the Company (note 5.31).

Estimations – sources of uncertainty

There are no significant assumptions that have been made in relation to the future or other sources of uncertainty of the estimations and 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, but after the agreement with the creditors in the EU and within the Eurozone, Greece will gradually overcome any problems and supported by the important and necessary structural reforms will enter a phase of growth.

Going concern

The Management examines the main financial elements and, on occasion, the fulfilment of medium term budgets, together with the existing loan conditions, 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 expected that, after the agreement with the institutions and the implementation of the commitments undertaken, growth will start. The lifting of capital controls will help restore a healthy economic climate and environment in Greece. The Companies of the Group are very well placed and excellently organized so as to overcome any temporary difficulties they may face.

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 at which salaries are increased and the mortality rates. Due to the long-term nature of these plans, these assumptions are subject to significant uncertainty (note 5.12).

Modifications in the published information of the Statement of Comprehensive Income of the Company

As part of the effort to provide increased transparency and more substantial information to investors, there has been a reclassification of accounts in the Statement of Comprehensive Income. As a result of these changes, in order to allow comparison, the data of the respective period of last year must be adjusted accordingly.

The table below presents the classification of the published Statement of Comprehensive Income of the Company, in the new accounts structure that the Company decided to implement from 01.01.2015 and on.

The changes below have no effect on the results of the fiscal year 2015 of the Company.

	Note	01/01	
		31.12.2015 Modified	31.12.2015 Published
Revenue			
Clearing	5.7	10,249	10,249
Clearing House Services	5.8	168	168
New Services (Xnet, CP CSE-Sibex, IT)	5.9	162	162
Other Services	5.10	218	218
Total turnover		**10,797**	**10,797**
Hellenic Capital Market Commission Fee	5.23	(730)	(730)
Total revenue		**10,067**	**10,067**
Expenses			
Personnel remuneration and expenses	5.12	1,056	1,056
Third party fees and expenses	5.13	39	39
Maintenance/IT support	5.14	73	73
Taxes-VAT	5.15	175	175
Building/equipment management	5.16	29	29
Flat Settlement Fee	5.17	8,311	8,311
Expenses of participation in organizations	5.19	12	12
Operating expenses	5.20	226	226
Marketing and advertising expenses	5.18	6	0
Bank of Greece - cash settlement	5.21	7	7
Other expenses	5.22	14	21
Total operating expenses		**9,948**	**9,949**
Re-invoiced expenses		1	1
Provision for bad debts		(66)	(66)
Expenses of New Services (Xnet, CP CSE-Sibex, IT)	5.24	366	366
Total operating expenses, including new activities		**10,249**	**10,250**
Earnings before interest, taxes, depreciation and amortization (EBITDA)		(182)	(183)
Depreciation	5.25	**(31)**	**(30)**
Earnings before interest and taxes (EBIT)		(213)	(213)
Revenues from the sale of shares		0	0
Financial expenses	5.28	**(69)**	**(69)**
Earnings before tax (EBT)		(282)	(282)
Income tax	5.34	**12**	**12**
Profit after tax		(270)	(270)

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5.3. BASIC ACCOUNTING PRINCIPLES

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

5.3.1. Tangible assets for own use

Real estate (land - buildings) as fixed assets are recorded at their adjusted values in the first application of the IFRS and then at fair value.

Other tangible assets for own use are presented in the financial statements at their fair value less accumulated depreciation and any provisions of impairment of their value.

The acquisition cost includes all directly attributable expenses for the acquisition of the assets.

Later expenses are entered in addition to the accounting value of the tangible assets (Property, Plant and Equipment) or as a separate asset only if it is considered possible that the Company will have financial benefits and their cost can be measured reliably.

The repair and maintenance costs are recorded in the Statement of Comprehensive Income when incurred.

The depreciation of other tangible assets (excluding land which is not depreciated) is calculated using the straight-line method over their estimated useful life.

In accordance with Income Tax Code, Law 4172/23.07.2013, Article 24, paragraph 4, which came into effect on 01.01.2014, the depreciation rates were modified as follows:

	Useful Life after 01.01.2014
Buildings and technical works	25 years or 4%
Machinery	5 years or 20%
Transportation means	16 years or 6.25%
Other equipment	5-10 years or 20-10%

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

Upon withdrawal or sale of an asset, the associated cost and accumulated depreciation are deleted from the relevant accounts at the time of withdrawal or sale and the respective profit or loss is recorded in the Statement of Comprehensive Income.

5.3.2. Intangible assets

Intangible assets include software licenses valued at the acquisition cost minus amortization. Amortization is calculated using the straight line method during the useful life of these assets, which is estimated at approximately 3 years. It is stressed that the annual amortization rates shown by the Company for intangible assets/rights and multi-annual amortization expenses applied by the Company for intangible assets/rights and multi-annual amortization expenses are set at 10%, which is consistent with the New Income Tax Code, Law 4172/23.07.2013.

5.3.3. Conversion of foreign currency

Trades in foreign currencies are converted to the functional currency using the exchange rates applicable on the date of the trades. Earnings and losses from the settlement of foreign currency trades and from the valuation at year-end of cash assets and liabilities denominated in foreign currencies are recognized in the

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Statement of Comprehensive Income. Foreign exchange differences resulting from non-cash items that are measured at fair value are deemed to form part of the fair value and are therefore recorded together with fair value differences.

5.3.4. Impairment of non-financial assets

The Company examines at each date of the financial statements whether there are impairment indications for non-financial assets. The recorded values of assets are revised for any impairment whenever events or changed circumstances indicate that the recorded value may not be recoverable. When the recorded value of an asset exceeds its recoverable value, an impairment loss is recorded in the Profit and Loss Statement. The recoverable amount is estimated as either the fair value less sale expenses or the value in use, whichever is higher. The fair value less sale expenses is the amount derived from the sale of an asset in an independent transaction between informed and willing parties, after the deduction of all additional direct sale expenses, while the value in use is the present value of the estimated future cash flow expected to arise from the continuing use of the asset and its disposal at the end of its useful life. For the assessment of the impairment, the assets are grouped at the lowest level for which there are discrete identifiable cash flows.

5.3.5. Financial instruments

The financial instruments are presented as receivables, liabilities or elements of equity, based on the substance and content of the relevant contracts under which they arise. Interest, dividends, profits or losses which arise from the financial products which are classified as receivables or liabilities are entered in the accounts as revenue or expenses respectively. Dividends distributed to shareholders are recorded directly in equity. The financial instruments are offset when the Company, in accordance with the law, has such legal right and intends to offset them on a net basis (against each other) or to recover the asset and simultaneously offset the liability.

The securities are documents (titles) incorporating a right on a specific asset which can be valued in cash. These titles are either registered or bearer securities. The main types of securities are shares, bonds (state, 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.

The securities were initially classified as securities available for sale. Therefore, they were classified under IAS 39 “Financial assets valued at fair value through comprehensive income” and their valuation was at their fair value while the profit or loss from the valuation is included in the results of the period. The estimated profit or loss resulting from the changes in the fair value of the securities that are classified in the available-for-sale portfolio is entered into a special reserve account in equity. When the securities from the available-for-sale portfolio are sold, the relevant accumulated profit/loss is transferred from the special reserve to the respective accounts in the Statement of Comprehensive Income.

The financial instruments of the Group are classified in the following categories according to the nature of the contract and the purpose for which they were acquired. The decision for the classification is made by the Management upon the initial recognition of the asset.

Financial assets valued at fair value through comprehensive income

This category includes two subcategories, financial assets held for trading and those identified as investments at fair value through the statement of comprehensive income upon initial recognition. A financial asset is recorded in this category if acquired mainly for the purpose of short-term sale or when identified as such. Derivative instruments for trading are also recorded in this category, unless they are intended as hedging instruments.

Loans and receivables

This includes non-derivative financial assets with fixed or predetermined payments, which are not quoted in an active market and are not intended for trading. They are included in Current Assets unless they mature within a period exceeding 12 months from the date of the Financial Statements.

The financial assets and financial liabilities in the Statement of Financial Position include cash balances, third-party cash balances in ATHEXClear account, securities, other receivables, participations, short-term and long-term liabilities.

Investments held to maturity

This includes non-derivative financial assets with fixed or predetermined payments and fixed maturities that the Company intends and is able to hold to maturity. The Company did not possess financial assets of this category during the fiscal year.

Financial assets available for sale

This includes non-derivative financial assets which either are placed in this category or cannot be classified in any of the above categories. They are included in the non-current assets, provided that the 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. Loans are recognized when cash is dispersed to the borrower. 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 ownerships 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. Loans and advance payments, as well as investments held until maturity, are presented at their book value with the real interest rate method. Profits and losses from changes in the fair value in the category “financial assets at fair value through results” are included in the Statement of Comprehensive Income in the period they occur.

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 fair value of non-listed securities, and other financial assets in cases when the market is not active, is determined using valuation methods. These methods include the use of recent transactions made on a strictly commercial basis, reference to the current price of comparable assets that are traded, as well as the discounted cash flows, estimation of options and other valuation methods that are commonly used in the market.

5.3.6. Offset of claims and liabilities

The offset of financial assets with liabilities and the recognition of the net amount in the financial statements are only made if there is a legal right to offset and the intention to settle the net amount that results from the offset or for simultaneous settlement.

5.3.7. Other long-term receivables

Other long-term receivables may include rent guarantees, guarantees to utilities (telephone, electricity etc.), as well as other long-term amounts. Other long-term receivables are valued at undepreciated cost using the real interest rate method.

5.3.8. Clients and other trade receivables

Trade receivables are initially recorded at fair value, and subsequently valued at unamortized cost using the effective interest method, less any impairment losses. On each reporting date, all overdue or bad debts are evaluated in order to determine whether or not an provision for bad debts is necessary. 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 relevant risks. Each client balance write-off is charged against the existing provision for bad debts. It is the policy of the Group that nearly no receivable should be written off until all available legal measures for its collection have been exhausted. Trade and other short-term claims against clients and debtors are usually settled within 90 days for the Group and the Company, while in instances of overdue payment no interest is charged to clients.

5.3.9. Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight deposits and short-term (up to 3 months) investments, which can be easily liquidated and entail low risk.

For the purpose of preparing the Statement of Cash Flows, cash and cash equivalents comprise cash and bank deposits, as well as cash balances as defined above.

5.3.10. Third-party balances in ATHEXClear bank accounts

In order to comply with the corporate governance framework laid down by Regulation (EU) No. 648/2012 of the European Parliament and of the Council (EMIR Regulation), the Company keeps all cash collaterals that are managed by the Company and relate to the cash market and the derivatives market, as well as its own cash balances, in an account in its name with the Bank of Greece as a direct participant through the Internet to the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2-GR).

Therefore its own cash balance and the balances of third parties (margins) are deposited in the same account that ATHEXClear maintains with 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 31.12.2016. In the Statement of Financial Position of 31.12.2016, they are shown as equal amounts both in current assets and in short-term liabilities as “third-party balances in 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 with the Bank of Greece on 31.12.2016.

5.3.11. Share capital

The share capital includes the common shares of the Company that have been issued and are available for trade. Common shares are included in Equity. Direct costs for the issuance of shares are shown after the deduction of the relevant income tax.

5.3.12. Current and deferred income tax

Current and deferred tax is calculated on the basis of 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 they are adjusted in its tax returns, any additional income tax that is assessed in the tax audits by the tax authorities and from the deferred income taxes based on the applicable tax rates.

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

Deferred tax is not recognized when it results at the time of the initial recognition of an asset or liability in a transaction that does not constitute a business combination and at the time of the transaction does not affect either the accounting or the taxable result (profit/loss).

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

Deferred tax assets are recognized to the extent that there will be a future taxable gain for the use of the temporary difference that produces the deferred tax asset.

A deferred income tax is determined on the temporary differences resulting from investments in subsidiaries and affiliates, with the exception of the case where the reversal of the temporary differences is controlled by the Company and it is possible that the temporary differences will not be reversed in the foreseeable future.

5.3.13. Employee benefits

Short-term benefits

Short-term benefits to employees in cash and in kind are recognized as an expense when they have accrued.

Employee benefits at retirement

Employee benefits at retirement include both defined contribution plans as well as defined benefit plans.

Defined contribution plan

Under the defined contribution plan, the (legal) obligation of the Company is limited to the amount that has been agreed to be contributed by the Company to the organization (social security fund) that manages the contributions and grants the benefits (pensions, health care etc.).

The accrued cost of the defined contributions plans is recognized as an expense in the relevant period.

Defined benefit plan

The defined benefit plan of the Company concerns its legal obligation to pay to the staff a lump sum at the time each employee leaves service due to retirement.

The liability recorded in the Statement of Financial Position for this plan is the present value of the commitment for the defined benefit in proportion to the accrued right of the employees and in relation to the specific time on which this benefit is expected to be paid.

The commitment to the defined benefit is calculated on an annual basis by an independent actuary using the projected unit credit method. The interest used for discounting is calculated based on the indices of the iBoxx rated bonds issued by the International Index Company.

The actuarial gains and losses resulting from the adjustments based on historical data are directly recorded under “Other Comprehensive Income” (note 5.12).

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 their payment. When government grants relate to an asset, the fair value is credited to the long-term liabilities as deferred revenue and is transferred to the Statement of Comprehensive Income in equal annual instalments based on the expected useful life of the relevant asset that was subsidized. When the grant relates to an expense, it is recognized as revenue during the fiscal year required in order to assign the grant on a systematic basis to the expenses it is intended to compensate. Amortization of grants 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 for the settlement of the commitment and it is possible to estimate the amount of the commitment reliably.

Provisions are reviewed on the date of preparation of the financial statements and are adjusted to reflect the best possible estimates and, where deemed necessary, they are discounted at a discount rate before taxes.

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 low. Contingent claims are not recognized in the financial statements but are published if the inflow of financial benefit is probable.

5.3.16. Revenue Recognition

Revenue includes the fair value of the transactions, net of any recovered taxes, rebates and refunds. Intra-group revenue on consolidation is fully deleted. Revenue is recognized to the extent that it is likely that the economic benefits will flow into the Company and the relevant amounts can be reliably measured. The following specific recognition criteria must also be fulfilled in the recognition of the revenue:

Revenue from clearing in the stock market

Revenue from clearing is recognized at the time the trade is concluded and after its clearing and settlement are carried out at the Stock Exchange.

Revenue from derivatives

Revenue from the trading of derivatives is recognized at the time when the clearing of the transaction is completed at the Athens Exchange through ATHEXClear, which performs the clearing operations.

Revenue from Members (fees)

The collection of clearing fees for the cash market is made on the day following the settlement or on the third business day of the following month, provided that the member submits a relevant request. Fees for the trading of derivatives are collected on the day following the settlement. Fees for cash and derivatives are invoiced on a monthly basis.

Technological support services

Revenue from technological support services is recorded based on the time of completion of the service provided.

Other services

Revenue from other services is recorded 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 indication as to an impairment of the receivables, 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 from the shareholders is finalized,i.e. on approval by the General Meeting.

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.

5.3.17. Trade and other liabilities

The balances of suppliers and other liabilities are recognized in the cost associated with the fair value of the future payment for the purchase of services rendered. The trade and other short-term liabilities are not interest bearing accounts and are usually settled within 60 days by the Company.

5.3.18. Expenses

Expenses are recognized in the Statement of Comprehensive Income on an accrual basis.

5.3.19. 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, and 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 ("Income Statement").

Depreciation is based on the cost of an asset minus its salvage value. Depreciation is recognized in the Statement of Comprehensive Income using the same depreciation method for the duration of the useful life of 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.

5.3.20. New standards, amended standards and interpretations

A) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company and the Group as of 1 January 2016:

- **IAS 27 Separate Financial Statements (amended)**

  The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. This standard has no impact on the financial statements of the Company.

- **IAS 1: Disclosure Initiative (Amendment)**

  The amendments to *IAS 1 Presentation of Financial Statements* further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. This standard has no impact on the financial statements of the Company.

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**

  The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle *in IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. This standard has no impact on the financial statements of the Company.

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

  The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. This standard is out of the scope of the Company.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

  The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment of the standard is not applied by the Company.

- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**

  The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. This standard is out of the scope of the Company.

- The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015.

  - ***IFRS 2 Share-based Payment:*** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

  - ***IFRS 3 Business combinations:*** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.

  - ***IFRS 8 Operating Segments:*** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

  - ***IFRS 13 Fair Value Measurement:*** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

  - ***IAS 16 Property Plant & Equipment:*** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

  - ***IAS 24 Related Party Disclosures:*** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

  - ***IAS 38 Intangible Assets:*** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- The **IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016.

  - ***IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:*** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - ***IFRS 7 Financial Instruments: Disclosures:*** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

  - ***IAS 19 Employee Benefits:*** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

  - ***IAS 34 Interim Financial Reporting:*** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

B) Standards which have been published but do not apply to the current accounting period and the Company/ Group has not early adopted

- **IFRS 9 Financial Instruments: Classification and Measurement**

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of *IFRS 9 Financial Instruments* reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Management will examine and assess the potential impact of the standard on the financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. Management will examine and assess the potential impact of the standard on the financial statements.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in *IFRS 15 Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IFRS 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IAS 12: Income Taxes (Amendments): Recognition of Deferred Tax Assets for Unrealized Losses**

  The Amendments become effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. These amendments have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IAS 7: Cash flow Statements (Amendments): Disclosure Initiative**

  The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These Amendments have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**

  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IAS 40: Transfers to Investment Property (Amendments)**

  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**

  The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. Management will examine and assess the potential impact of these improvements on the financial statements.
    - ***IFRS 1 First-time Adoption of International Financial Reporting Standards:*** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.
    - ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
    - ***IFRS 12 Disclosure of Interests in Other Entities:*** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

5.4. RISK MANAGEMENT

General – Risk Management Environment

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

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

Athens Exchange Clearing House (ATHEXClear) is also a member of the Group and operates as a Central Counterparty (CCP) in the clearing of products of the cash and derivatives markets, and it must therefore fulfil the strict requirements on risk management of the EMIR regulatory framework, in accordance with which is has been licensed since 2015. Although risk management within the Group concerns all companies and risk categories, it is recognized that, due to its role in the market, ATHEXClear faces and has to manage the most serious risk.

The internal and external regulatory and legal framework that governs ATHEXClear directly and the Group indirectly with regard to their obligations in monitoring and managing risk includes the Regulation of Clearing of Transferable Securities Transactions in Book Entry Form, the Regulation on the Clearing of Transactions on Derivatives and the Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, known as EMIR (European Market Infrastructure Regulation).

In light of these new regulatory requirements, the Group is implementing a comprehensive plan for risk management in order to continue to provide high standard services.

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 stock market. In accordance with the strategy of the Group, the risk tolerance level is defined so as to satisfy the market needs, to reduce the cost for the participants, to derive maximum benefit from business opportunities but also to ensure the security of the market and the compliance with the regulatory requirements.

Organizational structure

In 2016 the risk management operation continued to be strengthened for ATHEXClear, in order to remain consistent with the EMIR Regulation. Specifically, in addition to particular measures for ensuring the unobstructed operation of the systems of the Group, each organizational unit of the Group is responsible to monitor and manage potential risks in such a way as to react promptly and effectively in case of occurrence of risk events.

In particular, as far as ATHEXClear is concerned, the risk management environment is formed with the participation of the following units:

Board of Directors, which has the final responsibility and accountability concerning the management of the risk management operation of the Company. Specifically, the Board determines, defines and documents the appropriate risk tolerance level and risk assumption ability of the Company. In addition, the Board and the senior executives ensure that the policies, processes and audits of the Company are consistent with the risk tolerance level and risk assumption ability of the Company, and examine the way in which the company recognizes, reports, monitors and manages risks.

Risk Committee, which advises the Board on risk management issues.

Investments Committee, which makes decisions on the determination of the limits and monitors the liquidity risk, sets policies and standards for the investment strategy, the financing principles, the liquidity management, the interest rate risk and its management.

Risk Management Department of the ATHEXClear Risk Management & Clearing Division, which is sufficiently independent from the other departments of the Company, and the main duty of which is the comprehensive approach to risks that ATHEXClear faces with the aim to identify, assess and eventually manage those risks. The Risk Management Department possesses the required authority, the necessary resources, expertise and access to all relevant information.

Chief Risk Officer, head of the Risk Management Department, who reports to the Board of Directors on matters of risk management through the Chairman of the Risk Committee, and applies the risk management framework through the policies and procedures established by the Board of Directors.

Organizational units, which are responsible for the identification and management of the risks that fall within their scope and participate in the overall risk management of the Group.

Unified risk management

The services provided by the Company and the Group involve various types and levels of risks and it is recognized that effective risk management consists of the following:

Risk Identification & Assessment: Through analysis of the present and future activities of the Group, cases in which the Group is exposed to risks are identified. The risks identified are evaluated as to the potential exposure to loss. This includes in general the assessment both of the possibility that the loss will occur and of the potential effects.

Risk Control: The arrangements for managing each risk are the key to the effective management of risks and it is essential that they be understood by all personnel. In addition, the Management has the responsibility to ensure the appropriate application of the unified risk management framework and of all separate policies/frameworks.

Reduction of Risk: The Management identifies the best method for the reduction of risks, taking into consideration the costs and the benefits. As a general principle, the Group does not assume risks that involve the possibility of disastrous or heavy losses. Similarly, the insurance against losses that are relatively predictable and without any material impact is avoided. The alternatives for the reduction of risks depend on the level of tolerance of the Group against various types of risk.

Risk Monitoring & Reporting: 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 constant basis using the specific and approved risk management methods. The main assumptions, the data sources and the processes used in measuring and monitoring risks are documented and tested for their reliability on a regular basis through the review and inspection framework and the validation framework.

Risk categories

The Group ensures to address all risks, internal or external, present or future, and particularly those that have been identified as being significant. It is recognized that every service offered by the Group can expose it to any combination of the risks mentioned below.

The common risks to which the Company and the Group may be exposed due to the nature of their activities are:

Financial risk

- Market risk (changes in exchange rates, interest rates, market prices, commodities and volatility).
- Credit risk (mainly counterparty credit risk and risk from equity investments)
- Liquidity risk (mainly cash flow risk)

Operating risk

Risk due to a lack or failure of internal procedures and systems, on account of human factor or external events, including legal risk.

Business risk

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

Description of risk categories and main risk factors

Market Risk

The Group is exposed to a minimum market risk for its activities. ATHEXClear, as a central counterparty in the clearing of cash and derivative products, deposits its financial assets only in cash with the Bank of Greece. The Companies ATHEX and ATHEXCSD invest their cash balances exclusively in time deposits with systemic Greek banks, as well as with foreign banks with excellent rating. In each instance, the Group monitors its potential exposure to market risk and calculates any funds that it must keep against market risk, in accordance with the capital requirements calculation methodology used by the Group. In particular:

Foreign exchange risk: This risk does not affect materially the operations of the Company, given that the transactions with customers and suppliers in foreign currency are minimal. In particular, the risk that ATHEXClear assumes is addressed within the risk management measures applied for the clearing activity. ATHEXClear monitors the potential exposures in foreign currencies, and calculates any capital it needs to keep against foreign exchange risk.

Price Risk: Since ATHEXClear does not hold any financial assets the value of which is affected by price changes, the Company is not exposed to price risk.

<u>Credit Risk and Liquidity Risk:</u> The credit risk and the liquidity of the Group mainly concern trades in the cash market and the derivatives market, in which ATHEXClear operates as Central Counterparty, as described in the following section.

Besides the counterparty credit risk that ATHEXClear faces, the Group is confronted with credit risk that arises from the investment of its equity. As part of the Investment Policy, specific standards are defined regarding the arrangements for the investment of cash balances. Particularly for ATHEXClear, assets are as a rule deposited with the Bank of Greece, a fact that minimizes its exposure to risk.

Counterparty credit risk

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

ATHEXClear has established and is implementing a number of mechanisms and financial resources to cover risk, and is responsible for the smooth operation of the system in general, in conjunction with the scope and size 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 in the relevant decision of the ATHEXClear Board of Directors.

In order to obtain the status of a Clearing Member, the Intermediary or Bank must conform to the minimum specific financial and operational adequacy requirements which are specified in the Clearing Rulebooks and which must be continuously fulfilled throughout 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. To cover the risk in relation to its clearing members, ATHEXClear monitors and estimates on a daily basis (end of day but also within the day and nearly in real time) the margin for each clearing account of the Clearing Members and blocks the corresponding additional guarantees in the form of cash and/or transferable securities. In addition, it manages the Default Funds of the two markets which function as risk sharing funds and to which Clearing Members contribute exclusively in cash. Based on the margins that have been blocked, the credit limits allocated to members are reviewed on a constant basis, and their fulfilment is monitored in real time during the trading session. The minimum amount of the Default Funds is recalculated at least on a monthly basis in accordance with the provisions of the regulation, in order for the amount to be adequate as a minimum to cover at any time the requirements laid down by EMIR, that is to absorb losses beyond the margins in the event of 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 probable scenarios (Margin/Haircut Back-Testing, Default Fund Coverage under Stress).

Liquidity Risk

Liquidity risk for the entire Group is maintained at low levels by maintaining adequate cash.

Specifically for ATHEXClear, the aim is to maintain an adequate liquidity level in order to ensure that the Company is in a position to fulfil its obligations concerning payments or settlement in all relevant currencies that become payable at the end of each day or, if so required, on an intraday basis. The assessment of the amount of the ATHEXClear obligations is carried out both based on its business plan and based on possible, but unforeseen, events.

The available liquidity of ATHEXClear is reviewed in relation to the criteria established by EMIR. On a daily basis but also in extreme but plausible scenarios of extreme market conditions it is examined whether the available liquid assets are sufficient in relation to those that will be required following default of two (2) groups of clearing members in which ATHEXClear has the highest liquidity demand for closing their position (close-out) for each separate market (Securities, Derivatives). In addition, the overall liquidity requirements of the entire ATHEXClear are monitored by means of liquidity gap analysis on a daily basis.

Operating Risk

The Group does not seek to undertake operating risk, but accepts that operating risk may arise as a result of failure of systems or internal procedures or due to human error. Specifically, it is recognized that operating risk may arise, among other things, because of: outsourcing, failure of supervisory and regulatory compliance, business continuity failure, IT systems and information security risks and project implementation risks.

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

In 2016 there were very few cases of interruption of the trading operation due to unavailability of IT systems, and those cases were investigated, their causes were addressed and measures were taken to prevent recurrence. In 2015 there was no significant interruption of operation in the other activities (trading, clearing, settlement, registration) of the Group that was due to failure or unavailability of IT systems or to human error. There were no significant losses or monetary claims due to litigation (legal and court expenses) or due to non-compliance with the supervisory framework and the contractual obligations of the Group. Also, there were no losses due to external events.

Measures to reduce operating risk

The Group recognizes the need to determine, estimate, monitor and reduce operating risk that is inherent in its operations and activities, as well as the need to maintain adequate funds, in order to be able 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) and a framework for the systematic monitoring of operating risk has also been established.

The most important measures for mitigation of the operating risk include the implementation of a business continuity plan for all critical operations of the Group, the purchase of insurance policies as well as the measures to ensure compliance with the new regulations. ATHEXClear in particular uses a specific methodology for operating risk management, in accordance with which ATHEXClear carries out on a regular basis an RCSA(1) in order to categorize risks and determine KRIs, maintains a loss database(2), produces regular reports and plans activities for the improvement or risk management.

Business continuity plan

The Group has processed and put into operation 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 and emergency incident management teams:* The purpose of these teams is to maintain continuity in the provision of trading services in case of an unforeseen event. 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 centre at the headquarters of the Group. The data centre consists of two, independent as to location, supporting infrastructure and technological services provided, individually mirrored data centres, in order to provide redundancy and high availability, ensuring the continuous operation of the systems.

[1] Risk Control Self-Assessment (RCSA): at regular intervals ATHEXClear organizes workshops for the classification of the risks according to the level of hazard at the level of procedures and the determination of Key Risk Indicators (KRIs).

[2] Loss Database: the database is updated on a daily basis with operating risk events regardless of the extent of the loss.

Insurance policies

Operating risks which the Group is not able or does not wish to assume are transferred to insurance companies. The management of insurance policies takes place centrally for the entire Group in order to obtain better services and more advantageous terms. Specifically, the insurance covers include risks such as third party civil liability and professional liability (DFL/PI) as well as Directors & Officers (D&O) Liability.

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 key responsibilities of the unit are:

- Monitoring changes in the regulatory and supervisory framework and informing the Board of Directors, the Audit Committee and the staff.
- Conducting gap analysis between the existing and future condition brought about by regulatory and supervisory changes.
- Monitoring the compliance of the Company with the regulatory and supervisory framework.
- Handling requests related to compliance matters.
- Measuring and monitoring compliance risk.

Specifically for ATHEXClear, policies are currently implemented concerning conflicts of interest, outsourcing, complaint management by clearing members, remuneration of personnel, executives and members of the Board and the management of its records, 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 environment of capital markets, changes in the international and domestic economic environment, legal and regulatory developments, changes in the taxation policy and in the technology etc. Such events may have impact on the growth and sustainability of the Group, causing a reduction in trading activity, a drop in expected profits, liquidation inability or even asset impairment etc.

In this context, the Group constantly and systematically monitors international developments and adapts to the developing environment.

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

5.5. ADJUSTMENT TO THE EMIR REGULATION

The European Market Infrastructure Regulation (EMIR) governs matters regarding Over-the-counter (OTC) Derivatives, Central Counterparties and Trade Repositories. It is part of a number of broader regulatory initiatives at a European and international level (Establishment of European Supervisory Authorities, CSDR, CRD IV, MIFID/MIFIR, CPSS/IOSCO Principles for FM/s).

The EMIR Regulation sets out uniform requirements for carrying out CCP (and Interoperability) activities, requirements for clearing and managing bilateral risk for OTC derivatives, obligation for reporting derivatives to Trade Repositories and uniform requirements for carrying out Trade Repository activities. The EMIR Regulation concerns Central Counterparties (CCP), Clearing Members, Parties in Derivatives Contracts (and non- financial where appropriate), trade repositories and trading venues (where appropriate).

The primary objectives of EMIR are:

1. To increase transparency. Detailed information on derivative transactions must be reported to a trade repository accessible to supervisory authorities. Trade repositories will publish aggregated data regarding the positions per type of derivative that will be accessible to participants.
2. To reduce counterparty credit risk. Requirement for clearing in CCP for standardized contracts. Strict rules of operation and supervision for CCP. Rules for the mitigation of risk for derivatives that are not cleared in a CCP.
3. To reduce operating risk. Use of electronic means for the timely confirmation of the terms of over-the-counter derivative contracts.

As a central counterparty in the derivatives market, ATHEXClear adjusted to the requirements of the Regulation, i.e. adapted its financial make-up and organizational structure and obtained renewal of its licence by the competent authority, which is responsible for the licensing and supervision of any CCP established in its area of responsibility.

The Hellenic Capital Market Commission granted to ATHEXClear authorization with its decision No. 1/704/22.1.2015.

At the same time a contract was signed with the Bank of Greece due to the capacity of ATHEXClear as a direct participant through the Internet to the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2-GR) in order to fulfil the requirements of the EMIR Regulation.

5.6. CAPITAL MANAGEMENT

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

There were no changes in the approach adopted by the Company concerning capital management during the current fiscal year.

The Company monitors its capital adequacy as well as the effectiveness of its operation using the net debt to equity ratio.

	31.12.2016	31.12.2015
Suppliers and other trade liabilities	663	2,630
Other short-term liabilities	47	43
Less cash and cash equivalents	(28,199)	(29,697)
Net debt (a)	**(27,489)**	**(27,024)**
Shareholder Equity (b)	29,635	29,469
Equity and net debt (a+b)	**2,146**	**2,445**
Gearing ratio (a/(a+b))	**(12.81)**	**(11.05)**

5.7. CLEARING

Revenue from clearing amounted to €7.70 million compared to €10.25 million in the respective period last year, showing a decrease of 24,9% as shown in the following table:

(Amounts in thousand euro unless otherwise noted) 46

	31.12.2016	31.12.2015
Shares	6,040	7,496
Bonds	1	0
Derivatives	1,157	1,935
ETFs	1	3
Transfers - Allocations (Special settlement orders)	354	609
Trade notification instructions	147	206
Total	**7,700**	**10,249**

Revenue from clearing of trades in stocks, which comprise revenue from the organized market and from the Common Platform, amounted to €6.0 million, showing a decrease of 19.4%.

The total traded value in the fiscal year 2016 stood at €15.1 billion compared to €19.1 billion in the previous year, showing a decrease of 20.9%. The average daily traded value in the fiscal year 2016 stood at €66.5 million compared to €85.7 million in the respective period last year, a drop of 29.4%. The average daily traded volume was reduced by 50.0% (96.4 million stocks in 2016 contrasted with 192.9 million stocks in the same period last year).

The average daily number of contracts in the derivatives market was reduced to 63.5 thousand contracts contrasted with 68.6 thousand contracts in 2015, while revenue from clearing trades in derivatives stood at €1.2 million compared to €1.9 million in the previous year, showing a drop of 40.2% due to the decrease of the average revenue per contract by 40.0% (€0.105 in 2016 contrasted with €0.175 in 2015).

The revenue from transfers - allocations amounted to €354 thousand, decreased by 41.9% compared to the respective period last year, while trade notification instructions amounted to €147 thousand, showing a decrease of 28.6%.

5.8. CLEARING HOUSE SERVICES

This category includes the subscriptions of the members of ATHXClear for the derivatives market and the Special Type participant subscriptions.

Revenue in this category amounted to €166 thousand compared to €168 thousand in the respective period last year, showing a decrease of 1,2% and is shown in detail in the following table:

	31.12.2016	31.12.2015
Subscriptions of derivatives clearing members	136	133
Special Type Participant Subscriptions	30	35
Total	**166**	**168**

5.9. NEW SERVICES (CSE-Sibex Common Platform, IT)

Revenue from this category amounted to €148 thousand compared to €162 thousand in the respective period of last year, showing a decrease of 8.6%.

Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR) stipulates the obligation to report trades, according to which counterparties and central counterparties must ensure that detailed information of any derivative contract they have concluded, as well as any amendment or termination of the contract, shall be reported to a trade repository registered in accordance with Article 55 or recognized in accordance with Article 77 of the Regulation.

In reporting trades, the 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.

(Amounts in thousand euro unless otherwise noted) 47

Based on the above, and in order to assist our members, the Athens Exchange Group decided to offer these services to all market participants to enable them to fulfil the reporting obligations as well as the need to issue a LEI code.

For the needs of the new services, agreements have been concluded with our members, as well as with a supplier.

	31.12.2016	31.12.2015
Support of other markets (CSE, Sibex)	14	14
EMIR TR Service (note 5.24)	134	148
Total	**148**	**162**

5.10. OTHER SERVICES

For the year 2016 the revenue of this category reached €63 thousand (an amount of €15 thousand concerns fines to ATHEX members for failure to fulfil their obligations within the Securities System as to the delivery of traded transferable securities by the end of the settlement, as they were required to do, an amount of €39 thousand concerned reversing of a BONUS provision and an amount of €9 thousand concerned income tax deduction), showing a decrease of 71.1% compared to €218 thousand in the same period of 2015 (which concerned (a) fines to ATHEX members in the amount of €190 thousand for failure to fulfil their obligations within the Securities System as to the delivery of traded transferable securities and (b) revenues from unused provisions in the amount of €85 thousand).

5.11. DEFAULT FUND MANAGEMENT

CASH MARKET

Athens Exchange Clearing House S.A. (ATHEXClear) manages the Default Fund with the purpose of protecting the System from credit risk of the Clearing Members resulting from the clearing of the transactions.

The contribution of each Clearing Member to the Default Fund is determined based on each Share of the Clearing Member in it. The Share consists of the sum of the contributions of the Clearing Member that have been paid for its formation into the Default Fund and is increased by any revenue accruing from the rules of management and investment of the assets of the Default Fund, as well as by the cost for managing risk and margins, as determined by the ATHEXClear procedures. Revenues and expenses are allocated in respect of each Clearing Member Share in the Default Fund in proportion to its size.

The contributions to the Default Fund must be paid by the Clearing Members in full and in cash into a bank account of ATHEXClear with the Bank of Greece. In the event of refund of a Share cash amount, where applicable under the provisions hereof, ATHEXClear pays the relevant amount into the bank account of the Clearing Member.

The minimum size of the Default Fund is based on the amount of transactions carried out by each Clearing Member and is calculated according to the special method described in the decisions of the Hellenic Capital Market Commission and in Part 4, Section II of the ATHEXClear Regulation of Clearing of Transferable Securities Transactions in Book Entry Form, as applicable. For each month, the difference between the new balance and the previous balance for each Clearing Member Share is paid or refunded, accordingly, by the Manager of the Default Fund.

The new size of the Default Fund stands at €11,175,256.00 and remains in effect until 31.03.2017.

(Amounts in thousand euro unless otherwise noted) 48

The implementation of the new model in the cash market in accordance with Regulation (EU) No. 648/2012 concerning the Default Fund and Member guarantees for the cash market went into effect on 16.02.2015. The amount is shown in both the assets and liabilities in the Statement of Financial Position of 31.12.2016 and of 31.12.2015 (see notes 5.27 and 5.33).

DERIVATIVES MARKET

The Board of Directors of ATHEXClear at its meeting No. 109/17.11.2014 approved the development of a set of risk management policies and practices due to the change of the clearing model in the derivatives market, the Regulation on the Clearing of Transactions on Derivatives and also due to the adaptations to the requirements of the EMIR Regulation.

Given the transition to the new model in the Derivatives market on 1 December 2014, ATHEXClear defined the risk management procedures for the Derivatives System pursuant to the Regulation (ATHEXClear Decision 5).

At the same time a contract was signed with the Bank of Greece due to the capacity of ATHEXClear as a direct participant through the Internet to the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2-GR) in order to fulfil 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 Default Fund for the Derivatives Market is set up, the size of which amounts to €7,890,977.00 for the period from 01.03.2017 to 31.03.2017.

The management of the Default Fund in the derivatives market is not different from the management of the Default Fund in the cash market (see above).

5.12. PERSONNEL REMUNERATION AND EXPENSES

Personnel remuneration and expenses in 2016 amounted to €1.00 million compared to €1.06 million in the respective period last year, showing a decrease of 5.1%. The number of employees as at 31.12.2016 was 23 persons, remaining unchanged in relation to the number of employees on 31.12.2015.

	31.12.2016	31.12.2015
Personnel remuneration	717	781
Employer contributions	179	172
Employee termination benefits	0	8
Employee compensation provision (actuarial valuation)	8	5
Other benefits (insurance premiums etc.)	98	90
Total	**1,002**	**1,056**

Obligations to employees

The Group assigned to an actuary the preparation of a study in order to examine and calculate the actuarial figures based on the requirements laid down by the International Accounting Standards (IAS 19, revised), which stipulate the requirement to record such figures in the Statement of Financial Position and in the Statement of Comprehensive Income. In the actuarial valuation, all financial and demographic parameters concerning the employees of the Company were taken into consideration.

According to the standard policy of the Athens Exchange Group the actuarial valuation is carried out at the end of the year when the amounts and the details are established in order to appraise the actuarial obligation. Despite the fact that the economic conditions and the environment in Greece continue to be unfavourable, it is estimated that the actuarial figures have not changed significantly so as to necessitate a new actuarial valuation in the middle of the year.

(Amounts in thousand euro unless otherwise noted) 49

The changes in the provision for 31.12.2016 are shown in detail in the following table:

Actuarial Presentation in accordance with the revised IAS 19 (amounts in €) Period	Company 31.12.2016	Company 31.12.2015
Amounts recognized in the Statement of Financial Position		
Present value of liabilities	168,123	155,663
Net liability recognized in the Statement of Financial Position	**168,123**	**155,663**
Amounts recognized in the Profit & Loss Statement		
Current employment cost	4,005	7,627
Net interest on the liability/(asset)	4,110	3,712
Cost of staff reductions/settlement/termination	0	1,601
Total expense recognized in the Profit & Loss Statement	**8,115**	**12,940**
Change in the present value of the liability		
Present value of the liability at the beginning of the period	155,663	175,930
Current employment cost	4,005	7,627
Interest cost	4,110	3,712
Benefits paid by the employer	0	(7,699)
Cost of staff reductions/settlement/termination	0	1,601
Actuarial gain/(loss) - financial assumptions	1,863	(18,105)
Actuarial loss/(gain) - experience during the period	2,482	(7,403)
Present value of the liability at the end of the period (note 5.31)	**168,123**	**155,663**
Adjustments		
Adjustments to liabilities due to change in assumptions	(1,863)	18,105
Experience adjustments in liabilities	(2,482)	7,403
Total amount recognized in Equity	**(4,345)**	**25,508**
Changes in net liability recognized in the balance sheet		
Net liability at beginning of year	155,663	175,930
Total expense recognized in the Profit & Loss Statement	8,115	12,940
Total amount recognized in Equity	4,345	(25,508)
Net liability at the end of the period (note 5.31)	**168,123**	**155,663**

The actuarial assumptions used in the actuarial valuation in accordance with IAS 19 are as follows:

Actuarial assumptions	Valuation date 31.12.2016	Valuation date 31.12.2015
Discount rate	1.78%	2.64%
Increase in salaries (long term)	1.00%	1.75%
Inflation rate	1.00%	1.75%
Mortality	EVK 2000 (Swiss table)	EVK 2000 (Swiss table)
Personnel turnover rate	0.50%	0.50%
Regular retirement age	Retirement terms established by the social security fund of the employee	Retirement terms established by the social security fund of the employee

The following table provides a sensitivity test for the discount rate, annual inflation and increase in remuneration for the Company.

(Amounts in thousand euro unless otherwise noted) 50

Cash flows *Expected benefits from the plan in the next fiscal year*	Company 31.12.2016	 31.12.2015
Sensitivity Scenarios for the Economic and Demographic Assumptions Used		
Sensitivity 1 - Discount rate plus 0.5% - Difference % in present value (PV) of liabilities	(8.57)%	(8.90)%
Sensitivity 2 - Discount rate minus 0.5% - Difference % in present value (PV) of liabilities	9.47%	9.87%
Sensitivity 3 - Annual inflation plus 0.5% - Difference % in present value (PV) of liabilities	9.50%	9.91%
Sensitivity 4 - Annual inflation minus 0.5% - Difference % in present value (PV) of liabilities	(8.68)%	(9.02)%
Sensitivity 5 - Salary increase assumption plus 0.5% - Difference % in present value (PV) of liabilities	7.88%	8.22%
Sensitivity 6 - Salary increase assumption minus 0.5% - Difference % in present value (PV) of liabilities	(8.34)%	(8.68)%

The expected regular cost of the provision of 2017, which is shown on the following table for the Company, is equal to the current employment cost and the interest on the liability, as those are estimated as at 31.12.2016, in accordance with the actuarial valuation.

It should be noted that the cost for any additional benefits that may be paid within the period under examination (cost of additional benefits) must be added to the final expense amount. These additional benefits may arise, for example, in the event that the Company pays benefits which are higher that those expected under Law 4093.

(amounts in €)		
Current employment cost	**Interest on liability**	**Regular expense in the Profit & Loss Statement**
3,279	2,993	6,272

5.13. THIRD PARTY FEES AND EXPENSES

In the fiscal year 2016 third party fees and expenses amounted to €67 thousand compared to €39 thousand recording an increase of 71.8% compared to the respective period last year and concern fees of auditors, translators and consultants. The significant increase is due to entry of an amount of €19 thousand that concerned the testing of the IT systems of the Company in accordance with the requirements of the EMIR regulation and of an amount of €12 thousand concerning fees of translators for the translation of decisions, regulations, texts etc. while for 2015 there were no such amounts.

	31.12.2016	31.12.2015
Remuneration of Board members	8	11
Auditor fees	24	24
Consultant fees	22	4
Other fees	13	0
Total	**67**	**39**

5.14. MAINTENANCE/COMPUTER SYSTEMS SUPPORT

Software maintenance expenses for 2016 reached the amount of €74 thousand compared to €73 thousand in the same period last year.

Software and hardware maintenance expenses are contractual obligations of the Company.

(Amounts in thousand euro unless otherwise noted) 51

5.15. TAXES-VAT

The non-deductible Value Added Tax and other taxes charged on the cost of works came to the amount of €74 thousand compared to €175 thousand in the respective period last year. The amount for 2015 is increased owing to the payment of an amount of €102 in favour of the Hellenic Capital Market Commission for the licensing of ATHEXClear due to the EMIR regulation.

5.16. MANAGEMENT OF BUILDINGS/EQUIPMENT

This category includes expenses such as: security and cleaning of facilities, as well as the cost of cleaning materials.

Building and equipment management expenses for the fiscal year 2016 amounted to €29 thousand remaining unchanged in relation to the respective period last year.

5.17. FLAT SETTLEMENT FEE

The cost of the flat annual settlement fee amounted to €5,500 million compared to €8,311 in the respective period last year, decreased by 33.8%. The amount relates to the calculation of the fiscal year 2016 for the flat annual settlement fee, in accordance with Article 1, paragraph 1.a of Regulatory Decision 1 on "Dematerialized Securities System Management and Operation Fees" of ATHEXCSD.

According to the above decision of the Board of Directors of ATHEXCSD, the flat annual settlement fee is calculated at 81% of the revenue from the clearing of trades accruing in the clearing house, with a minimum payable amount of €7.5 million and a maximum payable amount of €15.0 million per year.

For 2016, due to the significant drop in transactions and, therefore, in the revenue of the Company, the minimum amount of €7.5 million was applied. Therefore, a discount of €2.0 million was requested from ATHEXCSD and allowed with decision of its Board of Directors in order for the Company to avoid recording a loss due to this particular intra-group transaction. As a result of this, the flat annual settlement fee was reduced by an amount of €2.0 million and limited to the amount of €5.5 million.

5.18. MARKETING & ADVERTISING EXPENSES

Marketing and advertising expenses in 2016 reached the amount of €12 thousand compared to €6 thousand showing an increase of 100,0% compared to the same period last year and concern expenses for events and travel expenses for participation in conferences.

	31.12.2016	31.12.2015
Event expenses	12	6
Total	**12**	**6**

Certain amounts of the previous fiscal year have been modified (see note 5.2).

5.19. EXPENSES OF PARTICIPATION IN ORGANIZATIONS

The expenses of this category reached the amount of €13 thousand in 2016 compared to €12 thousand in 2015 and concern mainly the Company's EACH membership fee.

(Amounts in thousand euro unless otherwise noted) 52

5.20. OPERATING EXPENSES

Operating expenses in 2016 amounted to €208 thousand compared to €226 thousand in the respective period last year, showing a decrease of 7.96%, and are broken down in the following table:

	31.12.2016	31.12.2015
Travel expenses	13	17
Support operation services	147	147
Building rent to companies of the Group	46	46
Other	2	16
Total	**208**	**226**

5.21. BANK OF GREECE - CASH SETTLEMENT

In 2016 fees amounting to €5 thousand were paid to the Bank of Greece for the cash settlement of trades in cash and trades in derivatives, in accordance with the agreement that has been signed between the Bank of Greece and the Companies of the Group and ATHEXClear, while the respective amount in the previous year was €7 thousand.

5.22. OTHER EXPENSES

Other expenses in 2016 reached the amount of €27 thousand (contrasted with €14 in the same period last year) showing an increase of 93%. An amount of €10 thousand concerns a payment to the Hellenic Capital Market Commission for regulation amendment, an amount of €4 thousand concerns pension plan administration costs (compared to €2 thousand last year) and an amount of €6 thousand concerns mobile telephone costs. In the same period last year the respective amount had come to €14 thousand.

Certain amounts of the previous fiscal year have been modified (see note 5.2).

5.23. HELLENIC CAPITAL MARKET COMMISSION FEE

The operating revenue does not include the Hellenic Capital Market Commission Fee, which came to €585 thousand for the fiscal year 2016 compared to €730 thousand in the same period last year, as this amount is collected on behalf of the Hellenic Capital Market Commission, to which it is subsequently paid. This decrease is due to the significant drop in the value of clearing, on which this amount is calculated.

5.24. EXPENSES FOR NEW SERVICES

Revenue in this category amounted to €159 thousand compared to €366 thousand in the respective period last year, recording a decrease of 56.6%. A significant part of this amount (€134 thousand, note 5.9) is paid to the Members.

	31.12.2016	31.12.2015
Expenses for IT Services (EMIR-UNAVISTA FULL DELEGATED REPORTING)	159	366
Total	**159**	**366**

(Amounts in thousand euro unless otherwise noted) 53

5.25. TANGIBLE ASSETS FOR OWN USE AND INTANGIBLE ASSETS

The tangible and intangible assets of the Company on 31.12.2015 and 31.12.2016 are broken down as follows:

ATHEXClear	TANGIBLE ASSETS & INTANGIBLE ASSETS						
	Land	Buildings and technical works	Machinery & other equipment	Means of transportation	Furniture and fixtures	Intangible assets PC Software	Total
Acquisition and valuation value on 31.12.2014	**0**	**0**	**0**	**0**	**356**	**490**	**846**
Additions in 2015					22	8	**30**
Reductions in 2015							**0**
Acquisition and valuation value on 31.12.2015	**0**	**0**	**0**	**0**	**378**	**498**	**876**
Accumulated depreciation on 31.12.2014	0	0	0	0	353	462	**815**
Depreciation in 2015					24	7	**31**
Reduction in accumulated depreciation 2014							**0**
Accumulated depreciation on 31.12.2015	**0**	**0**	**0**	**0**	**377**	**469**	**846**
Undepreciated value							
on 31.12.2014	0	0	0	0	3	28	**31**
on 31.12.2015	**0**	**0**	**0**	**0**	**1**	**29**	**30**

ATHEXClear	TANGIBLE ASSETS & INTANGIBLE ASSETS						
	Land	Buildings and technical works	Machinery & other equipment	Means of transportation	Furniture and fixtures	Intangible assets PC Software	Total
Acquisition and valuation value on 31.12.2015	**0**	**0**	**0**	**0**	**378**	**498**	**876**
Additions in 2016					83	157	**240**
Reductions in 2016					(4)	(461)	**(465)**
Acquisition and valuation value on 31.12.2016	**0**	**0**	**0**	**0**	**457**	**194**	**651**
Accumulated depreciation on 31.12.2015	**0**	**0**	**0**	**0**	**377**	**469**	**846**
Depreciation in 2016					16	24	**40**
Reduction in accumulated depreciation 2016					(4)	(461)	**(465)**
Accumulated depreciation on 31.12.2016	**0**	**0**	**0**	**0**	**389**	**32**	**421**
Undepreciated value							
on 31.12.2015	0	0	0	0	1	29	**30**
on 31.12.2016	**0**	**0**	**0**	**0**	**68**	**162**	**230**

5.26. CLIENTS AND OTHER TRADE RECEIVABLES

All claims are short-term and thus 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:

(Amounts in thousand euro unless otherwise noted) 54

	31.12.2016	31.12.2015
Clients	434	859
Less: Provision for bad debts	(15)	(15)
Net trade receivables	**419**	**844**
Other receivables		
Withholding tax on dividends for offset (1)	300	300
Prepaid non-accrued expenses	27	8
Sundry debtors	35	35
Total	**362**	**343**
Income tax receivable (2)	**1,254**	**1,332**

1. Dividend withholding tax collected from the 10% participation in ATHEX in 2012. Dividend €1.2 million * 25% (dividend tax) = €300 thousand
2. For the Company, the change in income tax liability in the year 2016 resulted in a claim of €1,254 thousand and is shown in the assets (note 5.34).

Trade and other receivables are classified in Level 3.

During the fiscal year 2016, there were no transfers among Levels 1, 2, 3.

The change in the provision for bad debts is broken down as follows:

Provision for bad debts	
Balance on 31.12.2014	**81**
Provision reversal in 2015	-66
Balance on 31.12.2015	**15**
Additional provisions in 2016	0
Balance on 31.12.2016	**15**

5.27. THIRD PARTY BALANCES IN ATHEXClear BANK ACCOUNT (COLLATERAL)

The ATHEXClear cash balances that concern collateral of the Clearing Members in the form of cash as well as the cash of the Default Fund in accordance with the investment policy of ATHEXClear are kept by ATHEXClear in an account that it maintains as a Direct Participant in TARGET2 with the Bank of Greece.

For collateral deposited in accordance with the ATHEXClear procedures in a credit institution in the form of cash in foreign currency, ATHEXClear applies regulations that allow them to be converted to Euro and kept in the Bank of Greece, according to what is set out in detail below. Specifically, the above mentioned credit institution with a standing instruction from ATHEXClear converts on a daily basis the amount of the collateral into Euro and then credits the ATHEXClear account in TARGET2. On the next business day, ATHEXClear transfers to an account held in its own name with the credit institution the amount that was credited after the conversion of the collateral into Euro in order for the credit institution to convert the amount of the collateral from Euro to an amount in foreign currency equal to the amount of collateral that had been originally deposited.

(Amounts in thousand euro unless otherwise noted) 55

The implementation of the ATHEXClear investment policy (see note 5.28) commenced immediately with the initiation of the new model for clearing and risk management for the derivatives market on 01.12.2014. The amount of €204,852 thousand, which is broken down below and shown on the Statement of Financial Position of 31.12.2016 in both the assets and liabilities, concerns collateral of Members of the derivatives market and the cash market deposited in the ATHEXClear bank account with the Bank of Greece and managed by ATHEXClear.

The application of the new model in the cash market in accordance with Regulation (EU) No. 648/2012 concerning the Default Fund for the cash market went into effect on 16.02.2015.

	31.12.2016	31.12.2015
Collateral - Cash Market Default Fund	15,726	12,918
Additional Collateral - Cash Market Default Fund	145,202	380,517
Collateral - Derivatives Market Default Fund	8,207	7,616
Additional Collateral - Derivatives Market Default Fund	35,717	45,757
Total	**204,852**	**446,808**

5.28. CASH AND CASH EQUIVALENTS

The cash balances of the Company are placed in short-term interest-bearing investments with the aim to maximize the benefits, always in accordance with the policy drawn by the Strategic Investments Committee of the Company.

As of 26.11.2014 the cash balances of ATHEXClear are kept in accounts with the Bank of Greece, in accordance with the investment policy of the Company and the provisions of Article 45 of Regulation (EU) No. 153/2013. The above mentioned policy excludes an amount not exceeding €500 thousand, which is kept at commercial banks and used exclusively for the daily operating needs of ATHEXClear.

Note is made of the fact that deposits with the Bank of Greece have a negative interest rate of 0.1% for the period 11.06.2014 to 09.09.2014, a negative interest rate 0.2% from 10.09.2014 to 08.12.2015, a negative interest rate of 0.3% from 09.12.2015 and a negative interest rate 0.4% from 16.03.2016 onwards.

As a result of the above charge on deposits with the Bank of Greece, the Company incurred in 2016 a cost of €109 thousand compared to €69 thousand in the respective period last year. The breakdown of the cash balances of the Company is as follows:

	31.12.2016	31.12.2015
Deposits at the Bank of Greece	28,101	29,598
Sight deposits in commercial banks	93	93
Cash on hand	5	6
Total	**28,199**	**29,697**

Out of the total cash balance of the Company, an amount of €5.7 million or 20.1% is tied up as capital requirements (own resources), in order to be used as lines of defence (default waterfall) against default towards ATHEXClear, as described below (in accordance with Article 35 of the technical standards and Article 45 of Regulation (EU) No. 648/2012).

The amounts deposited with the Bank of Greece cannot be placed in time deposits.

Cash and cash equivalents are classified in Level 1.

During the fiscal year 2016, there were no transfers among Levels 1, 1.2, 3.

(Amounts in thousand euro unless otherwise noted) 56

5.29. DEFERRED TAX ASSETS

The deferred tax accounts stood at €67 thousand, showing a decrease of 4.3% compared to the deferred tax amount of last year and concern actuarial valuation provisions and intangible assets.

In accordance with the tax legislation (Law 4334/2015), the income tax rate for legal entities is set at 29% for the fiscal year 2016.

The deferred income tax is calculated based on the temporary differences that accrue between the book value of the assets and the liabilities included in the financial statements and the tax assessment of their value according to the tax legislation.

The charge for deferred income tax (deferred tax liability) in the Statement of Comprehensive Income 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 asset) includes mainly the temporary tax differences that accrue from specific provisions, which are tax deductible at the time they occur. Debit and credit deferred tax balances are offset when there is a legally valid offset right, and the deferred tax assets and liabilities concern income taxes collected by the tax authorities.

Changes in deferred income tax	31.12.2016	31.12.2015
Opening balance	70	66
Changes in the period	(3)	4
Balance	**67**	**70**

Deferred Tax Assets	31.12.2016	31.12.2015
Deferred tax assets	67	70
Deferred tax liabilities	0	0
Total	**67**	**70**

Deferred Tax Breakdown	
Changes in actuarial valuation deferred tax - Profit and loss statement	(4)
Changes in actuarial valuation deferred tax - Other comprehensive income	1
Changes in deferred tax - Other temporary differences	7
Balance	**4**

5.30. SHARE CAPITAL AND RESERVES

a) Share capital

After the spin-off of the clearing branch and its integration into ATHEXClear, the share capital of the Company came to €25,000,000 comprised of 8,500,000 common registered shares with a nominal value of €3.00 (three Euro) each. The share capital of the Company remained unchanged until 31.12.2016.

(Amounts in thousand euro unless otherwise noted) 57

b) Reserves

	31.12.2016	31.12.2015
Legal reserve	217	217
Total	**217**	**217**

Due to losses recorded in the fiscal year 2015, the amount of the legal reserve remains unchanged.

c) Capital requirements

According to the EMIR Regulation, Article 45 of Regulation (EU) No. 648/2012, a clearing house must maintain lines of defence (default waterfall) against default of a member.

In accordance with Article 35 of the technical standards for clearing houses the amount of own resources of central counterparties that are used as line of defence in the event of default is calculated, and specifically:

- The central counterparty maintains and reports separately an amount of dedicated own resources for the purposes mentioned in Article 45, paragraph 4 of Regulation (EU) No. 648/2012.
- The central counterparty calculates the minimum amount specified in paragraph 1 by multiplying by 25% the minimum capital requirement, including undistributed profits and reserves for the purposes mentioned in Article 16 of Regulation (EU) No. 648/2012 and by authorization Regulation (EU) No. 152/2013 of the Commission (1).

The central counterparty revises this minimum amount on an annual basis

Based on the above, as a recognized clearing house, ATHEXClear prepared a report of "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, business interruption risk, operating risk and business risk. The methodology applied was based on the following:

- Regulations (EU) 648/2012 and (EU) 152/2013 and (EU) 153/2013
- Regulation (EU) 575/2013
- FSA: Prudential Sourcebook for Banks, Building Societies and Investment Firms
    - BIPRU 13.4 CCR mark to market method
    - BIPRU 5.4 Financial collateral
    - BIPRU 3 Standardised credit risk

ATHEXClear regularly calculates on a quarterly basis and records in its financial reports and interim financial statements the capital requirements that are necessary in order for the Company to be able to fulfil its regulatory obligations.

ATHEXClear has in place procedures for the identification of all risk sources that may affect its current operations and examines the probability of potential adverse effects on its revenue or expenses and the level of its capital.

The capital requirements of ATHEXClear as at 31.12.2016 are broken down in the table below:

(Amounts in thousand euro unless otherwise noted) 58

Capital Requirements (Euro '000) Type of Risk	Capital Requirements on 31.12.2016
Credit risk (total)	199
Derivatives Market	0
Cash Market	0
Investment of Own Assets	199
Market Risk	0
Foreign Exchange Risk	0
Operating Risk	100
Business Interruption Risk	3,585
Business Risk	1,793
Total Capital Requirements	**5,677**
Notification Threshold (110% of the above Capital Requirements)	6,245
Additional Special Resources **(25% of Capital Requirements on 31.12.2016)**	**1,419**

The capital requirements as estimated above are significantly lower than the amount of equity shown in the Statement of Financial Position of 31.12.2016. In addition, the capital requirements are significantly lower than the amount of cash balances held by ATHEXClear in accounts in commercial banks and at the Bank of Greece.

If the ATHEXClear equity is estimated to be less than 110% of the capital requirements, as calculated above, or less than 110% of the 7.5 million notification threshold, ATHEXClear will be required to notify immediately the relevant authority (Hellenic Capital Market Commission) and to update such authority at least on a weekly basis, until the amount of its equity exceeds again the notification threshold.

Of the additional special resources of €1.4 million, as those are calculated above and remain constant for the entire fiscal year, 65.71% is allocated to the cash market and 34.29% is allocated to the derivatives market on 31.12.2016.

5.31. PROVISIONS

	31.12.2016	31.12.2015
Employee retirement or redundancy compensation (note 5.12)	168	156
Other provisions	20	20
Total	**188**	**176**

The Company has recorded provisions for other risks of a total amount of €20 thousand in order to be secured in the event of occurrence of such risks.

Changes in provisions are shown in detail in the table below:

ATHEXClear	Balance on 31.12.2014	Adjustment - reorganization of the Group	Current employment cost	Interest cost	Benefits paid by the employer	Cost of staff reductions /settlement/termination	Actuarial loss/(gain) - financial assumptions	Actuarial loss/(gain) - experience during the period	Used provision	Additional provision in the period	Revenue from unused provisions	Balance on 31.12.2015
Employee retirement or redundancy compensation	176						0	(20)	0	0	0	156
Provisions for other risks	20								0		0	20
Total	**196**	**0**	**0**	**0**	**0**	**0**	**0**	**(20)**	**0**	**0**	**0**	**176**
ATHEXClear	**Balance on 31.12.2015**	**Adjustment - reorganization of the Group**	**Current employment cost**	**Interest cost**	**Benefits paid by the employer**	**Cost of staff reductions /settlement/termination**	**Actuarial loss/(gain) - financial assumptions**	**Actuarial loss/(gain) - experience during the period**	**Used provision**	**Additional provision in the period**	**Revenue from unused provisions**	**Balance on 31.12.2016**
Employee retirement or redundancy compensation	156	4	4				2	2	0	0	0	168
Provisions for other risks	20								0		0	20
Total	**176**	**4**	**4**	**0**	**0**	**0**	**2**	**2**	**0**	**0**	**0**	**188**

5.32. SUPPLIERS AND OTHER TRADE LIABILITIES

All liabilities are short-term and, therefore, no discount is required as at the date of the financial statements. The breakdown of suppliers and other liabilities is presented in the table below:

	31.12.2016	31.12.2015
Suppliers (1)	293	2,255
Hellenic Capital Market Commission Fee (2)	234	256
Accrued third-party services (3)	78	6
Payable contributions	1	51
Payroll tax	25	26
Other taxes	4	4
Sundry creditors	28	32
Total	**663**	**2,630**

1. The amount on 31.12.2015 includes an amount of €2.1 million that concerns the flat settlement fee and trade notification instructions of the fourth quarter of 2015, which was due by ATHEXClear to ATHEXCSD. There was no respective liability on 31.12.2016.
2. The Hellenic Capital Market Commission Fee (€234 thousand) is calculated on the value of the trades in the cash and derivatives market and is paid to the Hellenic Capital Market Commission within two months of the end of each six-month period. The above mentioned amount concerns the second half of 2016.
3. The figure concerns expense provisions (UNAVISTA).

Trade and other payables are classified in Level 3.

During the fiscal year there were no transfers among Levels 1, 1.2, 3.

(Amounts in thousand euro unless otherwise noted) 60

5.33. THIRD PARTY BALANCES IN ATHEXClear BANK ACCOUNT

The ATHEXClear cash balances that concern collateral of the Clearing Members in the form of cash as well as the cash of the Default Fund in accordance with the investment policy of ATHEXClear are kept by ATHEXClear in an account that it maintains as a Direct Participant in TARGET2 at the Bank of Greece.

For collateral deposited in accordance with the ATHEXClear procedures in a credit institution in the form of cash in foreign currency, ATHEXClear applies regulations that allow them to be converted to Euro and kept in the Bank of Greece, according to what is set out in detail below. Specifically, the above mentioned credit institution with a standing instruction from ATHEXClear converts on a daily basis the amount of the collateral into Euro and then credits the ATHEXClear account in TARGET2. On the next business day, ATHEXClear transfers to an account held in its own name with the credit institution the amount that was credited after the conversion of the collateral into Euro in order for the credit institution to convert the amount of the collateral from Euro to an amount in foreign currency equal to the amount of collateral that had been originally deposited.

The implementation of the ATHEXClear investment policy commenced immediately with the initiation of the new model for clearing and risk management for the derivatives market on 01.12.2014. The amount of €204,852 thousand, which is broken down below and shown on the Statement of Financial Position of 31.12.2016 in both the assets and liabilities, concerns collateral of Members of the derivatives market and the cash market deposited in the ATHEXClear bank account with the Bank of Greece and managed by ATHEXClear.

The implementation of the new model in the cash market in accordance with Regulation (EU) No. 648/2012 concerning the Default Fund and Member guarantees for the cash market went into effect on 16.02.2015.

	31.12.2016	31.12.2015
Collateral - Cash Market Default Fund	15,726	12,918
Additional Collateral - Cash Market Default Fund	145,202	380,517
Collateral - Derivatives Market Default Fund	8,207	7,616
Additional Collateral - Derivatives Market Default Fund	35,717	45,757
Total	**204,852**	**446,808**

5.34. CURRENT INCOME TAX AND INCOME TAX PAYABLE

The Management of the Company, based on the possibilities offered by tax law, plans its policy so as to minimize its tax obligations. On the basis of this assumption, it has been deemed that the profits of the period realized by the Company and its subsidiaries shall be distributed to tax-free reserves at the maximum allowable amount.

Non-deductible expenses mainly include provisions, various expenses, as well as amounts that the Company deems that cannot be justified as productive expenses in a potential tax audit and which are readjusted by the Management at the calculation of the income tax.

Tax liabilities	31.12.2016	31.12.2015
Income tax	0	0
Deferred Tax	4	(12)
Income Tax Expense	**4**	**(12)**

The reconciliation of the income tax with profit before tax on the basis of the applicable rates and the tax expense is as follows:

(Amounts in thousand euro unless otherwise noted) 61

Income Tax	31.12.2016	31.12.2015
Profit before tax	173	(282)
Income tax rate	29%	29%
Expected tax expense	50	0
Tax effect of non-taxable income	(46)	(12)
Tax effect of non-deductible expenses		0
Income tax expense	**4**	**(12)**

Tax liabilities	31.12.2016	31.12.2015
Liabilities/(Receivables) 31/12	(1,332)	(869)
Income Tax Expense	0	0
Taxes paid	78	(463)
Liabilities/(Receivables) (see note 5.26)	**(1,254)**	**(1,332)**

In accordance with the tax legislation (Law 4334/2015), the income tax rate applied for legal entities was set at 29% for the fiscal year 2016 onwards.

Under the same Law 4334/2015, the prepayment of corporate income tax has been increased from 80% to 100%.

The tax audit of the Company for the fiscal year 2015 in accordance with Article 65a of Law 4174/2013 and the Decision of the General Secretariat of Public Revenue as per Circular No. 1124/2015 was completed and the relevant Tax Audit Certificate was issued by the auditors without qualifications.

The audit for the fiscal year 2016 is in progress and the relevant tax audit certificate is expected to be issued after the publication of the Financial Statements for the fiscal year 2016. In the event that any additional tax obligations arise by the time the tax audit is completed, the Management of the Company considers that they will not have any material impact on the Financial Statements.

5.35. DICLOSURE OF ASSOCIATED PARTIES

The value of transactions and the balances of the Company with associated parties are presented in detail in the following table:

	31.12.2016	31.12.2015
Remuneration of executives and managerial staff	97	115

The intra-group balances on 31.12.2016 and 31.12.2015, as well as the intra-company transactions of the Companies of the Group on 31.12.2015 and 31.12.2014, are shown in detail below.

INTRAGROUP BALANCES (in €) 31.12.2015				
		ATHEX	ATHEXCSD	ATHEXClear
ATHEX	Receivables	0	154,864.00	16,532.92
	Liabilities	0	44,399.84	0
ATHEXCSD	Receivables	44,399.84	0	33,784.53
	Liabilities	154,864.00	0	1,600.00
ATHEXClear	Receivables	0	1,600.00	0
	Liabilities	16,532.92	33,784.53	0

(Amounts in thousand euro unless otherwise noted) 62

INTRAGROUP BALANCES (in €) 31.12.2015				
		ATHEX	ATHEXCSD	ATHEXClear
ATHEX	Receivables	0	16,709.79	16,399.59
	Liabilities	0	34,404.09	0
ATHEXCSD	Receivables	34,404.09	0	2,151,295.25
	Liabilities	16,709.79	0	1,600.00
ATHEXClear	Receivables	0	1,600.00	0
	Liabilities	16,399.59	2,151,295.25	0

INTRAGROUP REVENUE-EXPENSES (in €) 31.12.2016				
		ATHEX	ATHEXCSD	ATHEXClear
ATHEX	Revenue	0	415,113.68	53,332.00
	Expenses	0	289,867.12	0
	Dividend income	0	4,013,000.00	0
ATHEXCSD	Revenue	289,867.12	0	6,227,402.36
	Expenses	415,113.68	0	0
ATHEXClear	Revenue	0	0	0
	Expenses	53,332.00	6,227,402.36	0

INTRAGROUP REVENUE-EXPENSES (in €) 31.12.2015				
		ATHEX	ATHEXCSD	ATHEXClear
ATHEX	Revenue	0	358,289.69	53,332.00
	Expenses	0	274,938.62	0
	Dividend income		9,069,380.00	
ATHEXCSD	Revenue	274,938.62	0	9,284,271.75
	Expenses	358,289.69	0	0
ATHEXClear	Revenue	0	0	0
	Expenses	53,332.00	9,284,271.75	0

The intra-group transactions concern the flat settlement fee (ATHEXCSD Decision 1, Article 1), the settlement instructions (ATHEXCSD Decision 1, Article 1 regarding fees) as well as support services billed at prices similar to those carried out between third parties.

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5.36. MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY

ATHENS EXCHANGE CLEARING HOUSE SOCIÉTÉ ANONYME	
Name	**Position**
Alexios Pilavios	Chairman of the Board, Non-Executive Member
Gkikas Manalis	Vice Chairman, Non-Executive Member
Sokratis Lazaridis	Chief Executive Officer
Andreas Mitafidis	Independent Non-Executive Member
Nikolaos Pimplis	Non-Executive Member
Charalambos Sachinis	Independent Non-Executive Member
Dionysios Christopoulos	Independent Non-Executive Member

5.37. CONTINGENT LIABILITIES

None. It is expected that all receivables will be collected in full.

5.38. EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

Due to the decline in stock exchange transactions, on which the ATHEXClear clearing revenue is calculated, the minimum charge of €7.5 million was applied for the flat annual settlement fee paid by ATHEXClear to ATHEXCSD, as a result of which ATHEXClear records significant loss. The Company requested by letter a discount of €2.0 million from ATHEXCSD, the Board of which accepted to allow the discount. As a result of the above, the flat annual settlement fee was limited to the amount of €5.5 million for the fiscal year 2016.

Subsequently the ATHEXCSD Board decided to change the method of calculation of the flat annual settlement fee for 2017 to 60% of the clearing revenue with an annual minimum at €3 million and an annual maximum at €15 million.

There is no other event with any significant impact on the results of the Company, which occurred or was concluded after 31.12.2016, the date of the financial statements, and until the approval of the financial statements for the fiscal year 2016 by the Board of Directors of the Company on 27.0.2017.

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Athens, 27 March 2017

THE CHAIRMAN OF THE BOARD

ALEXIOS PILAVIOS ___________________

THE CHIEF EXECUTIVE OFFICER

SOKRATIS LAZARIDIS ___________________

THE CHIEF

FINANCIAL OFFICER

VASILIS GKOVARIS ___________________

THE DIRECTOR OF FINANCIAL MANAGEMENT

CHRISTOS MAGIOGLOU ___________________

THE DEPUTY DIRECTOR OF FINANCIAL CONTROL, BUDGETING & INVESTOR RELATIONS

CHARALAMPOS ANTONATOS ___________________