EUROBANK ERGASIAS S.A.

FINANCIAL REPORT
for the period from
January 1st to June 30th, 2016

According
to article 5 of Law 3556/30.4.2007

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(according to the article 5, par.2 of the Law 3556/2007)

Statements of Members of the Board of Directors
(according to the article 5, par. 2 of the Law 3556/2007)

We declare that to the best of our knowledge:

- the financial statements for the six months period ended 30 June 2016, which have been prepared in accordance with the applicable accounting standards, present fairly the assets, liabilities, equity and results of the Bank and the companies included in the consolidation, and

- the report of the Board of Directors for the same period presents fairly the information required under paragraph 6 of article 5 of Law 3556/2007.

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Athens, 31 August 2016

Nikolaos V. Karamouzis	**Fokion C. Karavias**	**Spyros L. Lorentziadis**
I.D. No AB – 336562	I.D. No AI - 677962	I.D. No Π - 329468
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

II. Interim Directors’ Report

REPORT OF THE DIRECTORS

The Directors present their report together with the accounts for the six months ended 30 June 2016.

Profit or Loss Attributable
The net profit attributable to Eurobank (or "the Bank") shareholders for the first half of 2016 amounted to €106m (first half 2015: €1,412m loss) as set out in the consolidated income statement on page 2.

Financial Results Review[1]
In the first half of 2016, the macroeconomic environment in Greece, though improved compared to the previous year, remained challenging for the Greek banking system. Despite the successful recapitalization of the Greek banks in the fourth quarter of 2015, which constituted a key milestone for rebuilding trust in the economy in general, the delay in the conclusion of the first review of the current economic program till June 2016 added to uncertainty and acted as a halt to the economic expansion and business activity. In this demanding context, the Group managed to return to profitability and to improve its capital and liquidity position.

As at 30 June 2016 total assets, following the assets' deleveraging, amounted to €72.7bn (Dec. 2015: €73.6bn). At the end of June 2016 gross customer loans reached €51.0bn (Dec. 2015: €51.7bn), of which €43.5bn in Greece and €7.5bn in International Operations. Business loans stood at €26.7bn (Dec. 2015: €26.8bn) and accounted for 53% of total Group loans, while loans to households reached €24.3bn (Dec. 2015: €24.8bn), with mortgage portfolio constituting 35% and consumer loans 12% of the total portfolio. During the first half of 2016, Greek deposits increased by €0.7bn to €22.8bn, driven also by the improvement in depositors' sentiment after the successful completion of the first program review. In addition, deposit balances from International Operations increased by €0.9bn to €10.2bn. Group deposits reached €33.0bn (Dec. 2015: €31.5bn). As a result, the (net) loan–to–deposit (L/D) ratio improved to 120% for the Group from 127% six months ago. In the first half of 2016, the Bank has managed to reduce its dependency on Eurosystem funding to €21.5bn at the end of June 2016 (Dec. 2015: €25.3bn), of which €15.8bn funding from Emergency Liquidity Assistance (ELA) mechanism (Dec. 2015: €20bn), mainly through the increase in repo transactions in the interbank market, selective assets deleveraging, utilization of a part of foreign subsidiaries' surplus liquidity and to some extent by deposit inflows. On 19 August 2016 the Bank's Eurosystem funding further decreased to €18.4bn, of which €14bn funding from ELA. In this context, following the recent positive developments, including the improvement of the advance rates for providing Eurosystem financing with Pillar II guarantees by the European Central Bank (ECB) and the initiatives to further enhance its liquidity position, the Bank also managed to significantly reduce its participation in the second stream of the Hellenic Republic's liquidity support plan (bonds guaranteed by the Greek Government) from a face value of €13bn on 31 December 2015 to a face value of €4.9bn on 19 August 2016.

Within an improving but still challenging business environment, the six months' Pre-Provision Income (PPI), also boosted by strong other income, increased by 39.0% to €538m from €386[2]m in the first half of 2015. Net interest income (NII) stood at €771m (first half 2015: €728[2]m), mainly driven by the lower funding cost due to the reduction in the cost of deposits in Greece and the decreased utilisation of Pillar II bonds (Law 3723/2008) as collateral for Eurosystem funding. Net interest margin (NIM) stood at 2.17% (first half 2015:1.99%) with second quarter reaching 2.19%. Fees and commissions amounted to €139m (first half 2015: €134[2]m) with improved lending and network activities' fees and rental income. Trading and other activities recorded €131m gain (first half 2015: €9[2]m gain), including a) the €53m gain arising from the VISA Europe sale transaction, b) the €14m gain on the sale of European Financial Stability Facility (EFSF) notes, in accordance with the conditions applicable to the Public Sector Asset Purchase Program (PSPP), established by the ECB, c) the €55m gain on the acquisition of the Alpha Bank's Branch in Bulgaria, which was performed in line with the restructuring plans of Alpha Bank and Eurobank and d) the €11m gain on the sale of portfolios of non-performing loans in Bulgaria and Romania. Cost containment efforts and initiatives continued and operating expenses amounting to €503m (first half 2015: €484[2]m) were 2[3]% lower year–on–year, on a like for like basis. As a result, the cost to income (C/I) ratio for the Group improved to 48.3% (first

[1] Definitions of the selected financial ratios and the source of the financial data are provided in the Appendix.

[2] Comparative figures have been adjusted to exclude Insurance operations, since they have been classified as held for sale as of December 2015.

[3] adjusting 2015 comparative figure to include half of the €30m contribution to the new Single Resolution Fund (BRRD) recorded in the fourth quarter of 2015 and €14m due to the reclassification of part of NPL expenses from loan impairment to operating expenses.

half 2015: 55.6% or 58.9%[3] on a like for like basis), while International Operations improved further their C/I ratio to 45.1% (first half 2015: 49.8%).

During the first half 2016, as a result of efficient NPLs management, the new 90days past due loans (formation) decelerated substantially, amounting to €26m (first quarter: €42m, second quarter: €-16m), compared to €509m in the first half 2015 and €118m in the second quarter 2015. This translates to a year-on-year decrease of 95%. As at 30 June 2016, 90days past due loans receded to 34.7% of gross loans (end 2015: 35.2%). Loan provisions (charge) reached €398m or 2.0% of average net loans (first half 2015: €2,138m or 10.28%), driving the coverage ratio for 90 days past due portfolio to 65.0% (Dec. 2015: 64.8%).

The Group recognised in the first half of 2016 other impairments losses amounting to €14m (first half 2015: €71[2]m), of which €9m related to the investment property portfolio and repossessed assets and €4m to rental receivables. In addition, restructuring costs of €47m (first half 2015: €3[2]m) have been recorded, of which €33m relate to an additional provision for the Voluntary Exit Scheme (VES), which was designed for the Group's employees in Greece in the context of the implementation of the restructuring plan and €8m to the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. Furthermore the Group, following the favourable court decision, has recognised a tax income of €30.5m for tax claims against the Greek state in relation to the one - off taxation of the Bank's non-taxed reserves which had been imposed by the Law 3513/2006. Finally, for the operations classified as held for sale, the Group recorded profit of €21m after tax (first half 2015: €25m loss), of which €22m profit related to its insurance operations (first half 2015: €28m profit).

Overall, despite the challenging business conditions, the Group returned to profitability through the further expansion of its pre-provision Income, well supported by proven cost containment competencies, the profitable International Operations, and the lower loan loss provisions, following the effective NPLs management. Net profit attributable to shareholders amounted to €106m (first half 2015: loss €1,412m) while International business from continued operations (excl. Ukraine and foreign insurance operations) recorded a profit amounting to €58m (first half 2015: €33m). The Group's Common Equity Tier 1 (CET1) capital amounted to €6.5bn and accounted for 16.7% of Risk Weighted Assets (RWA) at the end of June 2016 (Dec. 2015: 17.0%).

Going forward, the Group, in a context of a recovery of the domestic economic sentiment and the expected resumption of positive economic growth in the second half of the year, is on track to achieve its objective for 2016, a return to profitability based mainly on the following initiatives and actions:

a) Gradual restoration of normalised funding structure with faster return of a part of deposits lost in 2015 and further re-access to the money markets as a result of improving economic outlook,
b) Potential to implement further cost initiatives, such as the ongoing Greek and International operations' branch network rationalization, the compliance with Restructuring Plan commitment regarding the number of staff in Greece, the review of outsourcing and in-sourcing opportunities for certain functions and the scalable IT platform/digital transformation,
c) Funding cost reduction, through the further decrease of expensive ELA dependency, the reduction of fees paid for Greek Government Guarantees (Pillar II of Law 3723/2008) and the further decline in deposit rates, as a result of the macroeconomic environment stabilization,
d) Fee and commission income recovery as a result of the improvement of the macroeconomic environment and the gradual lift of capital controls, which will increase transaction activity (asset management, equity brokerage etc),
e) Normalization of cost of risk subject to improving economic outlook as witnessed in other Euro periphery regions, well supported by an active management of non-performing loans, through i) the Bank's internal infrastructure ii) the agreement with a leading international investment fund, KKR, with participation of EBRD, to manage part of the troubled loan portfolio and restructure viable businesses iii) the important legislative changes that have taken or expected to take place, iv) the substantially high cash coverage of non-performing loans and v) the gradual stabilisation of macroeconomic environment, and
f) Selective lending of healthy and internationally competitive enterprises.

Framework for the sale and servicing of loans- Law 4354/2015
The Greek Law 4354/2015 as amended in 2016 and in force established an integrated and flexible framework for the outsourcing of management and transfer of claims from loans and credits granted by credit and financial institutions (note 31 to the consolidated financial statements).

Non-Performing Loans ("NPL") Management
In the current juncture, the active management of non-performing loans, taking advantage of the internal infrastructure and the important legislative changes that have taken or are expected to take place, remains a strategic priority for the Group aiming at value recovery and substantially reducing their stock in due course.

Troubled Assets Group (TAG) General Division
Following the Bank of Greece Executive Committee's Act No.42/30.5.2014 as amended by Act No.47/9.2.2015 that details the supervisory directives for the administration of exposures in arrears and non-performing loans, the Bank has proceeded with a number of initiatives to adopt the regulatory requirements and empower the management of troubled assets. In particular, the Bank transformed its troubled assets operating model into a vertical organizational structure through the establishment of the Trouble Assets Committee (TAC) and Troubled Assets Group General Division (TAG). TAG structure is completely segregated from the Bank's business units both in terms of account management, as well as credit approval process. Further information is presented in note 7.2 to the consolidated financial statements for the year ended 31 December 2015.

The target of the operating model is to reinstate customers' solvency, reduce overall handling costs for delinquent accounts and improve the portfolio profitability by maintaining low portfolio delinquency rates and facilitating negotiations with delinquent customers. In order to ensure the efficient management of the troubled asset portfolio more than 2,500 full-time equivalent employees are involved in NPL management operations across the Bank, of whom over 1,150 are dedicated professionals within the various TAG operating units. TAG by employing best-in-class strategies, tools, technical resources and human capital, aims to significantly contribute to the Group's return to profitability, in a socially responsible manner. To this end, the main actions undertaken by TAG in the first half of 2016 were the following:

a) Shifted from an NPL reduction management to an Non Performing Exposures (NPE) - in compliance with European Banking Authority (EBA) guidance - resolution strategy and built a thorough and comprehensive plan for achieving its regulatory operational targets
b) Gradually switched its strategy from short term to long-term sustainable restructuring solutions provided through a wide product mix, segmentation criteria and decision trees.
c) Deployed new products, policies and other innovative propositions that lead to long term sustainable restructuring solutions.
d) Developed a set of dynamic decision support systems (e.g. Loss Budget Allocation Framework, Net Present Value tools) to enable decision-making, facilitate choice of optimal course of action and, ultimately, reduce uncertainty.
e) Ensured a consistent approach for managing troubled assets across all business units.
f) Implemented Early Warning System (EWS) to reduce the rate of new delinquencies and to assess the probability of non-delinquent borrowers from rolling to delinquency. Defined targeted risk mitigating actions to ensure portfolio risk reduction.
g) Conducted quality assurance exercises via self-assessment to ensure the effectiveness of restructuring solutions.
h) Leveraged on the optimal implementation of the latest legal framework, in order to develop a framework of troubled assets that actively copes with the portfolio under Law 3869/2010, through a dedicated special handling unit.
i) Established Troubled Assets Group Units (TAG Units) in Southeastern Europe countries. Further reinforced people development through additional training programs and e-learning courses throughout the year.
j) Developed key requirements for the conversion of TAG from a cost centre to a Profit &/Loss unit, with its own balance sheet and profit & loss statement, which will be reported separately in the Group's financial results.

Agreement with KKR and EBRD on management of Large Corporate Non-Performing exposures
In view of deploying a dynamic and active NPE management model according to international best practices, the Bank reached a binding agreement on May 2016 - in collaboration with Alpha Bank and KKR Credit- for the management of a selected number of corporate loans through a platform managed by Pillarstone, with the potential involvement of the European Bank for Reconstruction and Development (EBRD) through joint financing with KKR and the banks. The platform will provide new long-term funding and operational expertise to large Greek corporate borrowers, help them stabilize, recover and grow for the benefit of all stakeholders. This is a pioneering platform, both in terms of scope and scale, and also has the flexibility to allow other lenders to participate by contributing loan portfolios or adding existing exposures to a specific company to those of the other banks.

International Operation's NPLs sale
Finally, in the context of strengthening the balance sheets of its foreign subsidiaries, the Group proceeded to the selective sale of consumer unsecured loan portfolios in Bulgaria and Romania (note 14 to the consolidated financial statements).

Restructuring Plan
On 29 April 2014, the European Commission (EC) approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. In addition, on 26 November 2015, the EC approved the Bank's revised restructuring plan in the context of the recapitalization process in 2015. Further information on the principal commitments to be implemented, by the end of 2018, basic assumptions used and potential effect on Group operations is presented in note 6 of the consolidated financial statements for the year ended 31 December 2015 and of the consolidated financial statements for the period ended 30 June 2016.

Disposal of Eurobank's 80% shareholding in Eurolife ERB Insurance Group Holdings S.A.
On 22 December 2015, the Group announced that it has reached an agreement with Fairfax Financial Holdings Limited ('Fairfax') to sell 80% of Eurolife ERB Insurance Group Holdings S.A. ('Eurolife') (the 'Transaction') for a cash consideration of €316m, subject to further adjustments based on the performance of the entity up to the completion of the Transaction, while Eurobank will retain a 20% stake. The Transaction was completed on 4 August 2016, after all required regulatory approvals were obtained. The cash consideration received pursuant to the Transaction documentation, after the distribution of a €34m dividend to Eurobank by Eurolife, was €324.7m, subject to further adjustments following the finalization of the completion statement of Eurolife. The estimated effect of the disposal of the Group's Insurance operations, including the recyclement to the income statement of the cumulative gains arising from the revaluation of available for sale securities previously recognized in other comprehensive income, amounts to €63m gain, after tax (note 13 of the consolidated financial statements).

Voluntary Exit Scheme (VES)
The implementation of the VES, which was designed for the Group's employees in Greece in the context of the implementation of the Group's restructuring plan and in line with the related principal commitments described therein, commenced in the second quarter of 2016 and is expected to be completed within the following months. The cost for the VES, as re-estimated in the second quarter of 2016 in line with the Group's strategy, amounts to approximately €95m, net of provision for retirement benefits, out of which €62m was recognized as a provision in the fourth quarter of 2015. The VES aims to increase the Group's operating efficiency and is expected to result in an estimated annual saving of €38m (note 23 of the consolidated financial statement).

Monitoring Trustee
The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the EC, the International Monetary Fund (IMF) and the ECB provides for the appointment of a monitoring trustee in all banks under State Aid.

On 22 February 2013, the Bank appointed Grant Thornton as its Monitoring Trustee (MT). The MT monitors compliance with commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and reports to the EC.

International Activities
Eurobank has established a substantial presence in 5 countries outside of Greece. In Cyprus, it offers Wholesale Banking, Private Banking and Asset Management services, in Luxembourg it provides Private Banking operations, in Romania, Bulgaria and Serbia offers Retail, Corporate, Asset Management, Insurance and Investment Banking services through a network of more than 400 retail and corporate units and has a presence in London. Eurobank's presence in Ukraine is accounted for as held for sale.

Acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria AD
On 17 July 2015 the Group announced that it has reached a preliminary agreement with Alpha Bank regarding the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria AD ("Postbank").

On 1 March 2016, the acquisition of the entirety of the operations of Alpha Bank's Bulgarian Branch by Postbank was completed after obtaining the relevant regulatory approvals.

The acquisition of the Alpha Bank's Branch constitutes a step forward for Postbank to further strengthen its position in the Bulgarian banking sector and expand its customer base in both the retail and corporate business segments. Postbank is expected to benefit from significant synergies, while maintaining its strong capital ratios and substantial liquidity buffers (note 30 to the consolidated financial statements).

Ordinary Share Capital
As at 30 June 2016, following the Share Capital Increase (SCI) of the Bank in November 2015, the ordinary share capital amounted (and amounts up to date) to €655,799,629.50, divided into 2,185,998,765 ordinary voting shares of a nominal value of €0.30 each, which represents 40.84% of the total share capital of the Bank.

All ordinary shares are registered, listed on the Athens Stock Exchange and incorporate all the rights and obligations set by the Greek legislation (note 24 to the consolidated financial statements).

According to the Law 3864/2010 as in force, HFSF (which, following the SCI of the Bank in November 2015, holds, in accordance to a relevant HFSF's notification received by the Bank on the 2nd of December 2015, a percentage of the ordinary shares of the Bank that amounts to 2.38%) has restricted voting rights[4].

Preference Share Capital
As at 30 June 2016, the preference share capital amounted (and amounts up to date) to €950,125,000 divided into 345,500,000 registered non-voting preference shares with nominal value €2.75 each, issued under Law 3723/2008. All the preference shares are tangible, non-listed, non-transferable and confer upon the Hellenic Republic (as exclusive owner) the following rights: a) the right to collect a non-cumulative coupon of 10% of the subscribed by the Hellenic Republic capital. Five years after the issue of the preference shares, the Bank may redeem the preference shares at their nominal value. If such redemption is not possible, because the Bank's capital adequacy ratio would fall below the minimum requirements set by the BoG, the preference shares will be converted into ordinary shares or shares of any other class existing at the time of the conversion following a decision of the Minister of Finance and after a recommendation by the Governor of the BoG and on condition that at the expiry of the five year period, the Bank will have submitted, and the Minister of Finance will have approved, further to a recommendation by the Governor of the BoG, a restructuring plan of the Bank pursuant to the legislation as in force. The conversion ratio will take into account the average market price of the Bank's ordinary shares during the calendar year preceding such conversion. In case of non-redemption of the preference shares by the Bank at the expiration of the five year period, the coupon is gradually increased by 2% each year, following relevant decision by the Minister of Finance, upon recommendation of the BoG, b) the right to preferential reimbursement, in priority to all other shareholders and pari passu with the HFSF (under Law 3864/2010), from the proceeds of the Bank's liquidation, in the event the Bank is liquidated, c) the right to participate in the Bank's BoD via a representative who may be appointed as an additional member of the Board and has the following rights: i) veto strategic decisions and decisions which alter substantially the legal or financial

[4] Information regarding HFSF's rights as owner of Bank's ordinary shares, according to Law 3864/2010 and the Relationship Framework Agreement (RFA), is included in Corporate Governance Code and Statement

position of the Bank and require the General Meeting's approval or veto decisions related to the distribution of dividends and the remuneration policy towards the members of the BoD and the General Managers and their deputies pursuant to a relevant resolution of the Minister of Finance or in the event such representative judges that the decision may jeopardize the interests of the depositors or materially affect the solvency and the orderly operation of the Bank, ii) attend the General Meetings of shareholders and veto discussions and decisions regarding the aforementioned issues and iii) freely access to the Bank's books and records, the restructuring and recovery plans, the plans for Bank's mid-term finance needs and data regarding the level of loans granting in real economy (note 25 to the consolidated financial statements).

Greek Economy Liquidity Support Program (Law 3723/2008)
The Bank participates in the Greek Economy Liquidity Support Program under Law 3723/2008, as in force (note 4 to the consolidated financial statements).

Dividends
Based on the 2015 results and in accordance with the article 1, par. 3 of Law 3723/2008, in combination with article 44a of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted. Furthermore, under article 1 par.3 of Law 3723/2008, during the period of the participation of the Bank in the first stream of the Greek Economy Liquidity Support Program, the amount of dividends that may be distributed to ordinary shareholders of the Bank cannot exceed 35% of the profits as provided in article 3 par. 1 of Law 148/1967.

Business Outlook and Risks
In June 2016, Greece, after the completion of a number of key prior actions, successfully concluded the 1st review of the Third Economic Adjustment Programme (TEAP), which permitted the disbursement of the first sub-tranche of € 7.5bn from the second instalment of the European Stability Mechanism (ESM) loan, allowing the country to cover its debt servicing needs and clear a part of the state's arrears to the private sector. Accordingly, the ECB, acknowledging the commitment of the Greek government to implementing the macroeconomic adjustment programme, decided to reinstate the waiver for all outstanding and new marketable debt instruments issued or guaranteed by the Hellenic Republic.

On the fiscal front, according to the 2016 Budget, the forecast for 2015 was for a primary deficit of -0.2% of GDP, according to the Adjustment Programme methodology, mainly due to the increased uncertainty in the economy, the downward 2015 growth revision, the imposition of capital controls, and the political risk over the first seven months of that year. However, the data published by the Hellenic Statistical Authority (ELSTAT) in 22 April 2016 point towards a better outcome, a primary surplus of ca 0.7% of GDP. The respective forecast for 2016 is for a primary surplus of 0.5% of GDP. Under the TEAP, the primary balance for 2017 and 2018 is expected at 1.75% and 3.5% of GDP respectively. The achievement of sustainable primary surpluses for the period ahead constitutes a necessary condition for the implementation of the medium and long term measures enhancing the sustainability of public debt, decided on the Eurogroup of 24 May 2016.

The current account, continued on an improving pattern achieving a near balance in 2015 (deficit of €81m according to Bank of Greece (BoG) data) due to increased tourism revenues, the decline of imports and the positive effect of the PSI (2012) debt relief measures on the income account. According to recent IMF data the current account recorded a deficit of -12.4%, -11.4%, -10.0%, -3.8%, -2.0%, and -2.1% of GDP in 2009, 2010, 2011, 2012, 2013 and 2014 respectively. The current account is expected at -0.2%, -0.3% and -0.2% of GDP for 2016, 2017 and 2018 respectively.

Based on ELSTAT data, the unemployment rate in May 2016 was 23.5% (May 2015: 25%) and had decreased by approximately 4.4ppts since the peak of July 2013 (27.9%), pointing towards a slow path of decline conditional on no unforeseen negative developments in the upcoming period.

The ongoing deleveraging in the Greek economy can be considered as a major drag for recovery. From June 2011 until December 2014, the average annual private sector domestic credit growth was -8.02%. According to the latest available data from the BoG, i.e. in June 2016, the private sector domestic credit balance was at €201.3 bn, lower by -3.3% compared to June 2015. Finally, on the other side of the ledger, private sector domestic deposits were at €122.7bn in June 2016 from €122.2bn in June 2015, an increase of 0.4% (albeit a decrease of -5.5% compared to May 2015). The recovery of deposits is closely related with the timely and successful conclusion of the upcoming reviews of the TEAP and the return of the country to a sustainable growth path.

Risks continue to surround the near-term domestic economic outlook. The unemployment rate remains very high and follows a slowly decreasing path. At the same time, the country was in a deflationary territory for 37 out of the last 40 consecutive months. According to the most recent data, the general price level (HICP) recorded an increase of ca 0.2% in July 2016 from -1.3% in July 2015. In 2014, real GDP growth turned positive, at 0.7%, for the first time after 6 years in recession. The increased uncertainty over the conclusion of the last review of the Second Economic Adjustment Programme (SEAP), the expiration of the programme at the end of June 2015 without tangible positive results, the imposition of capital controls, and the need for a new bank recapitalization process led to a return to recession in 2015, i.e. a -0.2% decline of real GDP. The recession insisted in the first half of 2016, according to the ELSTAT 29 August 2016 update, real GDP shrank in the first quarter and second quarter of 2016 by -1% and -0.9% year - on - year respectively. The current Spring EC projection on real GDP growth for 2016 and 2017 is approximately at -0.3% and 2.7% respectively conditional on the prompt TEAP implementation, the timely successful conclusion of the 2nd and subsequent reviews of the programme, ownership of reforms and a benign external environment.

The last week of June and the first half of July were marked with events of global and regional importance. To start with, the UK referendum outcome in favor of the exit of United Kingdom from the European Union (BREXIT) sent shockwaves to the international and regional financial markets initially -which were recouped at a later in the month stage- increasing political and economic uncertainties worldwide. The events of the terrorist attack in Nis-France and the failed coup attempt in Turkey served as a reminder that (geo) political instability could resurface at any given point of time and that the region could be confronted with the direct or indirect consequences of global issues such as terrorism.

As far as South Eastern Europe is concerned, BREXIT is expected to be a net negative from an economic growth and market sentiment standpoint, but not a catastrophic event for the region as the economic repercussions are manageable, on the assumption of an orderly (and not protracted in duration) exit of the UK from the EU. This is because the direct trade and Foreign Direct Investment (FDI) ties of the region with the UK are modest, while there are no significant banking sector linkages. On the other hand, the broader region is significantly exposed to a potential Euro area slowdown due to a UK exit, given the former's role as a key trade partner and a major capital flow generator for the region. The macroeconomic consequences are expected to start materializing post 2016 and span over 2017-2018.

At a country level, the flash GDP reading showed that real GDP growth in Bulgaria expanded by 3.0% year on year in the second quarter of 2016. Rising real wages, improving consumer and business sentiment, lower on an annual basis energy prices and further gains in employment were among the principal drivers of the spending recovery. Meanwhile, the results of the asset quality review and stress test of banks, as part of the banking sector reform process, were announced by Bulgarian National Bank (BNB) on 13 August 2016. The stress test results confirmed the strong capital position of Eurobank Bulgaria (note 31 to the consolidated financial statements).

Economic activity in Cyprus continued to increase in the second quarter of 2016, with real GDP growth expanding by 2.7% year on year on a seasonally adjusted basis. The annual growth reading was the sixth consecutive positive one on both a quarterly and an annual basis after a three year recession in 2012-14. Full year growth is poised to gain momentum to 2.5% in 2016 vs 1.6% in 2015, above the most recent EU Commission Spring forecast of +1.7%, underpinned by strong sentiment improvement, a flourishing tourism sector and lower unemployment. Even though parliamentary elections were not a game changer as far as the government is concerned, it is imperative that the reform momentum and prudent macroeconomic policies continue in order to avoid a backtracking of the economy.

The second quarter flash GDP estimate in Romania showed that real GDP on an unadjusted basis increased to +6.0% year-on-year. Despite the political fall-out, Romania was above the regional average for the second consecutive year in 2015, and is expected to be an outperformer in 2016 as well. Growth dynamics are driven by a private consumption spending boom and financed by the expansionary fiscal policy at the expense of pushing government finances off consolidation track and deteriorating the external position.

In Serbia, real GDP growth decelerated to +1.8% year-on-year in the second quarter of-2016, down from +3.5% year-on-year in first quarter of 2016, but it still compares favourably to an expansion of+1.0% year-on-year over the same period of 2015, a -2.0% year-on-year contraction in first quarter of 2015 and growth of 0.8% year-on-year for the full year 2015. Reflecting the ongoing improvement in domestic economic activity after the 2014 floods, it marks the fifth consecutive quarter of positive annual growth rates, driven mainly by investments and exports. Looking ahead, real GDP growth is expected to accelerate to around 2.5% this year according to the most recent IMF forecast.

Regarding the outlook for the next 12 months, the main risks and uncertainties stem from the current macroeconomic environment in Greece. In particular, risks include: a) possible delays in the implementation of the reforms' agenda in order to meet the next targets and milestones of the ESM programme, which would lead to the disbursement of the second sub-tranche of € 2.8bn from the second instalment of the ESM loan, and the timely preparation for the upcoming second review scheduled for October 2016 b) the impact on the level of economic activity from additional fiscal measures included in the key prior actions of the first review c) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, d) a possible deterioration of the refugee crisis and the impact on the internal economy and e) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy. Materialization of those risks would have potentially adverse effects on the liquidity and solvency of the Greek banking sector. Continuation of the recession could affect the prospects of the Greek banking system leading to the deterioration of asset quality, prolongation of increased dependence on Eurosystem funding, particularly on the expensive ELA mechanism, and further pressures on the revenue side from increased funding cost and lower fees and commission income.

On the other hand, the demonstrated resilience of the Greek economy in 2015, the successful recapitalization of the domestic banking system in 2015, the completion of the 1st review of the TEAP, which helped in reducing the short term uncertainty surrounding the economic outlook, the further relaxation of capital controls, the mobilization of EU funding to support domestic investment and job creation, along with the decisive implementation of the reforms agreed in the context of the ESM program, would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic environment, which are necessary conditions for the resumption of positive economic growth as early as in the second half of 2016.

Board of Directors
On 15 June 2016, the Annual General Meeting of the Bank's shareholders elected as new Board members, Mrs. Lucrezia Reichlin and Mr. Jawaid A. Mirza, whose term of office will expire concurrently with the term of office of the other members of the Board of Directors and more specifically on 27 June 2018, prolonged until the end of the period the Annual General Meeting for the year 2018 will take place and designated those new members as independent non-executive Directors. The Bank's Board is set out in note 33 to the consolidated financial statements. Personal details of the Directors are available on the website of Eurobank (www.eurobank.gr).

Related party transactions
All transactions with related parties are entered into the normal course of business and are conducted on an arm's length basis. See also note 32 to the consolidated financial statements and note 29 to the financial statements of the Bank.

Nikolaos Karamouzis	Fokion Karavias
Chairman	Chief Executive Officer

31 August 2016

APPENDIX

Definition of selected financial ratios / measures

a) **Loans to Deposits ratio:** Loans and advances to customers (net of impairment allowance) divided by Due to customers at the end of the reported period,
b) **Pre-Provision Income (PPI):** Profit from operations before impairments and restructuring costs as disclosed in the financial statements for the reported period,
c) **Net Interest Margin:** The net interest income of the reported period, annualised and divided by average balance of total assets (the arithmetic average of total assets at the end of the reported period and at the end of the previous year),
d) **Fees and commissions:** The total of net banking fee and commission income and Income from non banking services of the reported period,
e) **Income from trading and other activities**: The total of dividend income, net trading income, gains less losses from investment securities and net other operating income of the reported period,
f) **Cost to Income ratio:** Operating expenses divided by total operating income,
g) **90 days past due loans (90dpd) ratio:** Gross loans and advances to customers more than 90 days past due divided by gross loans and advances to customers at the end of the reported period,
h) **90dpd loans formation:** Net increase/decrease of 90 days past due loans and advances to customers in the reported period excluding the impact of write offs,
i) **90dpd coverage ratio:** Impairment allowance for loans and advances to customers divided by loans and advances to customers more than 90dpd at the end of the reported period,
j) **Provisions (charge) to average Net Loans ratio:** Impairment losses on loans and advances charged in the reported period, annualised and divided by the average balance of net loans and advances to customers (the arithmetic average of net loans and advances to customers at the end of the reported period and at the end of the previous year),
k) **Common Equity Tier 1 (CET1):** Common Equity Tier I capital as defined by Regulation (EU) No 575/2013, divided by total Risk Weighted Assets (RWA). The RWA are the Group's assets and off-balance-sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013, taking into account credit, market and operational risk.

Source of financial Information

The Directors' Report includes financial data and measures as derived from the Bank's consolidated financial statements for the six months ended 30 June 2016 and the consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

In addition, it includes information as derived from internal information systems, consistent with the Group's accounting policies, such as the selected financial information for the Group's two main reportable segments a) Greek Operations, which incorporate the business activities originated from the Bank and the Greek subsidiaries and b) International Operations, which incorporate the business activities originated from the banks and the local subsidiaries operating in Romania, Bulgaria, Serbia, Cyprus and Luxembourg (see relevant section on page 5).

III. Auditor's Report on Review of Interim Financial Information

Report on Review of Interim Financial Information

To the Shareholders of EUROBANK ERGASIAS S.A.

Introduction

We have reviewed the accompanying condensed company and consolidated balance sheet of EUROBANK ERGASIAS S.A. (the "Bank") and its subsidiaries ("the Group") as of 30 June 2016 and the related condensed company and consolidated statements of income and comprehensive income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, that comprise the interim condensed financial information and which form an integral part of the six-month financial report as required by L.3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

<u>Reference to Other Legal and Regulatory Requirements</u>

Our review has not revealed any inconsistency or discrepancy of the other information of the six-month financial report, as required by article 5 of L.3556/2007, with the accompanying interim condensed financial information.

Athens, 1st September 2016

The Certified Auditor

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

Marios Psaltis
Soel Reg. No 38081

IV. Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2016

EUROBANK ERGASIAS S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2016

8 Othonos Street, Athens 105 57, Greece
www.eurobank.gr, Tel.: (+30) 210 333 7000
General Commercial Registry No: 000223001000

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Consolidated Interim Balance Sheet

	Note	30 June 2016 € million	31 December 2015 € million
ASSETS			
Cash and balances with central banks		**1,794**	1,798
Due from credit institutions		**3,128**	2,808
Financial instruments at fair value through profit or loss		**74**	100
Derivative financial instruments		**2,260**	1,884
Loans and advances to customers	14	**39,545**	39,893
Investment securities	15	**14,992**	16,291
Property, plant and equipment		**657**	666
Investment property	16	**917**	925
Intangible assets		**135**	127
Deferred tax assets	12	**4,870**	4,859
Other assets	18	**2,121**	2,151
Assets of disposal groups classified as held for sale	13	**2,159**	2,051
Total assets		**72,652**	73,553
LIABILITIES			
Due to central banks	19	**21,485**	25,267
Due to credit institutions	20	**5,497**	4,516
Derivative financial instruments		**2,838**	2,359
Due to customers	21	**32,974**	31,446
Debt securities in issue	22	**93**	150
Other liabilities	23	**688**	742
Liabilities of disposal groups classified as held for sale	13	**1,876**	1,941
Total liabilities		**65,451**	66,421
EQUITY			
Ordinary share capital	24	**656**	656
Share premium	24	**8,056**	8,055
Reserves and retained earnings		**(3,153)**	(3,241)
Preference shares	25	**950**	950
Total equity attributable to shareholders of the Bank		**6,509**	6,420
Preferred securities	26	**43**	43
Non controlling interests		**649**	669
Total equity		**7,201**	7,132
Total equity and liabilities		**72,652**	73,553

Notes on pages 6 to 38 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Income Statement

	Note	Six months ended 30 June 2016 € million	Six months ended 30 June 2015 € million	Three months ended 30 June 2016 € million	Three months ended 30 June 2015 € million
Net interest income		**771**	728	**388**	366
Net banking fee and commission income		**112**	109	**58**	54
Income from non banking services		**27**	25	**13**	12
Dividend income		**1**	1	**0**	1
Net trading income		**(8)**	(12)	**(4)**	(3)
Gains less losses from investment securities	15	**71**	11	**67**	2
Net other operating income	14, 30	**67**	8	**5**	0
Operating income		**1,041**	870	**527**	432
Operating expenses	9	**(503)**	(484)	**(250)**	(241)
Profit from operations before impairments and restructuring costs		**538**	386	**277**	191
Impairment losses on loans and advances	10	**(398)**	(2,138)	**(223)**	(1,836)
Other impairment losses	11	**(14)**	(71)	**(12)**	(48)
Restructuring costs	11	**(47)**	(3)	**(38)**	(1)
Share of results of associated undertakings and joint ventures		**(0)**	0	**(0)**	(0)
Profit/(loss) before tax		**79**	(1,826)	**4**	(1,694)
Income tax	12	**(17)**	450	**0**	414
Tax adjustments	12	**31**	-	**31**	-
Net profit/(loss) from continuing operations		**93**	(1,376)	**35**	(1,280)
Net profit/(loss) from discontinued operations	13	**21**	(25)	**12**	(33)
Net profit/(loss)		**114**	(1,401)	**47**	(1,313)
Net profit/(loss) attributable to non controlling interests		**8**	11	**1**	5
Net profit/(loss) attributable to shareholders		**106**	(1,412)	**46**	(1,318)
		€	€	**€**	€
Earnings/(losses) per share					
-Basic earnings/(losses) per share	8	**0.05**	(9.61)	**0.02**	(8.97)
Earnings/(losses) per share from continuing operations					
-Basic earnings/(losses) per share	8	**0.04**	(9.44)	**0.02**	(8.74)

Notes on pages 6 to 38 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Statement of Comprehensive Income

	Six months ended 30 June				Three months ended 30 June			
	2016		2015		2016		2015	
	€ million		€ million		€ million		€ million	
Net profit/(loss)		**114**		(1,401)		**47**		(1,313)
Other comprehensive income:								
Items that are or may be reclassified subsequently to profit or loss:								
Cash flow hedges								
- net changes in fair value, net of tax	**(5)**		20		**(6)**		16	
- transfer to net profit, net of tax	**(0)**	**(5)**	(4)	16	**1**	**(5)**	(3)	13
Available for sale securities								
- net changes in fair value, net of tax	**32**		(209)		**58**		(202)	
- transfer to net profit, net of tax	**(34)**	**(2)**	(8)	(217)	**(3)**	**55**	7	(195)
Foreign currency translation								
- net changes in fair value, net of tax	**(7)**	**(7)**	(5)	(5)	**(0)**	**(0)**	(7)	(7)
		(14)		(206)		**50**		(189)
Items that will not be reclassified to profit or loss:								
- Actuarial gains/(losses) on post employment benefit obligations, net of tax (note 23)	**(3)**	**(3)**	-	-	**(3)**	**(3)**	-	-
Other comprehensive income		**(17)**		(206)		**47**		(189)
Total comprehensive income attributable to:								
Shareholders								
- from continuing operations	**76**		(1,550)		**50**		(1,377)	
- from discontinued operations	**13**	**89**	(68)	(1,618)	**43**	**93**	(130)	(1,507)
Non controlling interests								
- from continuing operations	**8**		11		**1**		5	
- from discontinued operations	**(0)**	**8**	(0)	11	**(0)**	**1**	(0)	5
		97		(1,607)		**94**		(1,502)

Notes on pages 6 to 38 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Statement of Changes in Equity

	Total equity attributable to shareholders of the Bank							
	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Preferred securities € million	Non controlling interests € million	Total € million
Balance at 1 January 2015	4,412	6,682	3,293	(9,778)	950	77	668	6,304
Net profit/(loss)	-	-	-	(1,412)	-	-	11	(1,401)
Other comprehensive income	-	-	(206)	-	-	-	0	(206)
Total comprehensive income for the six months ended 30 June 2015	-	-	(206)	(1,412)	-	-	11	(1,607)
Acquisition/changes in participating interests in subsidiary undertakings	-	-	-	(0)	-	-	(2)	(2)
(Purchase)/sale of treasury shares	(1)	1	-	(0)	-	-	-	(0)
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(24)	(24)
Share-based payment:								
- Value of employee services	-	-	0	-	-	-	1	1
	(1)	1	0	(0)	-	-	(25)	(25)
Balance at 30 June 2015	4,411	6,683	3,087	(11,190)	950	77	654	4,672
Balance at 1 January 2016	**656**	**8,055**	**7,786**	**(11,027)**	**950**	**43**	**669**	**7,132**
Net profit/(loss)	-	-	-	106	-	-	8	**114**
Other comprehensive income	-	-	(17)	-	-	-	(0)	**(17)**
Total comprehensive income for the six months ended 30 June 2016	**-**	**-**	**(17)**	**106**	**-**	**-**	**8**	**97**
Acquisition/changes in participating interests in subsidiary undertakings	-	-	-	0	-	-	(4)	**(4)**
(Purchase)/sale of treasury shares (note 24)	0	1	-	(1)	-	-	-	**(0)**
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(24)	**(24)**
Share-based payment:								
- Value of employee services	-	-	0	-	-	-	-	**0**
	0	**1**	**0**	**(1)**	**-**	**-**	**(28)**	**(28)**
Balance at 30 June 2016	**656**	**8,056**	**7,769**	**(10,922)**	**950**	**43**	**649**	**7,201**
	Note 24	Note 24			Note 25	Note 26		

Notes on pages 6 to 38 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Cash Flow Statement

	Note	Six months ended 30 June 2016 € million	2015 € million
Cash flows from continuing operating activities			
Profit/(loss) before income tax from continuing operations		**79**	(1,826)
Adjustments for :			
Impairment losses on loans and advances		**398**	2,138
Other impairment losses and provisions		**54**	71
Depreciation and amortisation		**41**	43
Other (income)/losses on investment securities	28	**(64)**	(50)
(Income)/losses on debt securities in issue		**(1)**	(4)
Other adjustments	30	**(55)**	(3)
		452	369
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(81)**	(77)
Net (increase)/decrease in financial instruments at fair value through profit or loss		**26**	(16)
Net (increase)/decrease in due from credit institutions		**(339)**	(214)
Net (increase)/decrease in loans and advances to customers		**221**	(1,067)
Net (increase)/decrease in derivative financial instruments		**32**	483
Net (increase)/decrease in other assets		**58**	16
Net increase/(decrease) in due to central banks and credit institutions		**(2,888)**	10,795
Net increase/(decrease) in due to customers		**1,112**	(9,699)
Net increase/(decrease) in other liabilities		**(82)**	(128)
		(1,941)	93
Income taxes paid		**(9)**	(4)
Net cash from/(used in) continuing operating activities		**(1,498)**	458
Cash flows from continuing investing activities			
Purchases of property, plant and equipment and intangible assets		**(45)**	(40)
Proceeds from sale of property, plant and equipment and intangible assets		**18**	10
(Purchases)/sales and redemptions of investment securities		**1,429**	61
Acquisition of Alpha Bank's Branch in Bulgaria, net of cash acquired	30	**40**	-
Acquisition of holdings in associated undertakings and joint ventures		**(10)**	-
Disposal/liquidation of holdings in associated undertakings and joint ventures		**1**	6
Dividends from investment securities, associated undertakings and joint ventures		**1**	1
Net cash from/(used in) continuing investing activities		**1,434**	38
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt securities in issue		**(146)**	(76)
Expenses paid for share capital increase		**(6)**	-
(Purchase)/sale of treasury shares		**(0)**	(0)
Dividends distributed by subsidiaries attributable to non-controlling interests		**(24)**	(24)
Net cash from/(used in) continuing financing activities		**(176)**	(100)
Effect of exchange rate changes on cash and cash equivalents		**(3)**	0
Net increase/(decrease) in cash and cash equivalents from continuing operations		**(243)**	396
Net cash flows from discontinued operating activities		**(244)**	(150)
Net cash flows from discontinued investing activities		**225**	127
Net cash flows from discontinued financing activities		**(4)**	-
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**(23)**	(23)
Cash and cash equivalents at beginning of period	28	**2,205**	1,978
Cash and cash equivalents at end of period	28	**1,939**	2,351

Notes on pages 6 to 38 form an integral part of these condensed consolidated interim financial statements

1. General information

Eurobank Ergasias S.A. (the 'Bank') and its subsidiaries (the 'Group') are active in retail, corporate and private banking, asset management, insurance, treasury, capital markets and other services. The Bank is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Group operates mainly in Greece and in Central, Eastern and Southeastern Europe.

These condensed consolidated interim financial statements were approved by the Board of Directors on 31 August 2016.

2. Principal accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and they should be read in conjunction with the Group's published consolidated annual financial statements for the year ended 31 December 2015. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

Going concern considerations

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

Macroeconomic environment

Greece, after the completion of a number of key prior actions, has successfully concluded the 1st review of the Third Economic Adjustment Program (TEAP), which permitted the disbursement of the first sub-tranche of € 7.5 bn from the second instalment of the European Stability Mechanism (ESM) loan on 21 June 2016, allowing the country to cover its debt servicing needs and clear a part of the State's arrears to the private sector. Accordingly, the European Central Bank (ECB) decided the reinstatement of the waiver for the instruments issued by the Hellenic Republic and the improvement of the advance rates for providing Eurosystem financing with Pillar II guarantees as collateral, while the participation of Greek Government Bonds in ECB's Quantitative Easing (QE) program will be examined at a later stage, in conjunction with progress in the 2nd review. With regard to the enhancement of the Greek debt's sustainability, the Eurogroup has agreed to implement a roadmap of debt relief measures depending on the continued fulfilment of the conditions underlying the program. The completion of the 1st review helped in reducing the short term uncertainty surrounding the economic outlook and contributed to further relaxation of capital controls, as of 22 July 2016. This, along with the mobilization of European Union (EU) funding to support domestic investment and job creation and the decisive implementation of the reforms agreed in the context of the ESM program, would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic environment, which are necessary conditions for the resumption of positive economic growth as early as in the second half of 2016.

Currently, the main risks and uncertainties are associated with a) the impact on the level of economic activity from additional fiscal measures included in the key prior actions of the 1st review, b) possible delays in the implementation of the reforms' agenda in order to meet the next targets and milestones of the ESM program, which would lead to the disbursement of the second sub-tranche of € 2.8 bn from the second instalment of the ESM loan and the timely preparation for the upcoming second review scheduled for October 2016, c) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity , d) a possible deterioration of the refugee crisis and the impact on the internal economy and e) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy, including the impact from the prospective exit of the UK from the EU in accordance with the result of the referendum conducted in that country on 23 June 2016.

Liquidity risk

In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program. The decisive implementation of the measures agreed in the context of the new ESM program permitted ECB to reinstate the waiver for the instruments issued by the Hellenic Republic and decrease the haircuts applied for Pillar II guarantees. These developments have enabled Greek banks to reduce their dependence on the expensive Emergency Liquidity Assistance (ELA) mechanism and increase their liquidity buffers. The stabilization of the macroeconomic environment and a recovery of the domestic economic sentiment will facilitate a faster return of deposits in the banking system and the further re-access to the markets for liquidity.

In the first half of 2016, the Bank has managed to reduce its dependence on Eurosystem funding amounting to € 21.5 bn at the end of June 2016 (31 December 2015: € 25.3 bn), mainly through the increase in repo transactions in the interbank market, the selective assets deleveraging, the utilization of a part of foreign subsidiaries' surplus liquidity and to some extent by deposit inflows (note 19). On 19 August 2016 the Bank's Eurosystem funding further decreased to € 18.4 bn. In the same context, following the positive developments mentioned above, and the initiatives to further enhance its liquidity position, the Bank also managed to significantly reduce its participation in the second stream of the Hellenic Republic's liquidity support plan (bonds guaranteed by the Greek Government) from a face value of € 13 bn on 31 December 2015 to a face value of € 4.9 bn on 19 August 2016 (notes 4 and 22).

Solvency risk

Notwithstanding the direct and indirect exposure of the banking system to sovereign risk, the successful completion of the Bank's and other Greek systemic banks' recapitalization process constituted a key milestone for rebuilding trust in the banking system and in the economy in general.

The Group, following the successful completion of its recapitalization in November 2015, exclusively from private sources, is focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, and by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets. One of the key areas of focus remains the active management of non-performing loans, taking advantage of the Group's internal infrastructure and the important legislative changes that have taken or are expected to take place, aiming to substantially reduce their stock in due course. The Group's Common Equity Tier 1 (CET1) ratio stood at 16.7% at the end of June 2016 (note 6) and the net profit attributable to shareholders amounted to € 106 million for the first half of 2016.

Going concern assessment

The Board of Directors, taking into consideration the above factors relating to the adequacy of the Group's capital position and its anticipated continued access to Eurosystem funding over the foreseeable future, and despite the existing uncertainties relating to the macroeconomic environment in Greece, has been satisfied that the financial statements of the Group can be prepared on a going concern basis.

The accounting policies and methods of computation in these condensed consolidated interim financial statements are consistent with those in the published consolidated annual financial statements for the year ended 31 December 2015, except as described below.

Amendments to standards adopted by the Group

The following amendments to standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2016:

IAS 1, Amendment - Disclosure initiative

The amendment clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IAS 16 and IAS 38, Amendments - Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and they also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

The adoption of the amendments had no impact on the Group's condensed consolidated interim financial statements.

IAS 19, Amendment - Defined Benefit Plans: Employee Contributions

The amendment clarifies the accounting for post-employment benefit plans where employees or third parties are required to make contributions which do not vary with the length of employee service, for example, employee contributions calculated according to a fixed percentage of salary. The amendment allows these contributions to be deducted from service cost in the year in which the related employee service is delivered, instead of attributing them to periods of employee service.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IAS 27, Amendment - Equity Method in Separate Financial Statements

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 clarifies the definition of separate financial statements. In particular, separate financial statements are those presented in addition to consolidated financial statements or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures which are required by IAS 28 Investments in Associates and Joint Ventures to be accounted for using the equity method.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IFRS 11, Amendment – Accounting for Acquisitions of Interests in Joint Operations

This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle

The amendments introduce key changes to seven IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- Definition of vesting condition in IFRS 2 'Share – based Payment';
- Accounting for contingent consideration in a business combination in IFRS 3 'Business Combinations;
- Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets in IFRS 8 'Operating Segment';
- Short-term receivables and payables in IFRS 13 'Fair Value Measurement';
- Revaluation method—proportionate restatement of accumulated depreciation in IAS 16 'Property, Plant and Equipment';
- Key management personnel in IAS 24 'Related Party Disclosures'; and
- Revaluation method—proportionate restatement of accumulated amortization in IAS 38 'Intangible Assets'

The adoption of the amendments had no impact on the Group's condensed consolidated interim financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The amendments introduce key changes to four IFRSs following the publication of the results of the IASB's 2012-14 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- Clarifying in IFRS 5 'Non-current assets held for sale and discontinued operations' that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.
- Adding in IFRS 7 'Financial instruments: Disclosures' specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. It also clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.
- Clarifying in IAS 19 'Employee benefits' that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.
- Clarifying in IAS 34 'Interim financial reporting' what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

The adoption of the amendments had no impact on the Group's condensed consolidated interim financial statements.

3. Critical accounting estimates and judgments in applying accounting policies

In preparing these condensed consolidated interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published consolidated annual financial statements for the year ended 31 December 2015, which are those regarded by Management as the most important in applying the Group's accounting policies.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 5, 12, 13, 23, 27 and 30.

4. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008 as amended and supplemented, as follows:

(a) First stream - preference shares
345,500,000 non-voting, preference shares, with nominal value of € 950 million, were subscribed to by the Hellenic Republic on 21 May 2009 (note 25).

(b) Second stream - bonds guaranteed by the Hellenic Republic
As at 30 June 2016, the government guaranteed bonds, of face value of € 5,877 million, were fully retained by the Bank. During the first half of 2016, the Bank proceeded with the redemption of government guaranteed bonds of face value of € 3,016 million, while bonds of face value of € 4,150 million matured, all of which were fully retained by the Bank. In July 2016, government guaranteed bonds of face value of € 1,000 million, fully retained by the Bank, matured (note 22).

Under Law 3723/2008, for the period the Bank participates in the program through the preference shares or the government guaranteed bonds (streams (a) and (b) above) the Hellenic Republic is entitled to appoint its representative to the Board of Directors with the right to veto resolutions of strategic character, or resolutions that could have a material impact on the legal or financial position of the Bank and for which the approval of the General Meeting is required, or resolutions relating to the distribution of dividends and the remuneration policy concerning the Board members as well as the General Managers of the Bank and their deputies, pursuant to a relevant decision of the Minister of Finance, or resolutions that such representative considers that may jeopardize the interests of the depositors or materially affect the solvency and the orderly operation of the Bank.

In addition, under Law 3756/2009 and subsequent legislation, any distribution of profits to ordinary shareholders of the banks participating in the first stream of the Greek Economy Liquidity Support Program for the financial years 2008 to 2013 could only take place in the form of ordinary shares, other than treasury shares. In addition, under Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

5. Credit exposure to Greek sovereign debt

As at 30 June 2016, the total carrying value of Greek sovereign major exposures is as follows:

	30 June 2016 € million	31 December 2015 € million
Treasury bills	**1,938**	2,157
Greek government bonds	**1,666**	1,677
Derivatives with the Greek state	**1,182**	992
Exposure relating with Greek sovereign risk financial guarantee	**201**	208
Loans guaranteed by the Greek state	**158**	176
Loans to Greek local authorities and public organizations	**79**	86
Other receivables	**19**	17
Total	**5,243**	5,313

As at 30 June 2016, the total carrying value of Greek sovereign major exposures of insurance operations classified as held for sale consisted of: a) Treasury bills € 474 million (31 December 2015: € 275 million) and b) Greek government bonds € 339 million (31 December 2015: € 242 million).

The Group monitors the developments for the Greek debt crisis closely in order to adjust appropriately its estimates and judgments based on the latest available information (note 2).

Information on the fair values of the Group's financial instruments is provided in note 27.

6. Capital management

On 23 July 2015, the Directive 2014/59/EU for the recovery and resolution of credit institutions and investment firms (BRRD) was transposed into Greek Law by virtue of Law 4335/2015, with the exception of its provisions for the obligation of loss absorption in the case of implementation of measures of public financial stability and the restructuring of liabilities (bail-in) in certain eligible liabilities which are in full force from 1 January 2016. The transposition of the said Directive into the national legislation of the EU countries and Serbia, where the Group has activities, has been completed within the first quarter of 2016. Further information is provided in note 6 of the consolidated financial statements for the year ended 31 December 2015.

Additionally, Law 4340/2015 (as amended by Law 4346/2015) updated the recapitalization framework of Greek credit institutions and the relevant provisions of Law 3864/2010 regarding the Hellenic Financial Stability Fund (HFSF). More specifically, it regulates, among others, the conditions and the procedure through which HFSF provides capital support to Greek credit institutions, enriches HFSF's rights towards Greek credit institutions to which HFSF has provided capital support and also introduces additional provisions concerning the composition and evaluation of the boards of directors and committees of credit institutions having signed a Relationship Framework Agreement with HFSF (note 32).

Capital position

	30 June 2016 € million	31 December 2015 € million
Total equity attributable to shareholders of the Bank	**6,509**	6,420
Add: Regulatory non-controlling interests	**260**	401
Less: Other regulatory adjustments	**(255)**	(198)
Common Equity Tier I Capital	**6,514**	6,623
Add: Preferred securities	**26**	30
Less: Other regulatory adjustments	**(26)**	(30)
Total Tier I Capital	**6,514**	6,623
Tier II capital-subordinated debt	**8**	15
Add: Other regulatory adjustments	**137**	147
Total Regulatory Capital	**6,659**	6,785
Risk Weighted Assets	**38,919**	38,888
Ratios:	%	%
Common Equity Tier I	**16.7**	17.0
Tier I	**16.7**	17.0
Capital Adequacy Ratio	**17.1**	17.4

Note: The CET1 as at 30 June 2016, based on the full implementation of the Basel III rules in 2024, would have been 13.3% (31 December 2015: 13.1%).

The Group has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ('BIS rules/ratios') and adopted by the European Union and the Bank of Greece in supervising the Bank. The capital adequacy calculation is based on Basel III (CRDIV) rules. Supplementary to that, in the context of Internal Capital Adequacy Assessment Process ('ICAAP'), the Group considers a broader range of risk types and the Group's risk management capabilities. ICAAP aims ultimately to ensure that the Group has sufficient capital to cover all material risks that it is exposed to, over a 3-year horizon.

To this direction, the Group, following the successful completion of its recapitalization in November 2015, is focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, the active management of non-performing loans supported by the fully operational internal bad bank as well as by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets.

Restructuring plan

On 29 April 2014, the European Commission (EC) approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. In addition, on 26 November 2015, the EC approved the Bank's revised restructuring plan. The Hellenic Republic has committed that the Bank will implement specific measures and actions and will achieve objectives which are an integral part of the said restructuring plan.

The principal commitments of the revised restructuring plan relate to: (a) the reduction of the total costs and the maximum number of employees and branches for the Group's Greek activities, (b) the decrease of the cost of deposits collected in Greece, (c) the reduction of the net loans to deposits ratio for the Group's Greek banking activities, (d) the reduction of the portfolio of the Group's foreign assets (non–related to Greek clients), (e) the decrease in shareholding in specific non-banking subsidiaries, (f) the deleveraging of the portfolio of equity investments, subordinated and hybrid bonds, (g) restrictions on the capital injection to the Group's foreign subsidiaries unless the regulatory framework of each relevant jurisdiction requires otherwise, the purchase of non-investment grade securities (subject to certain exceptions), the staff remuneration, the payment of dividends, the credit policy to be adopted and other strategic decisions.

The Group is well on track to meet its commitments within the prescribed deadlines; in respect of those commitments that should be implemented within 2016, the Group has already completed the disposal of the 80% of the shareholding in its insurance subsidiaries in August (item 'e' above – note 13), while the value of the portfolio of equity and other investments eligible for item 'f' above, amounted to € 33 million as at 30 June 2016, which is in line with the threshold set in the plan. In addition, a significant step for reaching the maximum number of employees in Greece by 31 December 2017, as defined in the respective commitment (item 'a' above), has been taken through the implementation of the Voluntary Exit Scheme (VES) that commenced in the second quarter of 2016 (note 23). Further information on the principal commitments to be implemented, the basic assumptions used and the potential effect on the Group's business is presented in note 6 of the consolidated financial statements for the year ended 31 December 2015.

Monitoring Trustee

The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund and the European Central Bank provides for the appointment of a monitoring trustee in all banks under State Aid.

On 22 February 2013, the Bank appointed Grant Thornton as its Monitoring Trustee (MT). The MT monitors compliance with commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and reports to the European Commission.

7. Segment information

Management has determined the operating segments based on the internal reports reviewed by the Strategic Planning Committee that are used to allocate resources and to assess their performance in order to make strategic decisions. The Strategic Planning Committee considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business in Greece and other countries in Europe (International). Greece is further segregated into retail, wholesale, wealth management, global and capital markets. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

The Group is organized in the following reportable segments:

- Retail: incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate: incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities, custody, equity brokerage, cash and trade services.
- Wealth Management: incorporating private banking services, including total wealth management, to medium and high net worth individuals, insurance, mutual fund and investment savings products, and institutional asset management.
- Global and Capital Markets: incorporating investment banking services including corporate finance, merger and acquisitions advice, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialized financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- International: incorporating operations in Romania, Bulgaria, Serbia, Cyprus, Ukraine and Luxembourg.

From the fourth quarter of 2015, the equity brokerage and custody services of the Group's operations in Greece are incorporated in the Corporate segment, instead of Global and Capital Markets segment. Therefore, the comparative figures for the period ended 30 June 2015 have been adjusted accordingly.

Other operations of the Group comprise mainly investing activities, including property management and investment and the management of unallocated capital.

The Group's management reporting is based on International Financial Reporting Standards (IFRS). The accounting policies of the Group's operating segments are the same with those described in the principal accounting policies.

Revenues from transactions between business segments are allocated on a mutually agreed basis at rates that approximate market prices.

Operating segments

	For the six months ended 30 June 2016						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	313	179	5	93	210	(29)	771
Net commission income	25	36	14	(15)	49	3	112
Other net revenue	38	(1)	0	(8)	36	93	158
Total external revenue	376	214	19	70	295	67	1,041
Inter-segment revenue	28	10	(24)	(12)	(1)	(1)	-
Total revenue	404	224	(5)	58	294	66	1,041
Operating expenses	(242)	(59)	(17)	(42)	(136)	(7)	(503)
Impairment losses on loans and advances	(199)	(113)	(1)	-	(85)	-	(398)
Other impairment losses (note 11)	-	(3)	(1)	-	(3)	(7)	(14)
Profit/(loss) before tax from continuing operations before restructuring costs	(37)	49	(24)	16	70	52	126
Restructuring costs (note 11)	(28)	(1)	(1)	(1)	(9)	(7)	(47)
Profit/(loss) before tax from continuing operations(1)	(65)	48	(25)	15	61	45	79
Profit/(loss) before tax from discontinued operations	-	-	36	-	(1)	-	35
Non controlling interests	-	-	-	-	(0)	(11)	(11)
Profit/(loss) before tax attributable to shareholders	(65)	48	11	15	60	34	103

	30 June 2016						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center (2) € million	Total € million
Segment assets	22,026	11,842	2,229	14,892	12,971	8,692	72,652
Segment liabilities	18,210	2,571	3,201	30,190	11,545	(266)	65,451

The International segment is further analyzed as follows:

	For the six months ended 30 June 2016						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	57	78	29	35	-	11	210
Net commission income	9	17	7	12	-	4	49
Other net revenue	23	12	1	0	-	(0)	36
Total external revenue	89	107	37	47	-	15	295
Inter-segment revenue	(0)	-	-	-	-	(1)	(1)
Total revenue	89	107	37	47	-	14	294
Operating expenses	(50)	(42)	(22)	(14)	-	(8)	(136)
Impairment losses on loans and advances	(40)	(30)	(9)	(6)	-	(0)	(85)
Other impairment losses	(0)	(3)	(0)	(0)	-	-	(3)
Profit/(loss) before tax from continuing operations before restructuring costs	(1)	32	6	27	-	6	70
Restructuring costs	(0)	(8)	(0)	-	-	(1)	(9)
Profit/(loss) before tax from continuing operations(1)	(1)	24	6	27	-	5	61
Profit/(loss) before tax from discontinued operations	0	-	-	-	(1)	-	(1)
Non controlling interests	(0)	0	(0)	-	0	-	(0)
Profit/(loss) before tax attributable to shareholders	(1)	24	6	27	(1)	5	60

	30 June 2016						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	International € million
Segment assets(3)	2,969	3,248	1,257	4,092	96	1,582	12,971
Segment liabilities(3)	2,777	2,822	888	3,706	164	1,339	11,545

	For the six months ended 30 June 2015						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	304	185	(1)	48	208	(16)	728
Net commission income	14	43	23	(18)	46	1	109
Other net revenue	1	1	1	(10)	3	37	33
Total external revenue	319	229	23	20	257	22	870
Inter-segment revenue	39	9	(32)	(10)	(1)	(5)	-
Total revenue	358	238	(9)	10	256	17	870
Operating expenses	(241)	(55)	(18)	(31)	(131)	(8)	(484)
Impairment losses on loans and advances	(1,336)	(706)	(12)	(0)	(84)	-	(2,138)
Other impairment losses (note 11)	-	(13)	(1)	(20)	(3)	(34)	(71)
Profit/(loss) before tax from continuing operations before restructuring costs	(1,219)	(536)	(40)	(41)	38	(25)	(1,823)
Restructuring costs (note 11)	-	0	-	-	-	(3)	(3)
Profit/(loss) before tax from continuing operations[(1)]	(1,219)	(536)	(40)	(41)	38	(28)	(1,826)
Profit/(loss) before tax from discontinued operations	-	-	37	-	(70)	-	(33)
Non controlling interests	-	-	-	-	(1)	(12)	(13)
Profit/(loss) before tax attributable to shareholders	(1,219)	(536)	(3)	(41)	(33)	(40)	(1,872)

	31 December 2015						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center [(2)] € million	Total € million
Segment assets	22,501	11,889	2,097	14,209	12,740	10,117	73,553
Segment liabilities	18,003	2,485	2,912	32,543	11,411	(933)	66,421

	For the six months ended 30 June 2015						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	62	69	36	29	-	12	208
Net commission income	12	15	6	10	-	3	46
Other net revenue	1	1	1	0	-	0	3
Total external revenue	75	85	43	39	-	15	257
Inter-segment revenue	-	(0)	-	0	-	(1)	(1)
Total revenue	75	85	43	39	-	14	256
Operating expenses	(50)	(38)	(23)	(13)	-	(7)	(131)
Impairment losses on loans and advances	(21)	(32)	(25)	(6)	-	(0)	(84)
Other impairment losses	(1)	(2)	-	-	-	-	(3)
Profit/(loss) before tax from continuing operations[(1)]	3	13	(5)	20	-	7	38
Profit/(loss) before tax from discontinued operations	1	-	-	-	(71)	-	(70)
Non controlling interests	(1)	(0)	(0)	-	0	-	(1)
Profit/(loss) before tax attributable to shareholders	3	13	(5)	20	(71)	7	(33)

	31 December 2015						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	International € million
Segment assets[(3)]	3,235	3,186	1,254	3,724	130	1,405	12,740
Segment liabilities[(3)]	3,042	2,834	881	3,360	197	1,166	11,411

[(1)] *Income/(loss) from associated undertakings and joint ventures is included.*

[(2)] *Interbank eliminations between International and the other Group's segments are included.*

[(3)] *Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.*

Note: In the second quarter of 2015, the Bank transferred its operations in United Kingdom (London branch) to its subsidiary Eurobank Private Bank Luxembourg S.A. In particular, at the date of transfer total assets of London branch amounted to € 198 million and total liabilities amounted to € 196 million.

8. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Group has issued convertible, subject to certain conditions and restrictions, preferred securities (Series D, note 26).

		Six months ended 30 June		Three months ended 30 June	
		2016	2015	**2016**	2015
Net profit/(loss) for the period attributable to shareholders	*€ million*	**106**	**(1,412)**	**46**	**(1,318)**
Net profit/(loss) for the period from continuing operations attributable to shareholders	*€ million*	**85**	(1,387)	**34**	(1,285)
Weighted average number of ordinary shares in issue for basic earnings/(losses) per share	*Number of shares*	***2,185,389,631***	*146,964,109*	***2,185,403,058***	*146,911,495*
Earnings/(losses) per share					
- Basic earnings/(losses) per share	€	**0.05**	(9.61)	**0.02**	(8.97)
Earnings/(losses) per share from continuing operations					
- Basic earnings/(losses) per share	€	**0.04**	(9.44)	**0.02**	(8.74)

Basic earnings per share from discontinued operations for the period ended 30 June 2016 amounted to € 0.01 (30 June 2015: € 0.17 losses).

Basic and diluted losses per share for 2015 have been adjusted taking into account the reverse split of the ordinary shares at a ratio of 100 existing to one new ordinary share in accordance with the decisions of the Extraordinary General Meeting held on 16 November 2015.

The Group has determined that the potential ordinary shares which could result from the conversion of the aforementioned preferred securities are not deemed to be issuable on the basis of the conditions and restrictions currently in force (note 6). Accordingly, the Series D of preferred securities was not included in the calculation of diluted earnings per share.

9. Operating expenses

	30 June 2016 € million	30 June 2015 € million
Staff costs	**(275)**	(264)
Administrative expenses	**(123)**	(122)
Contributions to resolution and deposit guarantee funds	**(39)**	(29)
Depreciation of property, plant and equipment	**(28)**	(30)
Amortisation of intangible assets	**(13)**	(13)
Operating lease rentals	**(25)**	(26)
Total from continuing operations	**(503)**	(484)

Contributions to resolution and deposit guarantee funds

For the period ended 30 June 2016, the expense for contributions to the resolution and deposit guarantee funds amounted to € 39 million. With Law 4370/2016, which came into force in March 2016, the Directive 2014/49/EU was transposed into the Greek legislation replacing Law 3746/2009, and defining, among others, the scope and certain aspects of the operation of the Hellenic Deposit and Investment Guarantee Fund (HDIGF), the terms of participation of credit institutions as well as the process for determining and paying contributions to its Schemes. The transposition of the Directive 2014/49/EU into the national legislation of the EU countries where the Group has activities has been completed within the first quarter of 2016.

Staff costs

The average number of employees of the Group during the period was 17,559 of which the employees of Ukraine and insurance subsidiaries was 988 (June 2015: 17,682 of which the employees of Ukraine and insurance subsidiaries was 1,052). As at 30 June 2016, the number of branches of the Group amounted to 960 of which the branches of Ukraine subsidiaries was 45.

10. Impairment allowance for loans and advances to customers

The movement of the impairment allowance for loans and advances to customers by product line is as follows:

	30 June 2016				
	Wholesale € million	Mortgage € million	Consumer [1] € million	Small business € million	Total € million
Balance at 1 January	4,693	2,172	2,765	2,160	11,790
Impairment loss for the period	135	127	101	35	398
Recoveries of amounts previously written off	0	0	4	0	4
Amounts written off [2]	(271)	(20)	(173)	(23)	(487)
NPV unwinding	(45)	(33)	(31)	(47)	(156)
Foreign exchange differences and other movements	(5)	(18)	(18)	(13)	(54)
Balance at 30 June	4,507	2,228	2,648	2,112	11,495

[1] *Credit cards balances are included.*
[2] *An amount of € 170 million included relates with the non performing loans sale transactions (note 14).*

In May 2016, Law 77/2016 on the discharge of debt obligations (the 'law on debt discharge') came into force in Romania. In particular, the said law provides for the discharge in full and under certain preconditions of the loans contracted by individuals and secured by mortgage arrangements by 'payment in kind' through the transfer of the mortgaged property. As at 30 June 2016, after considering all available information, the Group assessed the effect of the enforcement of the aforementioned law and recognized accordingly an additional impairment loss of € 20 million on loans and advances granted by its Romanian banking subsidiary Bancpost S.A.

11. Other impairments and restructuring costs

	30 June 2016 € million	30 June 2015 € million
Impairment losses and valuation losses on investment and repossessed properties	(9)	(46)
Impairment losses on bonds	-	(20)
Impairment losses on mutual funds and equities	(1)	(5)
Impairment losses on other receivables	(4)	-
Other impairment losses	(14)	(71)
Provision for Voluntary Exit Scheme (note 23)	(33)	-
Restructuring costs	(13)	(3)
Other expenses	(1)	-
Restructuring costs	(47)	(3)
Total	(61)	(74)

In the first half of 2016, the Group recognized restructuring expenses amounting to € 13 million, of which € 8 million related with the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (note 30).

During the second quarter of 2016, the Group recognized € 4 million impairment losses on rental receivables.

In the first half of 2015, the Group recognized € 46 million impairment and valuation losses on investment and repossessed properties mainly in Greece, after considering the deteriorating macroeconomic conditions and the persistent decline in real estate market prices.

In the first half of 2015, the Bank recognized an additional impairment loss of € 20 million for the Ukrainian government bonds included in its held-to-maturity investment portfolio, due to the continued uncertainty in the economic and political conditions in the country, that led to a significant drop in the market prices for those bonds.

12. Income tax and tax adjustments

	30 June 2016 € million	30 June 2015 € million
Current tax	**(26)**	(22)
Deferred tax	**9**	472
Income tax	**(17)**	450
Tax adjustments	**31**	-
Total tax (charge)/income from continuing operations	**14**	450

According to Law 4334/2015, which was enacted on 16 July 2015 and amended tax Law 4172/2013, the nominal Greek corporate tax rate increased from 26% to 29% for income generated in accounting years 2015 and onwards. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 15% withholding tax, according to Law 4387/2016 and Law 4389/2016 which increased the respective tax rate from 10% to 15% for dividend distributions as of 1 January 2017 and onwards.

In the first half of 2016 following a favorable court decision, the Group has recognized a tax income of € 30.5 million for tax claims against the Greek State in relation to the one - off taxation of the Bank's non-taxed reserves which had been imposed by the Law 3513/2006.

Tax certificate and open tax years

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

The Bank has been audited by tax authorities up to 2009, has not been audited for 2010 and has obtained by external auditors unqualified tax certificates for years 2011 – 2014, while the tax audit from external auditors is in progress for 2015. In addition, New TT Hellenic Postbank and New Proton Bank, which were merged with the Bank in 2013, have obtained by external auditors unqualified tax certificates with a matter of emphasis for their unaudited by tax authorities periods/tax years 18/1-30/6/2013 and 9/10/2011- 31/12/2012, respectively, with regards to potential tax obligations resulting from their carve out. For both cases the Bank has formed adequate provisions.

The Group's subsidiaries, associates and joint ventures which operate in Greece (notes 17 and 18) have not been audited for a period of 2 to 8 tax years from the tax authorities. Where these entities are subject to statutory audit by external auditors, they have obtained unqualified tax certificates for years 2011 – 2014, while the tax audit from external auditors is in progress for 2015.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within the applicable statute of limitations (i.e. in principle five years as from the end of the fiscal year within which the relevant tax return should have been submitted), irrespective of whether an unqualified tax certificate has been obtained from the tax paying company.

The open tax years of foreign Group's bank subsidiaries are as follows: (a) Bancpost S.A. (Romania), 2011-2015, (b) Eurobank Cyprus Ltd, 2012-2015, (c) Eurobank Bulgaria A.D., 2013-2015, (d) Eurobank A.D. Beograd (Serbia), 2010 -2015, and (e) Eurobank Private Bank Luxembourg S.A., 2011-2015. The remaining of the Group's foreign entities (notes 17 and 18), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 1 to 6 open tax years in principle, subject to certain preconditions of the applicable tax legislation of each jurisdiction.

Deferred income taxes are calculated on all deductible temporary differences under the liability method as well as for unused tax losses at the rate in effect at the time the reversal is expected to take place.

The movement on deferred income tax is as follows:

	30 June 2016 € million
Balance at 1 January	**4,854**
Income statement credit/(charge) from continued operations	**9**
Available for sale investment securities	**(2)**
Cash flow hedges	**3**
Discontinued operations	**2**
Other	**0**
Balance at 30 June	**4,866**

The movement of € 2 million of discontinued operations for the period ended 30 June 2016 refers to the partial reversal of deferred tax liability (DTL) on certain taxable temporary differences, based on the relevant sale agreement for the Group's insurance operations. As at 30 June 2016 the above DTL amounted to € 64 million. Following the completion of the sale transaction on 4 August 2016, the aforementioned taxable temporary differences were reversed and included in Bank's taxable results (note 13).

Deferred income tax assets/(liabilities) are attributable to the following items:

	30 June 2016 € million	31 December 2015 € million
PSI+ tax related losses	**1,277**	1,302
Loan impairment	**2,861**	2,810
Unused tax losses	**319**	319
Valuations through the income statement	**307**	302
Costs directly attributable to equity transactions	**42**	46
Cash flow hedges	**32**	29
Valuations directly to available-for-sale revaluation reserve	**8**	9
Fixed assets	**(3)**	(1)
Defined benefit obligations	**13**	11
Other	**10**	27
Net deferred income tax	**4,866**	4,854

The net deferred income tax is analyzed as follows:

	30 June 2016 € million	31 December 2015 € million
Deferred income tax assets	**4,870**	4,859
Deferred income tax liabilities (note 23)	**(4)**	(5)
Net deferred income tax	**4,866**	4,854

Deferred income tax (charge)/credit in the income statement is attributable to the following items:

	30 June 2016 € million	30 June 2015 € million
Loan impairment	51	469
Unused tax losses	0	(13)
Tax deductible PSI+ losses	(25)	(22)
Change in fair value and other temporary differences	(17)	38
Deferred income tax (charge)/credit from continued operations	9	472
Temporary differences relating to discontinued operations	2	18
Deferred income tax (charge)/credit	11	490

As at 30 June 2016, the Group recognized net deferred tax assets amounting to € 4.9 bn as follows:

(a) € 1,277 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;

(b) € 2,861 million refer to deductible temporary differences arising from loan impairment that can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction;

(c) € 319 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2018;

(d) € 42 million mainly refer to deductible temporary differences related to the unamortized for tax purposes costs directly attributable to Bank's share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred;

(e) € 367 million refer to other deductible temporary differences (i.e. valuation losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

Assessment of the recoverability of deferred tax assets

The recognition of the above presented deferred tax assets is based on management's assessment, as at 30 June 2016, that the Group's legal entities will have sufficient future taxable profits, against which the unused tax losses, the deductible temporary differences, as well as the losses from PSI+ and the Greek state's debt buyback program can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation of each jurisdiction, the eligibility of carried forward losses for offsetting with future taxable profits, the actual tax results for the year ended 31 December 2015 and the extrapolated tax results for the year ended 31 December 2016 using the actual tax results for the period ended 30 June 2016.

Additionally, the Group's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (forecasting operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Group entities will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences (i.e. profits/ losses on sale of investments or other assets, etc.) or in the years into which the tax losses can be carried forward, and (d) the historical levels of Group entities' performance in combination with the previous years' tax losses caused by one off or non-recurring events.

As at 30 June 2016, the Group applied the forecasting operating results and considered the capital enhancing actions to be implemented by 31 December 2018, as reflected in the restructuring plan that was approved by the European Commission, in the context of the new recapitalization process, in November 2015 (note 6).

The level of the abovementioned forecasting operating results mainly derives from the Group's estimates regarding (a) the reduction of its funding cost driven by the gradual repatriation of customer deposits, the further decrease of the respective interest rates and the replacement of more expensive funding sources, (b) the lower loan impairment losses as a result of the macroeconomic conditions in Greece that are expected to improve and the actions already implemented by the Group regarding the effective management of troubled assets, (c) the effectiveness of the continuous cost containment measures, and (d) the gradual restoration of traditional commission income such as asset management and network fees and commissions relating with capital markets and investment banking activities. The macroeconomic assumptions that were considered by the Group in preparing the abovementioned restructuring plan are aligned with those provided by the European Commission in September 2015. The Group's deferred tax recoverability model is built in accordance with the forecasting operating results included in the restructuring plan extended for a specific period of time.

The implementation of the abovementioned restructuring plan largely depends on the risks and uncertainties that stem from the macroeconomic environment in Greece (note 2).

Legal framework for tax credit against the Greek State

According to article 27A of Law 4172/2013 as in force, which is applicable to Greek financial institutions, including leasing and factoring companies, deferred tax assets that have been recognized by the Bank due to (a) losses from the Private Sector Involvement ('PSI') and the Greek State Debt Buyback Program, and (b) accumulated provisions and other losses in general due to credit risk (provisions and credit losses) which were accounted as at 30 June 2015, will be converted into directly enforceable claims (tax credit) against the Greek State, provided that the Bank's after tax accounting result for the period, is a loss (starting from fiscal year 2016 onwards). As at 30 June 2016, deferred tax assets eligible for conversion to tax credits amounted to € 4,040 million. Further information is provided in the note 16 of the consolidated financial statements for the year ended 31 December 2015.

13. Discontinued operations

Insurance operations classified as held for sale

On 22 December 2015, the Group announced that it has reached an agreement with Fairfax Financial Holdings Limited ('Fairfax') to sell 80% of Eurolife ERB Insurance Group Holdings S.A. ('Eurolife') (the 'Transaction') for a cash consideration of € 316 million, subject to further adjustments based on the performance of the entity up to the completion of the Transaction, while Eurobank will retain a 20% stake.

The Transaction includes: a) Eurolife's Greek life and non-life insurance activities and Eurolife's brokerage subsidiary in Greece, which are presented in Wealth management segment, b) Eurolife's Romanian life and non-life insurance activities, which are presented in International segment and c) the bancassurance agreements between Eurolife subsidiaries and Eurobank, for the exclusive distribution of insurance products in Greece and Romania through Eurobank's sales network.

The fair value less costs to sell of the Group's insurance operations, as determined by Management based on independent valuation reports, exceeded the respective carrying amount, therefore no impairment loss was recognized upon the remeasurement of the disposal group at the lower of its carrying amount and fair value less costs to sell.

As at 30 June 2016, cumulative gains (mainly related to the revaluation of available for sale securities) related to the insurance operations classified as held for sale recognized in other comprehensive income amounted to € 70 million (30 June 2015: € 19 million).

The results of the Group's Insurance operations classified as held for sale are set out below.

	Six months ended 30 June	
	2016	2015
	€ million	€ million
Net interest income	**30**	23
Net insurance income	**(18)**	17
Gains less losses from investment securities	**50**	11
Other income/(loss)	**(12)**	4
Operating expenses	**(14)**	(13)
Profit/(loss) before impairments from discontinued operations	**36**	42
Other impairment losses	**-**	(4)
Profit/(loss) before tax from discontinued operations	**36**	38
Income tax [(1)]	**(14)**	(10)
Net Profit/(loss) from discontinued operations attributable to shareholders	**22**	28

[(1)] *During the first half of 2016, the Group partially reversed the deferred tax liability on the taxable temporary differences (capital gains) associated with the investment in Eurolife ERB Insurance Group Holding S.A by € 2 million (note 12).*

The major classes of assets and liabilities of Insurance operations classified as held for sale are as follows:

	30 June 2016 € million	31 December 2015 € million
Financial instruments at FVTPL and investment securities	**1,950**	1,816
Other assets	**113**	105
Total assets of disposal group classified as held for sale	**2,063**	1,921
Insurance reserves	**1,428**	1,324
Due to customers	**246**	421
Other liabilities	**89**	71
Total liabilities of disposal group classified as held for sale	**1,763**	1,816
Net intragroup assets of insurance operations	**109**	325
Net assets of disposal group classified as held for sale	**409**	430

Post balance sheet event

The Transaction was completed on 4 August 2016, after all required regulatory approvals were obtained. The cash consideration received pursuant to the Transaction documentation, after the distribution of a € 34 million dividend to Eurobank by Eurolife, was € 324.7 million, subject to further adjustments following the finalization of the completion statement of Eurolife.

The estimated effect of the disposal of the Group’s Insurance operations, including the recyclement to the income statement of the cumulative gains arising from the revaluation of available for sale securities previously recognized in other comprehensive income, amounts to € 63 million gain, after tax (note 12).

Operations in Ukraine classified as held for sale

In March 2014, management committed to a plan to sell the Group's operations in Ukraine (including Public J.S.C. Universal Bank and ERB Property Services Ukraine LLC). The sale was considered probable, therefore, the Group's operations in Ukraine were classified as a disposal group held for sale. The Group's operations in Ukraine are presented in the International segment.

Following the classification of the disposal group as held for sale, in accordance with IFRS 5, the Group has measured it at the lower of its carrying amount and fair value less costs to sell. This is a non-recurring fair value measurement, categorized as Level 3 in the fair value hierarchy due to the significance of the unobservable inputs. The determination of fair value less costs to sell was based on recent bid offers received from third parties for the sale of the Group’s operations in Ukraine, further adjusted by management in order to reflect the continuing stressed market environment.

The continuing adverse conditions in the country led to an extension of the period to complete the sale beyond one year. The Group’s operations in Ukraine continue to be classified as a disposal group held for sale, as the Group remains committed to its plan to sell that disposal group. As at 30 June 2016, cumulative losses (currency translation differences) related to the Ukrainian held for sale operations recognized in other comprehensive income amounted to € 68 million (30 June 2015: € 68 million).

The results of the Group's operations in Ukraine classified as held for sale are set out below.

	Six months ended 30 June	
	2016 € million	2015 € million
Net interest income	**3**	2
Net banking fee and commission income	**1**	1
Other income/(loss) [1]	**(0)**	(6)
Operating expenses	**(6)**	(8)
Impairment and remeasurement losses on loans and advances	**1**	(60)
Profit/(loss) before tax from discontinued operations	**(1)**	(71)
Income tax	**0**	18
Profit/(loss) after tax from discontinued operations	**(1)**	(53)
Net profit/(loss) from discontinued operations attributable to non controlling interests	**(0)**	(0)
Net profit/(loss) from discontinued operations attributable to shareholders	**(1)**	(53)

[1] *Mainly referring to FX losses for the first half of 2015.*

The major classes of assets and liabilities of the Group's operations in Ukraine classified as held for sale are as follows:

	30 June 2016 € million	31 December 2015 € million
Cash and balances with central banks	**35**	46
Due from credit institutions	**6**	19
Trading and investment securities	**0**	2
Loans and advances to customers	**54**	62
Other assets	**1**	1
Total assets of disposal group classified as held for sale	**96**	130
Due to customers	**111**	123
Other liabilities	**2**	2
Total liabilities of disposal group classified as held for sale	**113**	125
Net Group funding associated with Ukraine assets held for sale	**51**	72
Net assets of disposal group classified as held for sale	**(68)**	(67)

14. Loans and advances to customers

	30 June 2016 € million	31 December 2015 € million
Wholesale lending	**19,511**	19,606
Mortgage lending	**18,065**	18,261
Consumer lending [1]	**6,273**	6,570
Small business lending	**7,191**	7,246
	51,040	51,683
Less: Impairment allowance (note 10)	**(11,495)**	(11,790)
	39,545	39,893
Included in gross loans and advances are:		
Past due more than 90 days	**17,688**	18,190

[1] *Credit cards balances are included.*

As of 30 September 2014, in accordance with IAS 39, the Group has elected to reclassify certain impaired corporate bond loans from the 'Available-for-sale' portfolio to 'Loans and advances to customers' portfolio that met the definition of loans and receivables and the Group has the intention and ability to hold them for the foreseeable future or until maturity. The reclassifications were made with effect from 30 September 2014 at the loans' fair value of € 150 million (gross amount of € 592 million less fair value adjustment of € 442 million), which became their amortized cost at the reclassification date.

As at 30 June 2016, the carrying amount of these loans is € 93 million which approximates their fair value. No amounts would have been recognized in the OCI had these financial assets not been reclassified.

Non-performing loans sale transactions

In the first quarter of 2016, Eurobank's Bulgarian subsidiary Eurobank Bulgaria A.D. completed the profitable assignment of a portfolio of non-performing (NPLs) consumer unsecured gross loans of € 72 million (€ 9 million, net of provision for impairment), which resulted in a gain of € 5 million, that has been recognized in 'Other operating income'.

In the second quarter of 2016, Eurobank's Romanian subsidiaries Bancpost S.A. and ERB Retail Services IFN S.A., and its Dutch subsidiary ERB New Europe Funding II B.V. completed the assignment of a portfolio of non-performing gross loans of € 162 million (€ 55 million, net of provision for impairment), which represented significant part of consumer unsecured loans past due more than 90 days as at 31 December 2015. Overall, the transactions resulted in a gain of € 6 million, that has been recognized in 'Other operating income'.

The aforementioned transactions are in line with the Group's strategy for the reduction of the NPLs, the risk weighted assets and the operating costs associated with the activities of servicing the said portfolios.

15. Investment securities

	30 June 2016 € million	31 December 2015 € million
Available-for-sale investment securities	**3,951**	4,282
Debt securities lending portfolio	**10,478**	11,391
Held-to-maturity investment securities	**563**	618
	14,992	16,291

The investment securities per category are analyzed as follows:

	30 June 2016			
	Available-for-sale securities € million	**Debt securities lending portfolio € million**	**Held-to-maturity securities € million**	**Total € million**
Debt securities				
- EFSF bonds	**-**	**9,088**	**-**	**9,088**
- Greek government bonds	**723**	**939**	**-**	**1,662**
- Greek government treasury bills	**1,938**	**-**	**-**	**1,938**
- Other government bonds	**879**	**307**	**358**	**1,544**
- Other issuers	**256**	**144**	**205**	**605**
	3,796	**10,478**	**563**	**14,837**
Equity securities	**155**	**-**	**-**	**155**
Total	**3,951**	**10,478**	**563**	**14,992**

	31 December 2015			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,042	-	10,042
- Greek government bonds	784	881	-	1,665
- Greek government treasury bills	2,157	-	-	2,157
- Other government bonds	981	311	394	1,686
- Other issuers	225	157	224	606
	4,147	11,391	618	16,156
Equity securities	135	-	-	135
Total	4,282	11,391	618	16,291

In 2008 and 2010, in accordance with the amendments to IAS 39, the Group reclassified eligible debt securities from the 'Available-for-sale' portfolio to 'Debt securities lending' portfolio carried at amortized cost. Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method. As at 30 June 2016, the carrying amount of the reclassified securities was € 1,060 million. Had the financial assets not been reclassified, changes in the fair value for the period from the reclassification date until 30 June 2016 would have resulted in € 387 million losses net of tax, which would have been recognized in the available-for-sale revaluation reserve.

Visa Europe sale transaction

On 21 June 2016, Visa Inc announced the completion of the acquisition of Visa Europe Ltd. In accordance with the terms of the final transaction agreement, upon the closing of the transaction Visa Inc. paid an up-front cash consideration of € 12.2 bn and issued preferred shares equivalent to a value of € 5.3 bn to the shareholders of Visa Europe. In addition, a deferred cash payment of € 1.12 bn, including interest, will be paid on the third anniversary of the closing date.

The Group recognized its share of the sale proceeds, including € 38 million in cash, € 12 million in preferred shares and € 3 million as the present value of the deferred consideration in 'Gains less losses from investment securities'.

Sale of European Financial Stability Facility (EFSF) notes

In April 2016 the European Financial Stability Facility (EFSF) allowed Greek banks, that have been recapitalized with EFSF notes, to sell the respective notes to the members of the Eurosystem, in accordance with the conditions applicable to the Public Sector Asset Purchase Program (PSPP), established by the European Central Bank (ECB). Accordingly, the Bank as at 30 June 2016 had proceeded with the sale of EFSF notes of face value of € 935 million, recognizing a gain of € 14 million in 'Gains less losses from investment securities'.

Post Balance sheet event

By 19 August 2016 the Bank had proceeded with an additional sale of EFSF notes of face value of € 420 million, which resulted in € 12 million gain.

16. Investment property

The movement of investment property (net book value) is as follows:

	30 June 2016 € million
Cost:	
Balance at 1 January	**997**
Arising from acquisition (note 30)	**1**
Transfers from/to repossessed assets	**8**
Other transfers	**(4)**
Additions	**15**
Disposals and write-offs	**(18)**
Impairments	**(5)**
Exchange adjustments	**(0)**
Balance at 30 June	**994**
Accumulated depreciation:	
Balance at 1 January	**(72)**
Transfers	**0**
Disposals and write-offs	**1**
Charge for the period	**(6)**
Exchange adjustments	**0**
Balance at 30 June	**(77)**
Net book value at 30 June	**917**

17. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 30 June 2016, included in the condensed consolidated interim financial statements for the period ended 30 June 2016:

Name	Note	Percentage holding	Country of incorporation	Line of business
Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services		98.01	Greece	Business-to-business e-commerce, accounting and tax services
Cloud Hellas S.A.	a	20.93	Greece	Real estate
ERB Insurance Services S.A.		100.00	Greece	Insurance brokerage
Eurobank Asset Management Mutual Fund Mngt Company S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Business Services S.A.		100.00	Greece	Payroll and advisory services
Eurobank Equities S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing S.A.		100.00	Greece	Leasing
Eurobank Factors S.A.		100.00	Greece	Factoring
Eurobank Financial Planning Services S.A.		100.00	Greece	Management of overdue loans
Eurobank Household Lending Services S.A.		100.00	Greece	Promotion/management of household products
GRIVALIA PROPERTIES R.E.I.C.	a	20.93	Greece	Real estate
Eurobank Property Services S.A.		100.00	Greece	Real estate services
Eurobank Remedial Services S.A.		100.00	Greece	Notification to overdue debtors
Eurolife ERB General Insurance S.A.		100.00	Greece	Insurance services
Eurolife ERB Life Insurance S.A.		100.00	Greece	Insurance services
Hellenic Post Credit S.A.		50.00	Greece	Credit card management and other services
Eurobank ERB Mutual Funds Mngt Company S.A.		100.00	Greece	Mutual fund management
Eurolife ERB Insurance Group Holdings S.A.		100.00	Greece	Holding company
Herald Greece Real Estate development and services company 1		100.00	Greece	Real estate
Herald Greece Real Estate development and services company 2		100.00	Greece	Real estate
Diethnis Ktimatiki S.A.		100.00	Greece	Real estate
Eurobank Bulgaria A.D.		99.99	Bulgaria	Banking
Bulgarian Retail Services A.D.		100.00	Bulgaria	Rendering of financial services and credit card management
ERB Property Services Sofia A.D.		100.00	Bulgaria	Real estate services
ERB Leasing E.A.D.		100.00	Bulgaria	Leasing
IMO 03 E.A.D.		100.00	Bulgaria	Real estate services
IMO Central Office E.A.D.		100.00	Bulgaria	Real estate services
IMO Property Investments Sofia E.A.D.		100.00	Bulgaria	Real estate services
IMO Rila E.A.D.		100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
ERB Hellas Funding Ltd		100.00	Channel Islands	Special purpose financing vehicle
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
CEH Balkan Holdings Ltd		100.00	Cyprus	Holding company
Chamia Enterprises Company Ltd		100.00	Cyprus	Special purpose investment vehicle
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramonio Ltd		100.00	Cyprus	Real estate
NEU 03 Property Holding Ltd		100.00	Cyprus	Holding company
NEU II Property Holdings Ltd		100.00	Cyprus	Holding company
NEU BG Central Office Ltd		100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		100.00	Luxembourg	Fund management
Eurobank Holding (Luxembourg) S.A.		100.00	Luxembourg	Holding company
Grivalia Hospitality S.A.	a	20.93	Luxembourg	Real estate
Grivalia New Europe S.A.	a	20.93	Luxembourg	Real estate
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company
Bancpost S.A.		99.15	Romania	Banking
Eliade Tower S.A.	a	20.93	Romania	Real estate
ERB IT Shared Services S.A.		100.00	Romania	Informatics data processing
ERB Leasing IFN S.A.		100.00	Romania	Leasing
ERB Retail Services IFN S.A.		100.00	Romania	Credit card management
Eurobank Finance S.A.		100.00	Romania	Investment banking
Eurobank Property Services S.A.		100.00	Romania	Real estate services
Eurolife ERB Asigurari De Viata S.A.		100.00	Romania	Insurance services

Name	Note	Percentage holding	Country of incorporation	Line of business
Eurolife ERB Asigurari Generale S.A.		100.00	Romania	Insurance services
IMO Property Investments Bucuresti S.A.		100.00	Romania	Real estate services
IMO-II Property Investments S.A.		100.00	Romania	Real estate services
Retail Development S.A.	a	20.93	Romania	Real estate
Seferco Development S.A.	a	20.93	Romania	Real estate
Eurobank A.D. Beograd		99.98	Serbia	Banking
ERB Asset Fin d.o.o. Beograd		100.00	Serbia	Asset management
ERB Leasing A.D. Beograd		99.99	Serbia	Leasing
ERB Property Services d.o.o. Beograd		100.00	Serbia	Real estate services
IMO Property Investments A.D. Beograd		100.00	Serbia	Real estate services
Reco Real Property A.D.	a	20.93	Serbia	Real estate
ERB Istanbul Holding A.S.		100.00	Turkey	Holding company
Public J.S.C. Universal Bank	b	99.99	Ukraine	Banking
ERB Property Services Ukraine LLC		100.00	Ukraine	Real estate services
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Anaptyxi II Plc [(1)]		-	United Kingdom	Special purpose financing vehicle
Anaptyxi SME I Plc		-	United Kingdom	Special purpose financing vehicle
Daneion 2007-1 Plc [(1)]		-	United Kingdom	Special purpose financing vehicle
Daneion APC Ltd [(1)]		-	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion II Mortgage Finance Plc [(1)]		-	United Kingdom	Special purpose financing vehicle
Themeleion III Mortgage Finance Plc [(1)]		-	United Kingdom	Special purpose financing vehicle
Themeleion IV Mortgage Finance Plc [(1)]		-	United Kingdom	Special purpose financing vehicle
Themeleion Mortgage Finance Plc [(1)]		-	United Kingdom	Special purpose financing vehicle

[(1)] *SPVs under liquidation.*

The following entities are not included in the condensed consolidated interim financial statements mainly due to immateriality:

(i) Holding entities of Group's special purpose financing vehicles: (a) Anaptyxi II Holdings Ltd, Themeleion III Holdings Ltd, Themeleion IV Holdings Ltd and Daneion Holdings Ltd, which are under liquidation and (b) Anaptyxi SME I Holdings Ltd and Karta II Holdings Ltd.

(ii) Dormant/under liquidation entities: (a) Enalios Real Estate Development S.A., Hotels of Greece S.A., (b) ERB ROM Consult S.A. the liquidation of which was completed in July 2016.

(iii) Entities controlled by the Group pursuant to the terms of the relevant share pledge agreements: Finas S.A., Rovinvest S.A., Provet S.A. and Promivet S.A.

(a) GRIVALIA subgroup (GRIVALIA PROPERTIES R.E.I.C. and its subsidiaries)

During the first half of 2016 the Group acquired, through its subsidiaries Eurolife ERB Life Insurance S.A. and Eurolife ERB General Insurance S.A. 0.45% of GRIVALIA PROPERTIES R.E.I.C., and thus the total Group participation to GRIVALIA subgroup amounts to 20.93%.

(b) Public J.S.C. Universal Bank, Ukraine

In March 2016, the General Meeting of the shareholders of the company approved the results of the share capital increase, which was fully covered by ERB New Europe Holding B.V.; the relevant process was completed in July 2016 with the appropriate registration by the local authority. Following the above, the Group's participation to the company increases from 99.97% to 99.99%.

(c) Proton Mutual Funds Management Company S.A., Greece

In June 2016, the liquidation of the company was completed.

Post Balance sheet events

Tegea Holdings Ltd and Tegea Plc, United Kingdom

In July 2016, Tegea Holdings Ltd and Tegea Plc were established as the Group's special purpose financing vehicles (note 22).

Eurolife ERB Insurance Group Holdings S.A., Greece

In August 2016, the Group announced the completion of the sale of 80% of Eurolife ERB Insurance Group Holdings S.A. (note 13).

18. Other assets

	30 June 2016 € million	31 December 2015 € million
Receivable from Deposit Guarantee and Investment Fund	**687**	677
Repossessed properties and relative prepayments	**441**	463
Pledged amount for a Greek sovereign risk financial guarantee	**250**	258
Income tax receivable	**311**	271
Other guarantees	**91**	182
Prepaid expenses and accrued income	**58**	39
Investments in associated undertakings and joint ventures (see below)	**19**	10
Other assets	**264**	251
	2,121	2,151

As at 30 June 2016, the receivable from Deposit Guarantee and Investment Fund includes a cash collateral amounting to € 3.7 million arising from the irrevocable payment commitment and collateral arrangement agreement signed between the Bank and the Single Resolution Board ('the SRB'), in May 2016 (note 29) .

As at 30 June 2016, other assets amounting to € 264 million (31 December 2015: € 251 million) mainly consist of receivables from a) settlement balances with customers, b) public entities, c) legal cases, net of provisions and d) brokerage activity.

The following is a listing of the Group's associated undertakings and joint ventures as at 30 June 2016:

Name	Note	Country of incorporation	Line of business	Percentage Holding
Femion Ltd		Cyprus	Special purpose investment vehicle	66.45
Tefin S.A. [(1)]		Greece	Motor vehicle sales financing	50.00
Sinda Enterprises Company Ltd		Cyprus	Special purpose investment vehicle	48.00
Singidunum - Buildings d.o.o. Beograd	b	Serbia	Development of building projects	44.81
Global Finance S.A.		Greece	Investment Financing	33.82
Rosequeens Properties Ltd		Cyprus	Special purpose investment vehicle	33.33
Rosequeens Properties SRL		Romania	Real estate company	33.33
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00

[(1)] *In December 2013, the Extraordinary General Meeting of shareholders of the company decided its liquidation.*

The Group's associated undertakings are Global Finance S.A. and Odyssey GP S.a.r.l.

(a) Unitfinance S.A., Greece
In the first quarter of 2016, the liquidation of the company was completed.

(b) Singidunum - Buildings d.o.o. Beograd, Serbia
In February 2016, IMO Property Investments A.D. Beograd acquired 50% of the shares and voting rights of Singidunum - Buildings d.o.o. Beograd ('Singidunum'), a real estate company incorporated in Serbia, for a cash consideration of € 10 million. At the date of acquisition, the Group's share of the net fair value of Singidunum's identifiable assets and liabilities amounted to € 10.16 million. Therefore, an excess amount of € 0.16 million over the cost of the investment arose, which was included as income in the Group's share of the entity's results in the first quarter of 2016.

In the second quarter of 2016, the Group's participation in Singidunum decreased from 50% to 44.81%, following a debt to equity conversion and the completion of an additional share capital increase of the company in favor of the other shareholder, Lamda Development B.V.

19. Due to central banks

	30 June 2016 € million	31 December 2015 € million
Secured borrowing from ECB and BoG	**21,485**	25,267

As at 30 June 2016, the Bank has lowered its dependency on Eurosystem financing facilities to € 21.5 bn (of which € 15.8 bn funding from ELA), mainly as a result of the increase of wholesale secured funding and the selective assets deleveraging, and to some extent due to the deposit inflows. As at 19 August 2016, the Eurosystem funding stood at € 18.4 bn, of which € 14 bn funding from ELA.

20. Due to credit institutions

	30 June 2016 € million	31 December 2015 € million
Secured borrowing from other banks	**5,015**	3,969
Borrowings from international financial and other institutions	**340**	478
Interbank takings	**43**	39
Current accounts and settlement balances with banks	**23**	30
Other borrowings	**76**	-
	5,497	4,516

As at 30 June 2016, borrowings from international financial and other institutions include funds received by the Bank from IFG – Greek SME Finance S.A. of € 100 million, in order to provide financing to Small & Medium-Sized Enterprises (SMEs). The funds originated from the German and Greek State and are under the management of KFW (German government-owned development bank) and ETEAN S.A. (Hellenic fund for entrepreneurship and development) respectively.

As at 30 June 2016, other borrowings refer to funds received from a special purpose entity of the Alpha Bank Group, incorporated in Cyprus, in the context of the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (note 30).

21. Due to customers

	30 June 2016 € million	31 December 2015 € million
Term deposits	**14,365**	13,653
Savings and current accounts	**18,506**	17,679
Repurchase agreements	**53**	53
Other term products (note 22)	**50**	61
Total	**32,974**	31,446

The other term products comprise of (a) senior medium-term notes held by Group's customers, amounting to € 18 million (31 December 2015: € 28 million) and (b) subordinated notes held by Group's customers, amounting to € 32 million (31 December 2015: € 33 million).

22. Debt securities in issue

	30 June 2016 € million	31 December 2015 € million
Medium-term notes (EMTN) (note 21)	**50**	108
Subordinated - Lower Tier II (note 21)	**43**	42
	93	150

Medium-term notes (EMTN)
During the first half of 2016, the Group proceeded with the repurchase of medium term notes of face value of € 15 million, recognizing a gain of € 2 million in 'Net trading income', while notes of face value of € 39 million matured.

Government guaranteed and covered bonds
As at 30 June 2016, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 4), as well as the covered bonds, of face value of € 5,877 million and € 2,275 million, respectively, were retained by the Bank and its subsidiaries.

During the first half of 2016, the Bank proceeded with the issue of covered bonds of face value of € 2,175 million, fully retained by the Bank.

During the first half of 2016, the Bank proceeded with the redemption of government guaranteed bonds of face value of € 3,016 million, while bonds of face value of € 4,150 million matured, all of which were fully retained by the Bank.

Post balance sheet events
In July 2016, the Bank proceeded with the issue of mortgage backed securities of face value of € 1.9 bn, effected through a special purpose entity, Tegea Plc. The issue was fully retained by the Bank.
In July 2016, government guaranteed bonds of face value of € 1,000 million, fully retained by the Bank, matured.

Financial disclosures required by the Act 2620/28.08.2009 of the Bank of Greece in relation to the covered bonds issued, are available at the Bank's website (Investor Report for Covered Bonds Programs).

23. Other liabilities

	30 June 2016 € million	31 December 2015 € million
Other provisions	**146**	143
Deferred income and accrued expenses	**94**	70
Settlement balances with customers [(1)]	**70**	81
Sovereign risk financial guarantee	**49**	50
Standard legal staff retirement indemnity obligations	**46**	42
Deferred tax liabilities (note 12)	**4**	5
Income taxes payable	**22**	15
Other liabilities	**257**	336
	688	742

[(1)] *Including balances from brokerage activities.*

As at 30 June 2016, other liabilities amounting to € 257 million mainly consist of payables relating with (a) suppliers and creditors, (b) bank checks and remittances, (c) contributions to insurance organizations, (d) duties and other taxes and (e) credit card transactions under settlement.

As at 30 June 2016, other provisions amounting to € 146 million mainly include outstanding litigations and claims in dispute of € 65 million (note 29), restructuring costs of € 68 million (of which € 62 million relate to the Voluntary Exit Scheme (VES), net of actual payments and € 5 million relate to the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D., note 30) and other provisions for operational risk events of € 9 million.

The implementation of the VES, which was designed for the Group's employees in Greece in the context of the implementation of the Group's restructuring plan and in line with the related principal commitments described therein (note 6), commenced in the second quarter of 2016 and is expected to be completed within the following months.

In this respect and prior to determining the estimated cost for the VES, the Group proceeded with the remeasurement of the retirement benefit obligations in the second quarter of 2016, by updating the last annual actuarial valuations and in particular the key actuarial assumptions prevailing prior to the VES implementation, as follows: discount rate of 2.0% (31 December 2015: 2.6%) and rate of future salary increases of 2.1% (31 December 2015: 2.2%), expressed as weighted averages. The remeasurement resulted in the increase of the retirement benefit obligations by € 4 million in total.

Following the aforementioned remeasurement, the cost for the VES, as re-estimated in the second quarter of 2016 in line with the Group's strategy, amounts to approximately € 95 million, net of provision for retirement benefits, out of which € 62 million was recognized as a provision in the fourth quarter of 2015. The VES aims to increase the Group's operating efficiency and is expected to result in an estimated annual saving of € 38 million.

24. Ordinary share capital, share premium and treasury shares

The par value of the Bank's shares is € 0.30 per share (31 December 2015: € 0.30). All shares are fully paid. The movement of ordinary share capital, share premium and treasury shares is as follows:

	Ordinary share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January 2016	**656**	**(0)**	**656**	**8,056**	**(1)**	**8,055**
Purchase of treasury shares	-	(1)	**(1)**	-	(1)	**(1)**
Sale of treasury shares	-	1	**1**	-	2	**2**
Balance at 30 June 2016	**656**	**(0)**	**656**	**8,056**	**(0)**	**8,056**

The following is an analysis of the movement in the number of shares issued by the Bank:

	Number of shares		
	Issued ordinary shares	Treasury shares	Net
Balance at 1 January 2016	**2,185,998,765**	**(780,893)**	**2,185,217,872**
Purchase of treasury shares	-	(1,710,979)	**(1,710,979)**
Sale of treasury shares	-	2,241,896	**2,241,896**
Balance at 30 June 2016	**2,185,998,765**	**(249,976)**	**2,185,748,789**

Treasury shares

Under Law 3756/2009, banks participating in the Government's Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

In the ordinary course of business, subsidiaries of the Group may acquire and dispose of treasury shares.

25. Preference shares

Preference Shares		
Number of shares	30 June 2016 € million	31 December 2015 € million
345,500,000	**950**	950

On 12 January 2009 the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 'Greek Economy Liquidity Support Program', to be fully subscribed to and paid by the Greek State with bonds of equivalent value. The proceeds of the issue amounted to € 940 million, net of expenses, and the transaction was completed on 21 May 2009. In accordance with the current legal and regulatory framework, the issued shares have been classified as Common Equity Tier I capital.

The preference shares pay a non-cumulative coupon, subject to meeting minimum capital adequacy requirements, set by Bank of Greece (BoG), availability of distributable reserves in accordance with article 44A of Company Law 2190/1920 and the approval of the Annual General Meeting. Five years after the issue of the preference shares, the Bank may redeem the preference shares at their nominal value. If such redemption is not possible, because the Bank's capital adequacy ratio would fall below the minimum requirements set by the BoG, the preference shares will be converted into ordinary shares or shares of any other class existing at the time of the conversion following a decision of the Minister of Finance and after a recommendation by the Governor of the BoG and on condition that at the expiry of the five year period, the Bank will have submitted, and the Minister of Finance will have approved, further to a recommendation by the Governor of the BoG, a restructuring plan of the Bank pursuant to the legislation as in force. The conversion ratio will take into account the average market price of the Bank's ordinary shares during the calendar year preceding such conversion. In case of non redemption at the expiration of the five year period, the abovementioned coupon is increased by 2% each year, following relevant decision by the Minister of Finance, upon recommendation of the BoG.

Based on the 2015 results and Law 3723/2008 in combination with article 44A of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted.

26. Preferred securities

The outstanding amount of preferred securities issued by the Group through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 June 2016 is analyzed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
At 30 June 2016	**2**	**4**	**18**	**19**	**43**

All obligations of the issuer, in respect of the aforementioned issues of preferred securities, are guaranteed on a subordinated basis by the Bank. The analytical terms of each issue along with the rates and/or the basis of calculation of preferred dividends are available at the Bank's website. The preferred dividends must be declared and paid if the Bank declares a dividend. For the period ended 30 June 2016 and in 2015, the Bank did not distribute any dividend. Accordingly, ERB Hellas Funding Ltd announced the non payment of the non cumulative preferred dividend of the above series of preferred securities.

27. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price). When a quoted price for an identical asset or liability is not observable, fair value is measured using another valuation technique that is appropriate in the circumstances, and maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

The Group's financial instruments carried at fair value or at amortized cost for which fair value is disclosed are categorized into the three levels of the fair value hierarchy based on whether the inputs to the fair values are observable or unobservable, as follows:

(a) Level 1 – Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.

(b) Level 2 – Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include over-the-counter (OTC) derivatives and less liquid debt instruments held or issued by the Group.

(c) Level 3 – Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities, certain OTC derivatives and loans and advances to customers.

Financial instruments carried at fair value

The fair value hierarchy categorization of the Group's financial assets and liabilities carried at fair value is presented in the following tables:

	30 June 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	€ million	**€ million**	**€ million**	**€ million**
Financial assets measured at fair value:				
Financial instruments held for trading	**73**	**0**	**1**	**74**
Derivative financial instruments	**0**	**2,259**	**1**	**2,260**
Available-for-sale investment securities	**3,867**	**21**	**63**	**3,951**
Total financial assets	**3,940**	**2,280**	**65**	**6,285**
Financial liabilities measured at fair value:				
Derivative financial instruments	**0**	**2,838**	**-**	**2,838**
Due to customers:				
- Structured deposits	**-**	**3**	**-**	**3**
Debt securities in issue:				
- Structured notes	**-**	**0**	**-**	**0**
Trading liabilities	**2**	**-**	**-**	**2**
Total financial liabilities	**2**	**2,841**	**-**	**2,843**

	31 December 2015			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Financial assets measured at fair value:				
Financial instruments held for trading	99	0	1	100
Derivative financial instruments	0	1,865	19	1,884
Available-for-sale investment securities	4,191	49	42	4,282
Total financial assets	4,290	1,914	62	6,266
Financial liabilities measured at fair value:				
Derivative financial instruments	1	2,358	-	2,359
Due to customers:				
- Structured deposits	-	4	-	4
Debt securities in issue:				
- Structured notes	-	38	-	38
Trading liabilities	10	-	-	10
Total financial liabilities	11	2,400	-	2,411

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected.

In the first half of 2016, there were no transfers of derivative financial instruments valued using valuation techniques from Level 2 to Level 3. In the same period, derivative financial instruments of € 19 million were transferred from Level 3 to Level 2, as the CVA adjustment calculated based on internal rating models, was not considered significant to their entire fair value measurement.

In addition, insurance entities classified as held for sale held € 1,918 million of financial assets carried at fair value, of which € 1,916 million relating to financial instruments at fair value through profit or loss and available-for-sale investment securities were categorized under Level 1 of the fair value hierarchy (31 December 2015: € 1,770 million), and € 2 million relating to derivative financial instruments were categorized under Level 2 (31 December 2015: nil).

The financial liabilities carried at fair value of the aforementioned insurance entities amounted to € 194 million (31 December 2015: € 273 million), of which € 181 million were categorized under Level 1 (31 December 2015: € 182 million), € 13 million under Level 2 (31 December 2015: € 2 million), of which 11 million are derivative financial instruments (31 December 2015: nil), and nil under Level 3 (31 December 2015: € 89 million).

Reconciliation of Level 3 fair value measurements

	30 June 2016 € million
Balance at 1 January	**62**
Transfers into Level 3	**0**
Transfers out of Level 3	**(19)**
Additions, net of disposals and redemptions	**20**
Total gain/(loss) for the period included in profit or loss	**0**
Total gain/(loss) for the period included in other comprehensive income	**(0)**
Foreign exchange differences and other	**2**
Balance at 30 June	**65**

Group's valuation processes and techniques

The Group's processes and procedures governing the fair valuations are established by the Group Market Counterparty Risk Sector in line with the Group's accounting policies. The Group uses widely recognized valuation models for determining the fair value of common financial instruments that are not quoted in an active market, such as interest and cross currency swaps, that use only observable market data and require little management estimation and judgment. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Fair values estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty, where appropriate.

Valuation controls applied by the Group may include verification of observable pricing, re-performance of model valuations, review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc. Where third parties' valuations are used for fair value measurement, these are reviewed in order to ensure compliance with the requirements of IFRS 13.

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Group and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in circumstances, the Group considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Group applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorized as Level 3 in the fair value hierarchy. A reasonably possible change in the main unobservable input (i.e. the recovery rate), used in their valuation, would not have a significant effect on their fair value measurement.

The Group determines fair values for debt securities held using quoted market prices in active markets for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or using discounted cash flows method.

For debt securities issued by the Group and designated at FVTPL, fair values are determined by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

Unquoted available-for-sale equity instruments are estimated mainly (i) using third parties' valuation reports based on investees' net assets, where management does not perform any further significant adjustments, and (ii) net assets' valuations, adjusted where considered necessary.

Financial instruments not carried at fair value

The following table presents the carrying amounts and fair values of financial assets and liabilities which are not carried at fair value on the balance sheet:

	30 June 2016	
	Carrying amount € million	Fair value € million
Loans and advances to customers	**39,545**	**39,411**
Investment securities		
- Debt securities lending portfolio	**10,478**	**10,109**
- Held-to-maturity securities	**563**	**552**
Total financial assets	**50,586**	**50,072**
Debt securities in issue	**93**	**80**
Total financial liabilities	**93**	**80**

	31 December 2015	
	Carrying amount € million	Fair value € million
Loans and advances to customers	39,893	39,748
Investment securities		
- Debt securities lending portfolio	11,391	11,104
- Held-to-maturity securities	618	610
Total financial assets	51,902	51,462
Debt securities in issue	112	95
Total financial liabilities	112	95

The assumptions and methodologies underlying the calculation of fair values of financial instruments not carried at fair value are in line with those used to calculate the fair values for financial instruments carried at fair value. Particularly:

(a) Loans and advances to customers: for loans and advances to customers quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Group makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate.

(b) Investment securities carried at amortized cost: the fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or by using the discounted cash flows method.

(c) Debt securities in issue: the fair values of the debt securities in issue are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

For other financial instruments which are short term or re-price at frequent intervals (cash and balances with central banks, due from credit institutions, due to central banks, due to credit institutions and due to customers), the carrying amounts represent reasonable approximations of fair values.

In addition, insurance entities classified as held for sale as at 30 June 2016 held financial assets not carried at fair value of carrying amount of € 32 million (31 December 2015: € 43 million), the fair value of which amounted to € 37 million (31 December 2015: € 48 million). The financial liabilities not carried at fair value of the aforementioned insurance entities amounted to € 62 million (31 December 2015: € 148 million), equal to their fair value.

28. Cash and cash equivalents and other information on Interim Cash Flow Statement

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturities of three months or less:

	30 June 2016 € million	31 December 2015 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**1,015**	1,239
Due from credit institutions	**887**	906
Cash and cash equivalents presented within assets of disposal groups classified as held for sale	**37**	60
Total	**1,939**	2,205

Other (income)/losses on investment securities presented in continuing operating activities are analyzed as follows:

	30 June 2016 € million	30 June 2015 € million
Amortisation of premiums/discounts and accrued interest	**8**	(38)
(Gains)/losses from sale	**(71)**	(11)
Dividends	**(1)**	(1)
Total	**(64)**	(50)

29. Contingent liabilities and commitments

Credit related commitments are analyzed as follows:

	30 June 2016 € million	31 December 2015 € million
Guarantees [(1)] and standby letters of credit	**587**	575
Other guarantees (medium risk) and documentary credits	**455**	503
Commitments to extend credit	**363**	353
	1,405	1,431

[(1)] *Guarantees that carry the same credit risk as loans.*

Irrevocable payment commitments

Pursuant to a decision of the Single Resolution Board (the 'SRB') notified to financial institutions, the Bank signed an irrevocable payment commitment and collateral arrangement agreement with the SRB in May 2016 of an amount of € 3.7 million representing 15% of its resolution contribution for the year 2016.

According to the agreement, which is backed by cash collateral of an equal amount, the Bank undertook to pay to the SRB an amount up to the irrevocable payment commitment, in case of a call and demand for payment made by it, in relation to a resolution action. The said cash collateral is recognized as a financial asset as of 30 June 2016 (note 18).

Legal Proceedings

As at 30 June 2016 there were a number of legal proceedings outstanding against the Group for which a provision of € 65 million was recorded (31 December 2015: € 66 million). The said amount includes € 40 million for the outstanding litigations with DEMCO S.A., which is related to the acquisition of New TT Hellenic Postbank S.A. in 2013.

Against the Bank various remedies have been filed in the form of lawsuits, applications for injunction measures and motions to vacate payment orders in relation to the contractual clauses of mortgage loans granted by the Bank in Swiss Francs (CHF) and the conditions under which the loans were granted. A class action has also been filed. To date there exist only first instance court judgments. In this sense it may be contended that the legal issue of the validity of the loans in CHF has not been finally resolved since this requires a judgment at a supreme court level. On the class action a judgment was issued which accepted it, the Bank, though, intends to challenge it before the Court of Appeals as erroneous. In relation to the individual lawsuits the majority of the judgments issued are in favor of the Bank.

The Management of the Bank is closely monitoring any developments to the relevant cases to determine potential accounting implications in accordance with the Group's accounting policies.

30. Acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D.

On 1 March 2016, the acquisition of the entirety of the operations of Alpha Bank's Bulgarian Branch ('Branch') by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ('Postbank'), was completed after obtaining the relevant regulatory approvals. The consideration for the acquisition of the Branch was € 1.

The acquisition of the Branch was accounted for as a business combination using the purchase method of accounting. The initial accounting for the business combination, including the fair value measurement of the assets and liabilities acquired, has not been finalized.

The provisional fair values of the assets and liabilities acquired are presented in the table below:

	Fair Value (Provisional values) € million
Assets	
Cash and balances with central banks	**148**
Due from credit institutions	**30**
Net loans and advances to customers	**266**
Gross contractual amount: € 394 million	
Other assets [(1)]	**6**
Total Assets [(2)]	**450**
Liabilities	
Due to credit institutions	**162**
Due to customers	**283**
Other liabilities	**2**
Total Liabilities	**447**

[(1)] *Includes property, plant and equipment, intangibles assets and other assets.*
[(2)] *Includes cash and cash equivalents of € 40 million.*

In addition, in the context of the business combination, on 2 March 2016 the Bank acquired € 55 million of Postbank's liabilities to Alpha Bank Group for a consideration of € 1.

The resulting total gain on the acquisition of the Branch, amounting to € 55 million net of acquisition-related costs of € 3 million, is attributed to the particular circumstances of the acquisition in line with the restructuring plans for Alpha Bank and Eurobank and has been recognized in 'Other operating income'.

The results of the Branch were incorporated in the Group's financial statements prospectively, as of 1 March 2016. If the acquisition had occurred on 1 January 2016, the Branch would have contributed revenue of € 2.71 million and net loss of € 0.26 million to the Group for the period from 1 January 2016 up to the date of acquisition.

The acquisition of the Branch constitutes a step forward for Postbank to further strengthen its position in the Bulgarian banking sector and expand its customer base in both the retail and corporate business segments. Postbank is expected to benefit from significant synergies, while maintaining its strong capital ratios and substantial liquidity buffers.

31. Other significant and post balance sheet events

Framework for the sale and servicing of loans - Law 4354/2015

The Greek Law 4354/2015 as amended in 2016 and in force established an integrated and flexible framework for the outsourcing of management and transfer of claims from loans and credits granted by credit and financial institutions. Following the amendments of the above Law, which were enacted in the second quarter of 2016, it is provided among others that (a) two new types of companies are introduced in the Greek legal system: (i) Loans Management Companies (L.M.C.), which should be licensed by the Bank of Greece and are exclusively entrusted for the management of claims from loans and credits and (ii) Loans Transfer Companies (L.T.C.), which must have entered into a servicing agreement with a L.M.C., (b) in addition to non - performing loans, performing loans can also independently be managed or transferred to the above companies, (c) the terms and conditions for the management and transfer of claims from loans and credits are further specified, (d) the refinancing of loans from L.M.C. is introduced, subject to the appropriate preconditions and (e) a specific tax regime is introduced for the above companies.

Agreement with KKR and EBRD on management of Large Corporate Non-Performing exposures

On 17 May 2016 Alpha Bank, Eurobank and KKR Credit reached a binding agreement to assign the management of credit and equity exposures to a selected number of Greek companies into a platform managed by Pillarstone. Subject to final Board approval, the European Bank for Reconstruction and Development (EBRD) is considering co-investing in partnership with KKR and the banks.

The platform will provide new long-term capital and operational expertise to large Greek corporate borrowers helping them stabilize, recover and grow for the benefit of all stakeholders. The Greek banks will participate in the upside potential of the businesses as performance recovers.

Bulgarian National Bank's (BNB) assessment of Bulgarian banking system

On 13 August 2016, the BNB published the results from the Asset Quality Review (AQR) and Stress Test (ST) of the Bulgarian banks. In particular, the BNB carried out:

(a) an AQR completed in June 2016, for the asset classes with a high risk of potential misstatement in the balance sheet, using as reference the data as at 31 December 2015 and
(b) a forward looking ST in July 2016, to assess the resilience of the banks to absorb shocks from hypothetical negative financial and macro economical developments.

The ST was based on the AQR-adjusted capital and risk-weighted assets. It applied two macroeconomic scenarios over a three-year horizon until 2018: (i) a baseline scenario which corresponded to the BNB macroeconomic forecast as of March 2016, and (ii) an adverse scenario which represented a simulation of plausible but low-probable hypothetical developments. In line with the latest European Banking Authority (EBA) practices, the ST did not contain a pass/fail threshold.

<u>Eurobank Bulgaria A.D. ('Postbank') AQR results</u>
The post AQR Common Equity Tier 1 (CET1) ratio of Postbank stands at 21.2% against a pre AQR CET1 ratio of 22.2%, well above the 4.5% regulatory minimum, which is indicative of the strong capital position of the bank.

<u>Postbank Stress test results</u>
The CET1 ratio of Postbank under the baseline scenario stands at 27.1%, while under the adverse scenario stands at 19.7%, well above the minimum regulatory requirements.

The AQR of Postbank is a prudential rather than an accounting exercise that is not expected to have an impact on the Group's financial statements.

Details of significant post balance sheet events are provided in the following notes:

Note 2-Principal accounting policies
Note 4-Greek Economy Liquidity Support Program
Note 12-Income tax and tax adjustments
Note 13-Discontinued operations
Note 15-Investment securities
Note 17-Shares in subsidiary undertakings
Note 19-Due to central banks
Note 22-Debt securities in issue

32. Related parties

In November 2015, following the completion of the Bank's share capital increase, fully covered by investors, institutional and others the percentage of the Bank's ordinary shares with voting rights held by the HFSF decreased from 35.41% to 2.38%.

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

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. These include loans, deposits and guarantees. In addition, as part of its normal course of business in investment banking activities, the Group at times may hold positions in debt and equity instruments of related parties.

The outstanding balances of the said related party transactions and the relating income and expenses are as follows:

	30 June 2016			31 December 2015		
	Key management personnel (KMP)(1) € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million	Key management personnel (KMP)(1) € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million
Loans and advances to customers net of provision(2)	7	23	-	7	6	0
Other assets	0	-	-	0	-	2
Due to customers	5	7	0	5	9	0
Other liabilities	0	-	-	0	-	-
Guarantees issued	0	-	-	0	-	-
Guarantees received	0	-	-	0	-	-
	Six months ended 30 June 2016			Six months ended 30 June 2015		
Net interest income	0	0	-	0	0	-
Net banking fee and commission income	0	-	-	0	-	-
Impairment losses on loans and advances	-	(0)	-	-	-	-
Other operating income/(expense)	0	-	-	0	(0)	1

(1) *Key management personnel includes directors and key management personnel of the Group and their close family members.*
(2) *Including an impairment allowance of € 16.86 million against loans balances with a Group's associated undertaking and a joint venture.*

In addition, as at 30 June 2016 the loans, net of provisions, granted to non consolidated entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements (note 17) amounted to € 5.3 million (31 December 2015: € 4.3 million).

Key management compensation (directors and other key management personnel of the Group)

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 2.47 million (30 June 2015: € 3.49 million) and long-term employee benefits (excluding share-based payments) of € 0.38 million (30 June 2015: € 0.48 million). Additionally, the Group has recognized € 0.38 million expense relating with GRIVALIA PROPERTIES's equity settled share based payments (30 June 2015: € 0.5 million expense).

33. Board of Directors

The Board of Directors was elected by the Annual General Meeting held on 27 June 2013 for a three years term of office. The Annual General Meeting held on 26 June 2015 approved the extension of the term of office of the current Board until 2018 and more specifically by 27 June 2018, prolonged until the end of the period the Annual General Meeting for the year 2018 will take place.

On 15 June 2016, the Annual General Meeting elected two new Board members, Mrs. Lucrezia Reichlin and Mr. Jawaid Mirza, whose term of office will expire concurrently with the term of office of the other members of the Board of Directors, and designated those new members as independent non-executive Directors.

Following the above, on 15 June 2016 the Board was reconstituted as a body as follows:

N. Karamouzis	Chairman, Non-Executive
S. Lorentziadis	Vice Chairman, Non-Executive Independent
F. Karavias	Chief Executive Officer
S. Ioannou	Deputy Chief Executive Officer
T. Kalantonis	Deputy Chief Executive Officer
W. S. Burton	Non-Executive
G. Chryssikos	Non-Executive
J. S. Haick	Non-Executive Independent
B. P. Martin	Non-Executive Independent
S. L. Johnson	Non-Executive Independent
J. Mirza	Non-Executive Independent
L. Reichlin	Non-Executive Independent
C. Andreou	Non-Executive (Greek State representative under Law 3723/2008)
K. H. Prince – Wright	Non-Executive (HFSF representative under Law 3864/2010)

Athens, 31 August 2016

Nikolaos V. Karamouzis	**Fokion C. Karavias**	**Harris V. Kokologiannis**
I.D. No AB – 336562	I.D. No AI - 677962	I.D. No AK-021124
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER OF GROUP FINANCE GROUP CHIEF FINANCIAL OFFICER

V. Condensed Interim Financial Statements for the six months ended 30 June 2016

EUROBANK ERGASIAS S.A.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2016

8 Othonos Street, Athens 105 57, Greece

www.eurobank.gr, Tel.: (+30) 210 333 7000

General Commercial Registry No: 000223001000

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Interim Balance Sheet

	Note	30 June 2016 € million	31 December 2015 € million
ASSETS			
Cash and balances with central banks		**691**	397
Due from credit institutions		**4,162**	5,020
Financial instruments at fair value through profit or loss		**16**	17
Derivative financial instruments		**2,162**	1,881
Loans and advances to customers	13	**32,472**	32,974
Investment securities	14	**13,510**	14,585
Shares in subsidiary undertakings	15	**2,305**	2,161
Property, plant and equipment		**249**	256
Investment property		**61**	61
Intangible assets		**72**	64
Deferred tax assets	11	**4,905**	4,902
Other assets	16	**1,715**	1,764
Assets classified as held for sale	12	**113**	113
Total assets		**62,433**	64,195
LIABILITIES			
Due to central banks	17	**21,485**	25,267
Due to credit institutions	18	**8,319**	6,255
Derivative financial instruments		**2,743**	2,353
Due to customers	19	**23,187**	22,802
Debt securities in issue	20	**59**	896
Other liabilities	21	**452**	491
Total liabilities		**56,245**	58,064
EQUITY			
Ordinary share capital	22	**656**	656
Share premium	22	**8,056**	8,056
Reserves and retained earnings		**(3,517)**	(3,574)
Preference shares	23	**950**	950
Total equity attributable to shareholders of the Bank		**6,145**	6,088
Hybrid Capital	24	**43**	43
Total equity		**6,188**	6,131
Total equity and liabilities		**62,433**	64,195

Notes on pages 6 to 30 form an integral part of these condensed interim financial statements

Interim Income Statement

	Note	Six months ended 30 June 2016 € million	Six months ended 30 June 2015 € million	Three months ended 30 June 2016 € million	Three months ended 30 June 2015 € million
Net Interest income		**538**	491	**270**	244
Net banking fee and commission income		**45**	42	**23**	20
Income from non banking services		**3**	3	**1**	2
Dividend income	7	**40**	366	**34**	359
Net trading income		**(8)**	(9)	**(2)**	18
Gains less losses from investment securities	14	**51**	(5)	**50**	1
Net other operating income	15	**54**	8	**0**	-
Operating income		**723**	896	**376**	644
Operating expenses	8	**(346)**	(329)	**(171)**	(166)
Profit from operations before impairments and restructuring costs		**377**	567	**205**	478
Impairment losses on loans and advances	9	**(315)**	(2,026)	**(172)**	(1,773)
Impairments losses on shares in subsidiary undertakings		**-**	(159)	**-**	(159)
Other impairment losses	10	**(2)**	(53)	**(0)**	(30)
Restructuring costs	10	**(28)**	(2)	**(27)**	(0)
Profit/(loss) before tax		**32**	(1,673)	**6**	(1,484)
Income tax	11	**(3)**	486	**6**	435
Tax adjustments	11	**31**	-	**31**	-
Net profit/(loss) attributable to shareholders		**60**	(1,187)	**43**	(1,049)

Notes on pages 6 to 30 form an integral part of these condensed interim financial statements

Interim Statement of Comprehensive Income

	Six months ended 30 June				Three months ended 30 June			
		2016		2015		**2016**		2015
		€ million		€ million		**€ million**		€ million
Net profit/(loss)		**60**		(1,187)		**43**		(1,049)
Other comprehensive income:								
Items that are or may be reclassified subsequently to profit or loss:								
Cash flow hedges								
- net changes in fair value, net of tax	**(3)**		17		**(4)**		17	
- transfer to net profit, net of tax	**(3)**	**(6)**	(4)	13	**(1)**	**(5)**	(3)	14
Available for sale securities								
- net changes in fair value, net of tax	**5**		(149)		**23**		(85)	
- transfer to net profit, net of tax	**(0)**	**5**	3	(146)	**(0)**	**23**	5	(80)
		(1)		(133)		**18**		(66)
Items that will not be reclassified to profit or loss:								
-Actuarial gains/(losses) on post employment benefit obligations, net of tax (note 21)		**(2)**		-		**(2)**		-
Other comprehensive income		**(3)**		(133)		**16**		(66)
Total comprehensive income attributable to shareholders		**57**		(1,320)		**59**		(1,115)

Notes on pages 6 to 30 form an integral part of these condensed interim financial statements

	Total equity attributable to shareholders of the Bank						
	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Hybrid capital € million	Total € million
Balance at 1 January 2015	4,412	6,682	3,072	(10,257)	950	398	5,257
Net profit/(loss)	-	-	-	(1,187)	-	-	(1,187)
Other comprehensive income	-	-	(133)	-	-	-	(133)
Total comprehensive income for the six months ended 30 June 2015	-	-	(133)	(1,187)	-	-	(1,320)
Balance at 30 June 2015	4,412	6,682	2,939	(11,444)	950	398	3,937
Balance at 1 January 2016	**656**	**8,056**	**7,544**	**(11,118)**	**950**	**43**	**6,131**
Net profit/(loss)	-	-	-	60	-	-	**60**
Other comprehensive income	-	-	(3)	-	-	-	**(3)**
Total comprehensive income for the six months ended 30 June 2016	**-**	**-**	**(3)**	**60**	**-**	**-**	**57**
Balance at 30 June 2016	**656**	**8,056**	**7,541**	**(11,058)**	**950**	**43**	**6,188**
	Note 22	Note 22			Note 23	Note 24	

Notes on pages 6 to 30 form an integral part of these condensed interim financial statements

Interim Cash Flow Statement

	Note	Six months ended 30 June 2016 € million	2015 € million
Cash flows from operating activities			
Profit/(loss) before income tax		**32**	(1,673)
Adjustments for :			
Impairment losses on loans and advances		**315**	2,026
Other impairment losses and provisions		**25**	212
Depreciation and amortisation		**20**	22
Other (income)/losses on investment securities	26	**(61)**	(2)
(Income)/losses on debt securities in issue		**1**	(1)
(Gain)/ loss on sale of subsidiary undertakings, associates and joint ventures		**(0)**	(9)
Dividends from subsidiaries, associates and joint ventures		**(40)**	(365)
Other adjustments	15	**(53)**	5
		239	215
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(191)**	(115)
Net (increase)/decrease in financial instruments at fair value through profit or loss		**1**	59
Net (increase)/decrease in due from credit institutions		**896**	(56)
Net (increase)/decrease in loans and advances to customers		**188**	(791)
Net (increase)/decrease in derivative financial instruments		**39**	484
Net (increase)/decrease in other assets		**69**	7
Net increase/(decrease) in due to central banks and credit institutions		**(1,718)**	8,805
Net increase/(decrease) in due to customers		**386**	(8,906)
Net increase/(decrease) in other liabilities		**(65)**	(92)
		(395)	(605)
Net cash from/(used in) operating activities		**(156)**	(390)
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		**(20)**	(13)
(Purchases)/sales and redemptions of investment securities		**1,209**	294
Acquisition of subsidiaries, associated undertakings, joint ventures and participations in capital increases	15	**(95)**	(12)
Disposal/liquidation of holdings in subsidiaries, associated undertakings and joint ventures		**8**	7
Dividends from investment securities, subsidiaries, associated undertakings and joint ventures		**40**	25
Net cash from/(used in) investing activities		**1,142**	301
Cash flows from financing activities			
(Repayments)/proceeds from debt securities in issue		**(838)**	(109)
Expenses paid for share capital increase		**(6)**	-
Net cash from/(used in) financing activities		**(844)**	(109)
Net increase/(decrease) in cash and cash equivalents		**142**	(198)
Cash and cash equivalents at beginning of period	26	**505**	912
Cash and cash equivalents at end of period	26	**647**	714

Notes on pages 6 to 30 form an integral part of these condensed interim financial statements

1. General information

Eurobank Ergasias S.A. (the 'Bank') is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Bank is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Bank operates mainly in Greece and through its subsidiaries in Central, Eastern and Southeastern Europe.

These condensed interim financial statements were approved by the Board of Directors on 31 August 2016.

2. Principal accounting policies

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and they should be read in conjunction with the Bank's published annual financial statements for the year ended 31 December 2015. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

Going concern considerations

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

Macroeconomic environment

Greece, after the completion of a number of key prior actions, has successfully concluded the 1st review of the Third Economic Adjustment Program (TEAP), which permitted the disbursement of the first sub-tranche of € 7.5 bn from the second instalment of the European Stability Mechanism (ESM) loan on 21 June 2016, allowing the country to cover its debt servicing needs and clear a part of the State's arrears to the private sector. Accordingly, the European Central Bank (ECB) decided the reinstatement of the waiver for the instruments issued by the Hellenic Republic and the improvement of the advance rates for providing Eurosystem financing with Pillar II guarantees as collateral, while the participation of Greek Government Bonds in ECB's Quantitative Easing (QE) program will be examined at a later stage, in conjunction with progress in the 2nd review. With regard to the enhancement of the Greek debt's sustainability, the Eurogroup has agreed to implement a roadmap of debt relief measures depending on the continued fulfilment of the conditions underlying the program. The completion of the 1st review helped in reducing the short term uncertainty surrounding the economic outlook and contributed to further relaxation of capital controls, as of 22 July 2016. This, along with the mobilization of European Union (EU) funding to support domestic investment and job creation and the decisive implementation of the reforms agreed in the context of the ESM program, would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic environment, which are necessary conditions for the resumption of positive economic growth as early as in the second half of 2016.

Currently, the main risks and uncertainties are associated with a) the impact on the level of economic activity from additional fiscal measures included in the key prior actions of the 1st review, b) possible delays in the implementation of the reforms' agenda in order to meet the next targets and milestones of the ESM program, which would lead to the disbursement of the second sub-tranche of € 2.8 bn from the second instalment of the ESM loan and the timely preparation for the upcoming second review scheduled for October 2016, c) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity , d) a possible deterioration of the refugee crisis and the impact on the internal economy and e) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy, including the impact from the prospective exit of the UK from the EU in accordance with the result of the referendum conducted in that country on 23 June 2016.

Liquidity risk

In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program. The decisive implementation of the measures agreed in the context of the new ESM program permitted ECB to reinstate the waiver for the instruments issued by the Hellenic Republic and decrease the haircuts applied for Pillar II guarantees. These developments have enabled Greek banks to reduce their dependence on the expensive Emergency Liquidity Assistance (ELA) mechanism and increase their liquidity buffers. The stabilization of the macroeconomic environment and a recovery of the domestic economic sentiment will facilitate a faster return of deposits in the banking system and the further re-access to the markets for liquidity.

In the first half of 2016, the Bank has managed to reduce its dependence on Eurosystem funding amounting to € 21.5 bn at the end of June 2016 (31 December 2015: € 25.3 bn), mainly through the increase in repo transactions in the interbank market, the selective assets deleveraging, the utilization of a part of foreign subsidiaries' surplus liquidity and to some extent by deposit inflows (note 17). On 19 August 2016 the Bank's Eurosystem funding further decreased to € 18.4 bn. In the same context, following the positive developments mentioned above, and the initiatives to further enhance its liquidity position, the Bank also managed to significantly reduce its participation in the second stream of the Hellenic Republic's liquidity support plan (bonds guaranteed by the Greek Government) from a face value of € 13 bn on 31 December 2015 to a face value of € 4.9 bn on 19 August 2016 (notes 4 and 20).

Solvency risk

Notwithstanding the direct and indirect exposure of the banking system to sovereign risk, the successful completion of the Bank's and other Greek systemic banks' recapitalization process constituted a key milestone for rebuilding trust in the banking system and in the economy in general.

The Group, following the successful completion of its recapitalization in November 2015, exclusively from private sources, is focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, and by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets. One of the key areas of focus remains the active management of non-performing loans, taking advantage of the Group's internal infrastructure and the important legislative changes that have taken or are expected to take place, aiming to substantially reduce their stock in due course. The Group's Common Equity Tier 1 (CET1) ratio stood at 16.7% at the end of June 2016 and the net profit attributable to shareholders amounted to € 106 million for the first half of 2016, while the Bank's CET1 ratio stood at 18.5% and the net profit attributable to shareholders amounted to € 60 million, respectively (note 6).

Going concern assessment

The Board of Directors, taking into consideration the above factors relating to the adequacy of the Bank's capital position and its anticipated continued access to Eurosystem funding over the foreseeable future, and despite the existing uncertainties relating to the macroeconomic environment in Greece, has been satisfied that the financial statements of the Bank can be prepared on a going concern basis.

The accounting policies and methods of computation in these condensed interim financial statements are consistent with those in the published annual financial statements for the year ended 31 December 2015, except as described below.

Amendments to standards adopted by the Bank

The following amendments to standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2016:

IAS 1, Amendment - Disclosure initiative

The amendment clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

IAS 16 and IAS 38, Amendments - Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and they also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

The adoption of the amendments had no impact on the Bank's condensed interim financial statements.

IAS 19, Amendment - Defined Benefit Plans: Employee Contributions

The amendment clarifies the accounting for post-employment benefit plans where employees or third parties are required to make contributions which do not vary with the length of employee service, for example, employee contributions calculated according to a fixed percentage of salary. The amendment allows these contributions to be deducted from service cost in the year in which the related employee service is delivered, instead of attributing them to periods of employee service.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

IAS 27, Amendment - Equity Method in Separate Financial Statements

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 clarifies the definition of separate financial statements. In particular, separate financial statements are those presented in addition to consolidated financial statements or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures which are required by IAS 28 Investments in Associates and Joint Ventures to be accounted for using the equity method.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

IFRS 11, Amendment – Accounting for Acquisitions of Interests in Joint Operations

This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

The adoption of the amendment had no impact on the Bank's condensed interim financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle

The amendments introduce key changes to seven IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- Definition of vesting condition in IFRS 2 'Share – based Payment';
- Accounting for contingent consideration in a business combination in IFRS 3 'Business Combinations;
- Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets in IFRS 8 'Operating Segment';
- Short-term receivables and payables in IFRS 13 'Fair Value Measurement';
- Revaluation method—proportionate restatement of accumulated depreciation in IAS 16 'Property, Plant and Equipment';
- Key management personnel in IAS 24 'Related Party Disclosures'; and
- Revaluation method—proportionate restatement of accumulated amortization in IAS 38 'Intangible Assets'

The adoption of the amendments had no impact on the Bank's condensed interim financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The amendments introduce key changes to four IFRSs following the publication of the results of the IASB's 2012-14 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- Clarifying in IFRS 5 'Non-current assets held for sale and discontinued operations' that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.
- Adding in IFRS 7 'Financial instruments: Disclosures' specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. It also clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.
- Clarifying in IAS 19 'Employee benefits' that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.
- Clarifying in IAS 34 'Interim financial reporting' what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

The adoption of the amendments had no impact on the Bank's condensed interim financial statements.

3. Critical accounting estimates and judgments in applying accounting policies

In preparing these condensed interim financial statements, the significant judgments made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published annual financial statements for the year ended 31 December 2015, which are those regarded by Management as the most important in applying the Bank's accounting policies.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 5, 11, 12, 21 and 25.

4. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008 as amended and supplemented, as follows:

(a) First stream - preference shares

345,500,000 non-voting, preference shares, with nominal value of € 950 million, were subscribed to by the Hellenic Republic on 21 May 2009 (note 23).

(b) Second stream - bonds guaranteed by the Hellenic Republic

As at 30 June 2016, the government guaranteed bonds, of face value of € 5,877 million, were fully retained by the Bank. During the first half of 2016, the Bank proceeded with the redemption of government guaranteed bonds of face value of € 3,016 million, while bonds of face value of € 4,150 million matured, all of which were fully retained by the Bank. In July 2016, government guaranteed bonds of face value of € 1,000 million, fully retained by the Bank, matured (note 20).

Under Law 3723/2008, for the period the Bank participates in the program through the preference shares or the government guaranteed bonds (streams (a) and (b) above) the Hellenic Republic is entitled to appoint its representative to the Board of Directors with the right to veto resolutions of strategic character, or resolutions that could have a material impact on the legal or financial position of the Bank and for which the approval of the General Meeting is required, or resolutions relating to the distribution of dividends and the remuneration policy concerning the Board members as well as the General Managers of the Bank and their deputies, pursuant to a relevant decision of the Minister of Finance, or resolutions that such representative considers that may jeopardize the interests of the depositors or materially affect the solvency and the orderly operation of the Bank.

In addition, under Law 3756/2009 and subsequent legislation, any distribution of profits to ordinary shareholders of the banks participating in the first stream of the Greek Economy Liquidity Support Program for the financial years 2008 to 2013 could only take place in the form of ordinary shares, other than treasury shares. In addition, under Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

5. Credit exposure to Greek sovereign debt

As at 30 June 2016, the total carrying value of Greek sovereign major exposures is as follows:

	30 June 2016 € million	31 December 2015 € million
Treasury bills	**1,933**	2,157
Greek government bonds	**1,665**	1,676
Derivatives with the Greek state	**1,182**	992
Exposure relating with Greek sovereign risk financial guarantee	**201**	208
Loans guaranteed by the Greek state	**158**	176
Loans to Greek local authorities and public organizations	**79**	85
Other receivables	**19**	17
Total	**5,237**	5,311

The Bank monitors the developments for the Greek debt crisis closely in order to adjust appropriately its estimates and judgments based on the latest available information (note 2).

Information on the fair values of the Bank's financial instruments is provided in note 25.

6. Capital management

On 23 July 2015, the Directive 2014/59/EU for the recovery and resolution of credit institutions and investment firms (BRRD) was transposed into Greek Law by virtue of Law 4335/2015, with the exception of its provisions for the obligation of loss absorption in the case of implementation of measures of public financial stability and the restructuring of liabilities (bail-in) in certain eligible liabilities which are in full force from 1 January 2016. Further information is provided in note 6 of the financial statements for the year ended 31 December 2015.

Additionally, Law 4340/2015 (as amended by Law 4346/2015) updated the recapitalization framework of Greek credit institutions and the relevant provisions of Law 3864/2010 regarding the Hellenic Financial Stability Fund (HFSF). More specifically, it regulates, among others, the conditions and the procedure through which HFSF provides capital support to Greek credit institutions, enriches HFSF's rights towards Greek credit institutions to which HFSF has provided capital support and also introduces additional provisions concerning the composition and evaluation of the boards of directors and committees of credit institutions having signed a Relationship Framework Agreement with HFSF (note 29).

Capital position

As at 30 June 2016, the Group's and Bank's Common Equity Tier I ratio stood at 16.7% and 18.5%, respectively.

The Bank has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ('BIS rules/ratios') and adopted by the European Union and the Bank of Greece in supervising the Bank. The capital adequacy calculation is based on Basel III (CRDIV) rules. Supplementary to that, in the context of Internal Capital Adequacy Assessment Process ('ICAAP'), the Bank considers a broader range of risk types and the Bank's risk management capabilities. ICAAP aims ultimately to ensure that the Bank has sufficient capital to cover all material risks that it is exposed to, over a 3-year horizon.

To this direction, the Bank, following the successful completion of its recapitalization in November 2015, is focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, the active management of non-performing loans supported by the fully operational internal bad bank as well as by proceeding to additional initiatives associated with the restructuring, transformation or optimization of it's operations that will generate or release further capital and/or reduce risk weighted assets.

Restructuring plan

On 29 April 2014, the European Commission (EC) approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. In addition, on 26 November 2015, the EC approved the Bank's revised restructuring plan. The Hellenic Republic has committed that the Bank will implement specific measures and actions and will achieve objectives which are an integral part of the said restructuring plan.

The principal commitments of the revised restructuring plan relate to: (a) the reduction of the total costs and the maximum number of employees and branches for the Group's Greek activities, (b) the decrease of the cost of deposits collected in Greece, (c) the reduction of the net loans to deposits ratio for the Group's Greek banking activities, (d) the reduction of the portfolio of the Group's foreign assets (non–related to Greek clients), (e) the decrease in shareholding in specific non-banking subsidiaries, (f) the deleveraging of the portfolio of equity investments, subordinated and hybrid bonds, (g) restrictions on the capital injection to the Group's foreign subsidiaries unless the regulatory framework of each relevant jurisdiction requires otherwise, the purchase of non-investment grade securities (subject to certain exceptions), the staff remuneration, the payment of dividends, the credit policy to be adopted and other strategic decisions.

The Group is well on track to meet its commitments within the prescribed deadlines; in respect of those commitments that should be implemented within 2016, the Group has already completed the disposal of the 80% of the shareholding in its insurance subsidiaries in August (item 'e' above – note 12), while the value of the portfolio of equity and other investments eligible for item 'f' above, amounted to € 33 million as at 30 June 2016, which is in line with the threshold set in the plan. In addition, a significant step for reaching the maximum number of employees in Greece by 31 December 2017, as defined in the respective commitment (item 'a' above), has been taken through the implementation of the Voluntary Exit Scheme (VES) that commenced in the second quarter of 2016 (note 21). Further information on the principal commitments to be implemented, the basic assumptions used and the potential effect on the Bank's business is presented in note 6 of the financial statements for the year ended 31 December 2015.

Monitoring Trustee

The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund and the European Central Bank provides for the appointment of a monitoring trustee in all banks under State Aid.

On 22 February 2013, the Bank appointed Grant Thornton as its Monitoring Trustee (MT). The MT monitors compliance with commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and reports to the European Commission.

7. Dividend income

During the period, the Bank recognized dividend income mainly resulting from shares in subsidiaries amounting to € 40 million (30 June 2015: € 366 million).

The analysis of the aforementioned dividends per entity is as follows:

	30 June 2016 € million	30 June 2015 € million
ERB New Europe Holding B.V.	**-**	262
Eurolife ERB Insurance Group Holdings S.A.	**34**	38
Eurobank Factors S.A.	**-**	25
Eurobank Equities S.A.	**-**	16
Eurobank Fund Management Company (Luxembourg) S.A.	**-**	18
Grivalia Properties R.E.I.C.	**6**	6
Other (including AFS and trading portfolio)	**0**	1
Total	**40**	366

8. Operating expenses

	30 June 2016 € million	30 June 2015 € million
Staff costs	**(194)**	(185)
Administrative expenses	**(80)**	(100)
Contributions to resolution and deposit guarantee funds	**(31)**	-
Depreciation of property, plant and equipment	**(13)**	(15)
Amortisation of intangible assets	**(7)**	(7)
Operating lease rentals	**(21)**	(22)
Total	**(346)**	(329)

Contributions to resolution and deposit guarantee funds

For the period ended 30 June 2016, the expense for contributions to the resolution and deposit guarantee funds amounted to € 31 million. With Law 4370/2016, which came into force in March 2016, the Directive 2014/49/EU was transposed into the Greek legislation replacing Law 3746/2009, and defining, among others, the scope and certain aspects of the operation of the Hellenic Deposit and Investment Guarantee Fund (HDIGF), the terms of participation of credit institutions as well as the process for determining and paying contributions to its Schemes.

Staff costs

The average number of employees of the Bank during the period was 9,091 (June 2015: 9,073). As at 30 June 2016, the number of branches of the Bank amounted to 481.

9. Impairment allowance for loans and advances to customers

The movement of the impairment allowance for loans and advances to customers by product line is as follows:

	30 June 2016				
	Wholesale € million	Mortgage € million	Consumer [1] € million	Small business € million	Total € million
Balance at 1 January	**3,875**	**2,077**	**2,455**	**1,956**	**10,363**
Impairment loss for the period	111	100	85	19	**315**
Recoveries of amounts previously written off	-	-	1	-	**1**
Amounts written off	(241)	(15)	(2)	(25)	**(283)**
NPV unwinding	(38)	(28)	(30)	(38)	**(134)**
Foreign exchange differences and other movements	(3)	(18)	(13)	(11)	**(45)**
Balance at 30 June	**3,704**	**2,116**	**2,496**	**1,901**	**10,217**

[1] *Credit cards balances are included.*

10. Other impairments and restructuring costs

	30 June 2016 € million	30 June 2015 € million
Impairment losses and valuation losses on investment and repossessed properties	**(1)**	(28)
Impairment losses on bonds	**-**	(20)
Impairment losses on mutual funds and equities	**(1)**	(5)
Other impairment losses	**(2)**	(53)
Provision for Voluntary Exit Scheme (Note 21)	**(23)**	-
Restructuring costs	**(5)**	(2)
Restructuring costs	**(28)**	(2)
Total	**(30)**	(55)

In the first half of 2015, the Bank recognized € 28 million impairment and valuation losses on investment and repossessed properties, after considering the deteriorating macroeconomic conditions and the persistent decline in real estate market prices in Greece.

In the first half of 2015, the Bank recognized an additional impairment loss of € 20 million for the Ukrainian government bonds included in its held-to-maturity investment portfolio, due to the continued uncertainty in the economic and political conditions in the country, that led to a significant drop in the market prices for those bonds.

11. Income tax and tax adjustments

	30 June 2016 € million	30 June 2015 € million
Current tax	**(5)**	(3)
Deferred tax	**2**	489
Income tax	**(3)**	486
Tax adjustments	31	-
Total	**28**	486

According to Law 4334/2015, which was enacted on 16 July 2015 and amended tax Law 4172/2013, the nominal Greek corporate tax rate increased from 26% to 29% for income generated in accounting years 2015 and onwards. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 15% withholding tax, according to Law 4387/2016 and Law 4389/2016 which increased the respective tax rate from 10% to 15% for dividend distributions as of 1 January 2017 and onwards.

In the first half of 2016 following a favorable court decision, the Bank has recognized a tax income of € 30.5 million for tax claims against the Greek State in relation to the one - off taxation of the Bank's non-taxed reserves which had been imposed by the Law 3513/2006.

Tax certificate and open tax years

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

The Bank has been audited by tax authorities up to 2009, has not been audited for 2010 and has obtained by external auditors unqualified tax certificates for years 2011 – 2014, while the tax audit from external auditors is in progress for 2015. In addition, New TT Hellenic Postbank and New Proton Bank, which were merged with the Bank in 2013, have obtained by external auditors unqualified tax certificates with a matter of emphasis for their unaudited by tax authorities periods/tax years 18/1-30/6/2013 and 9/10/2011- 31/12/2012, respectively, with regards to potential tax obligations resulting from their carve out. For both cases the Bank has formed adequate provisions.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within the applicable statute of limitations (i.e. in principle five years as from the end of the fiscal year within which the relevant tax return should have been submitted), irrespective of whether an unqualified tax certificate has been obtained from the tax paying company.

Deferred income taxes are calculated on all deductible temporary differences under the liability method as well as for unused tax losses at the rate in effect at the time the reversal is expected to take place.

The movement on deferred income tax is as follows:

	30 June 2016 € million
Balance at 1 January	**4,902**
Income statement credit/(charge)	2
Available for sale investment securities	(2)
Cash flow hedges	3
Other	0
Balance at 30 June	**4,905**

Deferred income tax assets/ (liabilities) are attributable to the following items:

	30 June 2016 € million	31 December 2015 € million
PSI+ tax related losses	**1,277**	1,302
Loan impairment	**2,869**	2,829
Unused tax losses	**297**	297
Valuations through the income statement	**308**	302
Costs directly attributable to equity transactions	**42**	46
Cash flow hedges	**32**	29
Valuations directly to available-for-sale revaluation reserve	**10**	12
Fixed assets	**0**	2
Defined benefit obligations	**12**	10
Other	**58**	73
Net deferred income tax	**4,905**	4,902

Deferred income tax (charge)/credit in the income statement is attributable to the following items:

	30 June 2016 € million	30 June 2015 € million
Loan impairment	**40**	**485**
Unused tax losses	**(1)**	**(9)**
Tax deductible PSI+ losses	**(25)**	**(22)**
Change in fair value and other temporary differences	**(12)**	**35**
Deferred income tax (charge)/credit	**2**	**489**

As at 30 June 2016, the Bank recognized net deferred tax assets amounting to € 4.9 bn as follows:

(a) € 1,277 million refer to losses resulted from the Bank's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;

(b) € 2,869 million refer to deductible temporary differences arising from loan impairment that can be utilized in future periods with no specified time limit and according to current tax legislation;

(c) € 297 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2018;

(d) € 42 million mainly refer to deductible temporary differences related to the unamortized for tax purposes costs directly attributable to Bank's share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred;

(e) € 420 million refer to other deductible temporary differences (i.e. valuation losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation.

Assessment of the recoverability of deferred tax assets

The recognition of the above presented deferred tax assets is based on management's assessment, as at 30 June 2016, that the Bank will have sufficient future taxable profits, against which the unused tax losses, the deductible temporary differences, as well as the losses from PSI+ and the Greek state's debt buyback program can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation, the eligibility of carried forward losses for offsetting with future taxable profits, the actual tax results for the year ended 31 December 2015 and the extrapolated tax results for the year ended 31 December 2016 using the actual tax results for the period ended 30 June 2016.

Additionally, the Bank's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (forecasting operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Bank will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences (i.e.

profits/ losses on sale of investments or other assets, etc.) or in the years into which the tax losses can be carried forward, and (d) the historical levels of Bank's performance in combination with the previous years' tax losses caused by one off or non-recurring events.

As at 30 June 2016, the Bank applied the forecasting operating results and considered the capital enhancing actions to be implemented by 31 December 2018, as reflected in the restructuring plan that was approved by the European Commission, in the context of the new recapitalization process, in November 2015 (note 6).

The level of the abovementioned forecasting operating results mainly derives from the Bank's estimates regarding (a) the reduction of its funding cost driven by the gradual repatriation of customer deposits, the further decrease of the respective interest rates and the replacement of more expensive funding sources, (b) the lower loan impairment losses as a result of the macroeconomic conditions in Greece that are expected to improve and the actions already implemented by the Bank regarding the effective management of troubled assets, (c) the effectiveness of the continuous cost containment measures, and (d) the gradual restoration of traditional commission income such as asset management and network fees and commissions relating with capital markets and investment banking activities. The macroeconomic assumptions that were considered by the Bank in preparing the abovementioned restructuring plan are aligned with those provided by the European Commission in September 2015. The Bank's deferred tax recoverability model is built in accordance with the forecasting operating results included in the restructuring plan extended for a specific period of time.

The implementation of the abovementioned restructuring plan largely depends on the risks and uncertainties that stem from the macroeconomic environment in Greece (note 2).

Legal framework for tax credit against the Greek State

According to article 27A of Law 4172/2013 as in force, which is applicable to Greek financial institutions, including leasing and factoring companies, deferred tax assets that have been recognized by the Bank due to (a) losses from the Private Sector Involvement ('PSI') and the Greek State Debt Buyback Program, and (b) accumulated provisions and other losses in general due to credit risk (provisions and credit losses) which were accounted as at 30 June 2015, will be converted into directly enforceable claims (tax credit) against the Greek State, provided that the Bank's after tax accounting result for the period, is a loss (starting from fiscal year 2016 onwards). As at 30 June 2016, deferred tax assets eligible for conversion to tax credits amounted to € 4,040 million. Further information is provided in the note 15 of the Bank's financial statements for the year ended 31 December 2015.

12. Discontinued operations

Investment in Eurolife ERB Insurance Group holdings S.A. classified as held for sale

On 22 December 2015, the Bank announced that it has reached an agreement with Fairfax Financial Holdings Limited ('Fairfax') to sell 80% of Eurolife ERB Insurance Group Holdings S.A. ('Eurolife') (the 'Transaction') for a cash consideration of € 316 million, subject to further adjustments based on the performance of the entity up to the completion of the Transaction, while the Bank will retain a 20% stake.

The Transaction includes: a) Eurolife's Greek life and non-life insurance activities and Eurolife's brokerage subsidiary in Greece, b) Eurolife's Romanian life and non-life insurance activities and c) the bancassurance agreements between Eurolife subsidiaries and Eurobank, for the exclusive distribution of insurance products in Greece and Romania through Eurobank's sales network.

As at 30 June 2016, the fair value less costs to sell of the Bank's holding in Eurolife, as determined by Management based on independent valuation reports, exceeded the respective carrying amount of the investment in Eurolife of € 113 million. Therefore no impairment loss was recognized upon the remeasurement of the Bank's investment at the lower of its carrying amount and fair value less costs to sell.

Post balance sheet event

The Transaction was completed on 4 August 2016, after all required regulatory approvals were obtained. The cash consideration received pursuant to the Transaction documentation, after the distribution of a € 34 million dividend to Eurobank by Eurolife, was € 324.7 million, subject to further adjustments following the finalization of the completion statement of Eurolife. The estimated effect of the disposal of the Bank's holding in Eurolife, amounts to € 159 million gain, after tax.

13. Loans and advances to customers

	30 June 2016 € million	31 December 2015 € million
Wholesale lending	**14,973**	15,194
Mortgage lending	**16,302**	16,569
Consumer lending [1]	**5,028**	5,138
Small business lending	**6,386**	6,436
	42,689	43,337
Less: Impairment allowance (note 9)	**(10,217)**	(10,363)
Total	**32,472**	32,974

[1] *Credit cards balances are included.*

As of 30 September 2014, in accordance with IAS 39, the Bank has elected to reclassify certain impaired corporate bond loans from the 'Available-for-sale' portfolio to 'Loans and advances to customers' portfolio that met the definition of loans and receivables and the Bank has the intention and ability to hold them for the foreseeable future or until maturity. The reclassifications were made with effect from 30 September 2014 at the loans' fair value of € 150 million (gross amount of € 550 million less fair value adjustment of € 400 million), which became their amortized cost at the reclassification date.

In addition, in December 2014 the Bank acquired a fully impaired bond loan of € 42 million, previously held by a subsidiary and guaranteed by the Bank itself. The said loan was presented within Loans and advances to customers on a gross basis and therefore the gross balance of Loans and advances to customers and the impairment allowance have increased by the fair value adjustment of € 42 million.

As at 30 June 2016, the carrying amount of these loans is € 93 million which approximates their fair value. No amounts would have been recognized in the OCI had these financial assets not been reclassified.

As at 30 June 2016, the 90 days past due loans (gross) amounted to € 15,760 million.

14. Investment securities

	30 June 2016 € million	31 December 2015 € million
Available-for-sale investment securities	**3,022**	3,189
Debt securities lending portfolio	**10,349**	11,247
Held-to-maturity investment securities	**139**	149
Total	**13,510**	14,585

The investment securities per category are analyzed as follows:

	30 June 2016			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	**-**	**9,088**	**-**	**9,088**
- Greek government bonds	**722**	**939**	**-**	**1,661**
- Greek government treasury bills	**1,933**	**-**	**-**	**1,933**
- Other government bonds	**153**	**307**	**-**	**460**
- Other issuers	**106**	**15**	**139**	**260**
	2,914	**10,349**	**139**	**13,402**
Equity securities	**108**	**-**	**-**	**108**
Total	**3,022**	**10,349**	**139**	**13,510**

	31 December 2015			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,042	-	10,042
- Greek government bonds	784	880	-	1,664
- Greek government treasury bills	2,157	-	-	2,157
- Other government bonds	95	284	-	379
- Other issuers	62	41	149	252
	3,098	11,247	149	14,494
Equity securities	91	-	-	91
Total	3,189	11,247	149	14,585

In 2008 and 2010, in accordance with the amendments to IAS 39, the Bank reclassified eligible debt securities from the 'Available-for-sale' portfolio to 'Debt securities lending' portfolio carried at amortized cost. Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method. As at 30 June 2016, the carrying amount of the reclassified securities was € 916 million.

Had the financial assets not been reclassified, changes in the fair value for the period from the reclassification date until 30 June 2016 would have resulted in € 383 million losses net of tax, which would have been recognized in the available-for-sale revaluation reserve.

Visa Europe sale transaction

On 21 June 2016, Visa Inc. announced the completion of the acquisition of Visa Europe Ltd. In accordance with the terms of the final transaction agreement, upon the closing of the transaction Visa Inc. paid an up-front cash consideration of € 12.2 bn and issued preferred shares equivalent to a value of € 5.3 bn to the shareholders of Visa Europe. In addition, a deferred cash payment of € 1.12 bn, including interest, will be paid on the third anniversary of the closing date.

The Bank recognized its share of the sale proceeds, including € 26 million in cash, € 9 million in preferred shares and € 2 million as the present value of the deferred consideration in 'Gains less losses from investment securities'.

Sale of European Financial Stability Facility (EFSF) notes

In April 2016 the European Financial Stability Facility (EFSF) allowed Greek banks that have been recapitalized with EFSF notes, to sell the respective notes to the members of the Eurosystem, in accordance with the conditions applicable to the Public Sector Asset Purchase Program (PSPP), established by the European Central Bank (ECB). Accordingly, the Bank as at 30 June 2016 had proceeded with the sale of EFSF notes of face value of € 935 million, recognizing a gain of € 14 million in 'Gains less losses from investment securities'.

Post balance sheet event

By 19 August 2016 the Bank had proceeded with an additional sale of EFSF notes of face value of € 420 million, which resulted in € 12 million gain.

15. Shares in subsidiary undertakings

Eurobank Bulgaria A.D., Bulgaria

In the context of the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (Postbank), on 2 March 2016 the Bank acquired € 55 million of Postbank's liabilities to Alpha Bank Group for a consideration of € 1. The resulting gain of € 55 million, which is attributed to the particular circumstances of the acquisition in line with the restructuring plans for Alpha Bank and the Bank, has been recognized in 'Other operating income'. Following the above transaction, the share capital of Postbank increased by € 55 million through a debt to equity conversion in favor of the Bank. Accordingly, the Bank's participation to the company increased from 34.56% to 47.12%, with a corresponding decrease of the participation held by the Bank's subsidiaries.

Eurobank Ergasias Leasing S.A., Greece

In March 2016, the share capital of the company increased by € 95 million.

Themeleion II Mortgage Finance Plc, Themeleion III Holdings Ltd, Themeleion III Mortgage Finance Plc, Themeleion IV Holdings Ltd, Themeleion IV Mortgage Finance Plc, United Kingdom

In March 2016, the liquidation of the SPV's was decided.

Daneion 2007-1 Plc, Daneion APC-Ltd, Daneion Holdings Ltd, United Kingdom

In May 2016, the liquidation of the SPV's was decided.

ERB Hellas Funding Ltd, Channel Islands

In May 2016, the share capital of the company increased by € 0.2 million.

IMO Rila E.A.D., Bulgaria

In June 2016, the Bank acquired from NEUII Property Holdings Ltd 100% of IMO Rila E.A.D. with a consideration of € 1.

Proton Mutual Funds Management Company S.A., Greece

In June 2016, the liquidation of the company was completed.

Post balance sheet events

Tegea Holdings Ltd and Tegea Plc, United Kingdom

In July 2016, Tegea Holdings Ltd and Tegea Plc were established as the Bank's special purpose financing vehicles (note 20).

Eurolife ERB Insurance Group Holdings S.A., Greece

In August 2016, the Bank announced the completion of the sale of 80% of Eurolife ERB Insurance Group Holdings S.A. (note 12).

16. Other assets

	30 June 2016 € million	31 December 2015 € million
Receivable from Deposit Guarantee and Investment Fund	687	677
Repossessed properties and relative prepayments	303	309
Pledged amount for a Greek sovereign risk financial guarantee	250	258
Income tax receivable	280	237
Other guarantees	47	109
Prepaid expenses and accrued income	36	27
Investment in associated undertakings and joint ventures	5	5
Other assets	107	142
Total	**1,715**	1,764

As at 30 June 2016, the receivable from Deposit Guarantee and Investment Fund includes a cash collateral amounting to € 3.7 million arising from the irrevocable payment commitment and collateral arrangement agreement signed between the Bank and the Single Resolution Board ('the SRB'), in May 2016 (note 27).

As at 30 June 2016, other assets amounting to € 107 million (31 December 2015: € 142 million) mainly consist of receivables from (a) public entities and (b) legal cases, net of provisions.

In the first quarter of 2016, the liquidation of Unitfinance S.A. was completed.

17. Due to central banks

	30 June 2016 € million	31 December 2015 € million
Secured borrowing from ECB and BoG	21,485	25,267

As at 30 June 2016, the Bank has lowered its dependency on Eurosystem financing facilities to € 21.5 bn (of which € 15.8 bn funding from ELA) mainly as a result of the increase of wholesale secured funding and the selective assets deleveraging and to some extent due to the deposit inflows. As at 19 August 2016, the Eurosystem funding stood at € 18.4 bn, of which € 14 bn funding from ELA.

18. Due to credit institutions

	30 June 2016 € million	31 December 2015 € million
Secured borrowing from other banks	7,386	5,632
Borrowings from international financial and other institutions	158	321
Interbank takings	733	269
Current accounts and settlement balances with banks	42	33
Total	**8,319**	6,255

As at 30 June 2016, borrowings from international financial and other institutions include funds received by the Bank from IFG – Greek SME Finance S.A. of € 100 million, in order to provide financing to Small & Medium-Sized Enterprises (SMEs). The funds originated from the German and Greek State and are under the management of KFW (German government-owned development bank) and ETEAN S.A. (Hellenic fund for entrepreneurship and development) respectively.

19. Due to customers

	30 June 2016 € million	31 December 2015 € million
Term deposits	**9,726**	9,430
Savings and current accounts	**13,376**	13,286
Repurchase agreements	**53**	53
Other term products (note 20)	**32**	33
Total	**23,187**	22,802

The other term products concern subordinated notes held by the Bank's customers.

20. Debt securities in issue

	30 June 2016 € million	31 December 2015 € million
Securitized	**-**	805
Medium-term notes (EMTN)	**16**	49
Subordinated - Lower Tier II (note 19)	**43**	42
Total	**59**	896

Securitized

During the first half of 2016, the Bank proceeded with the repurchase of small business loans backed securities of face value of € 805 million, issued through a special purpose entity, which were previously held by Bank's subsidiaries.

Medium-term notes (EMTN)

As at 30 June 2016, the notes issued by the Bank under the EMTN program, totalling to € 16 million (31 December 2015: € 49 million), were fully retained by the Bank's subsidiaries.

During the first half of 2016, the Bank proceeded with the redemption of notes of face value of € 33 million.

Government guaranteed and covered bonds

As at 30 June 2016, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 4), as well as the covered bonds, of face value of € 5,877 million and € 2,275 million respectively, were retained by the Bank and its subsidiaries.

During the first half of 2016, the Bank proceeded with the issue of covered bonds of face value of € 2,175 million, fully retained by the Bank.

During the first half of 2016, the Bank proceeded with the redemption of government guaranteed bonds of face value of € 3,016 million, while bonds of face value of € 4,150 million matured, all of which were fully retained by the Bank.

Post balance sheet events

In July 2016, the Bank proceeded with the issue of mortgage backed securities of face value of € 1.9 bn effected through a special purpose entity, Tegea Plc. The issue was fully retained by the Bank.

In July 2016, government guaranteed bonds of face value of € 1,000 million, fully retained by the Bank, matured.

Financial disclosures required by the Act 2620/28.08.2009 of the Bank of Greece in relation to the covered bonds issued, are available at the Bank's website (Investor Report for Covered Bonds Programs).

21. Other liabilities

	30 June 2016 € million	31 December 2015 € million
Other provisions	**119**	127
Deferred income and accrued expenses	**60**	38
Sovereign risk financial guarantee	**49**	50
Standard legal staff retirement indemnity obligations	**38**	36
Other liabilities	**186**	240
Total	**452**	491

As at 30 June 2016, other liabilities amounting to € 186 million mainly consist of payables relating with (a) suppliers and creditors, (b) bank checks and remittances, (c) contributions to insurance organizations, (d) duties and other taxes and (e) credit card transactions under settlement.

As at 30 June 2016, other provisions amounting to € 119 million mainly include outstanding litigations and claims in dispute of € 54 million (note 27), restructuring costs of € 56 million relate to the Voluntary Exit Scheme (VES), net of actual payments and other provisions for operational risk events of € 8 million.

The implementation of the VES, which was designed for the Group's employees in Greece in the context of the implementation of the Bank's restructuring plan and in line with the related principal commitments described therein (note 6), commenced in the second quarter of 2016 and is expected to be completed within the following months.

In this respect and prior to determining the estimated cost for the VES, the Bank proceeded with the remeasurement of the retirement benefit obligations in the second quarter of 2016, by updating the last annual actuarial valuation and in particular the key actuarial assumptions prevailing prior to the VES implementation, as follows: discount rate of 1.8% (31 December 2015: 2.6%) and rate of future salary increases of 2.0% (31 December 2015: 2.2%), expressed as weighted averages. The remeasurement resulted in the increase of the retirement benefit obligations by € 2 million in total.

Following the aforementioned remeasurement, the cost for the VES, as re-estimated in the second quarter of 2016 in line with the Bank's strategy, amounts to approximately € 85 million, net of provision for retirement benefits, out of which € 62 million was recognized as a provision in the fourth quarter of 2015. The VES aims to increase the Bank's operating efficiency and is expected to result in an estimated annual saving of € 34 million.

22. Ordinary share capital and share premium

The par value of the Bank's shares is € 0.30 per share (31 December 2015: € 0.30). All shares are fully paid. The balance of ordinary share capital, share premium and the number of ordinary shares issued by the Bank, are as follows:

	Ordinary Share capital € million	Share premium € million	Number of issued ordinary shares
Balance at 30 June 2016	**656**	**8,056**	**2,185,998,765**

Treasury shares

Under Law 3756/2009, banks participating in the Government's Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

23. Preference shares

	Preference Shares	
	30 June	31 December
Number of	2016	2015
shares	€ million	€ million
345,500,000	950	950

On 12 January 2009 the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 'Greek Economy Liquidity Support Program', to be fully subscribed to and paid by the Greek State with bonds of equivalent value. The proceeds of the issue amounted to € 940 million, net of expenses, and the transaction was completed on 21 May 2009. In accordance with the current legal and regulatory framework, the issued shares have been classified as Common Equity Tier I capital.

The preference shares pay a non-cumulative coupon, subject to meeting minimum capital adequacy requirements, set by Bank of Greece (BoG), availability of distributable reserves in accordance with article 44A of Company Law 2190/1920 and the approval of the Annual General Meeting. Five years after the issue of the preference shares, the Bank may redeem the preference shares at their nominal value. If such redemption is not possible, because the Bank's capital adequacy ratio would fall below the minimum requirements set by the BoG, the preference shares will be converted into ordinary shares or shares of any other class existing at the time of the conversion following a decision of the Minister of Finance and after a recommendation by the Governor of the BoG and on condition that at the expiry of the five year period, the Bank will have submitted, and the Minister of Finance will have approved, further to a recommendation by the Governor of the BoG, a restructuring plan of the Bank pursuant to the legislation as in force. The conversion ratio will take into account the average market price of the Bank's ordinary shares during the calendar year preceding such conversion. In case of non redemption at the expiration of the five year period, the abovementioned coupon is increased by 2% each year, following relevant decision by the Minister of Finance, upon recommendation of the BoG.

Based on the 2015 results and Law 3723/2008 in combination with article 44A of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted.

24. Hybrid capital

The outstanding amount of hybrid capital issued by the Bank, in the form of preferred securities, through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 June 2016 is analyzed as follows:

	Series A	Series B	Series C	Series D	Total
	€ million	€ million	€ million	€ million	€ million
At 30 June 2016	2	4	18	19	43

All obligations of the issuer, in respect of the aforementioned issues of preferred securities, are guaranteed on a subordinated basis by the Bank. The analytical terms of each issue along with the rates and/or the basis of calculation of preferred dividends are available at the Bank's website. The preferred dividends must be declared and paid if the Bank declares a dividend. For the period ended 30 June 2016 and in 2015, the Bank did not distribute any dividend. Accordingly, ERB Hellas Funding Ltd announced the non payment of the non cumulative preferred dividend of the above series of hybrid capital.

25. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price). When a quoted price for an identical asset or liability is not observable, fair value is measured using another valuation technique that is appropriate in the circumstances, and maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

The Bank's financial instruments carried at fair value or at amortized cost for which fair value is disclosed are categorized into the three levels of the fair value hierarchy based on whether the inputs to the fair values are observable or unobservable, as follows:

(a) Level 1 – Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Bank can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.

(b) Level 2 – Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include over-the-counter (OTC) derivatives and less liquid debt instruments held or issued by the Bank.

(c) Level 3 – Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities, certain OTC derivatives and loans and advances to customers.

Financial instruments carried at fair value

The fair value hierarchy categorization of the Bank's financial assets and liabilities carried at fair value is presented in the following tables:

	30 June 2016			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets measured at fair value:				
Financial instruments held for trading	15	0	1	16
Derivative financial instruments	0	2,161	1	2,162
Available-for-sale investment securities	2,968	0	54	3,022
Total financial assets	2,983	2,161	56	5,200
Financial liabilities measured at fair value:				
Derivative financial instruments	0	2,743	-	2,743
Due to customers:				
- Structured deposits	-	4	-	4
Trading liabilities	2	-	-	2
Total financial liabilities	2	2,747	-	2,749

	31 December 2015			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Financial assets measured at fair value:				
Financial instruments held for trading	14	2	1	17
Derivative financial instruments	0	1,862	19	1,881
Available-for-sale investment securities	3,146	0	43	3,189
Total financial assets	3,160	1,864	63	5,087
Financial liabilities measured at fair value:				
Derivative financial instruments	1	2,352	-	2,353
Due to customers:				
- Structured deposits	-	4	-	4
Trading liabilities	10	-	-	10
Total financial liabilities	11	2,356	-	2,367

The Bank recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected.

In the first half of 2016, there were no transfers of derivative financial instruments valued using valuation techniques from Level 2 to Level 3. In the same period, derivative financial instruments of € 19 million were transferred from Level 3 to Level 2, as the CVA adjustment calculated based on internal rating models, was not considered significant to their entire fair value measurement.

Reconciliation of Level 3 fair value measurements

	30 June 2016 € million
Balance at 1 January	**63**
Transfers into Level 3	**0**
Transfers out of Level 3	**(19)**
Additions, net of disposals and redemptions	**11**
Total gain/(loss) for the period included in profit or loss	**(0)**
Total gain/(loss) for the period included in other comprehensive income	**(0)**
Foreign exchange differences and other	**1**
Balance at 30 June	**56**

Bank's valuation processes and techniques

The Bank's processes and procedures governing the fair valuations are established by the Group Market Counterparty Risk Sector in line with the Bank's accounting policies. The Bank uses widely recognized valuation models for determining the fair value of common financial instruments that are not quoted in an active market, such as interest and cross currency swaps, that use only observable market data and require little management estimation and judgment. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Fair values estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and the counterparty, where appropriate.

Valuation controls applied by the Bank may include verification of observable pricing, re-performance of model valuations, review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc. Where third parties' valuations are used for fair value measurement, these are reviewed in order to ensure compliance with the requirements of IFRS 13.

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Bank and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in circumstances, the Bank considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Bank applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorized as Level 3 in the fair value hierarchy. A reasonably possible change in the main unobservable input (i.e. the recovery rate), used in their valuation, would not have a significant effect on their fair value measurement.

The Bank determines fair values for debt securities held using quoted market prices in active markets for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or using discounted cash flows method.

For debt securities issued by the Bank and designated at FVTPL, fair values are determined by discounting the expected cash flows at a risk-adjusted rate, where the Bank's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Bank or other Greek issuers.

Unquoted available-for-sale equity instruments are estimated mainly (i) using third parties' valuation reports based on investees' net assets, where management does not perform any further significant adjustments, and (ii) net assets' valuations, adjusted where considered necessary.

Financial instruments not carried at fair value

The following table presents the carrying amounts and fair values of financial assets and liabilities which are not carried at fair value on the balance sheet:

	30 June 2016	
	Carrying amount € million	Fair value € million
Loans and advances to customers	32,472	32,501
Investment securities		
- Debt securities lending portfolio	10,349	9,984
- Held-to-maturity investment securities	139	124
Total financial assets	**42,960**	**42,609**
Debt securities in issue held by third party investors	43	33
Total financial liabilities	**43**	**33**

	31 December 2015	
	Carrying amount € million	Fair value € million
Loans and advances to customers	32,974	33,019
Investment securities		
- Debt securities lending portfolio	11,247	10,964
- Held-to-maturity investment securities	149	135
Total financial assets	44,370	44,118
Debt securities in issue held by third party investors	42	32
Total financial liabilities	42	32

The assumptions and methodologies underlying the calculation of fair values of financial instruments not carried at fair value are in line with those used to calculate the fair values for financial instruments carried at fair value. Particularly:

(a) Loans and advances to customers: for loans and advances to customers quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Bank makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate.

(b) Investment securities carried at amortized cost: the fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or by using the discounted cash flows method.

(c) Debt securities in issue: the fair values of the debt securities in issue are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Bank's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Bank or other Greek issuers.

For other financial instruments which are short term or re-price at frequent intervals (cash and balances with central banks, due from credit institutions, due to central banks, due to credit institutions and due to customers), the carrying amounts represent reasonable approximations of fair values.

26. Cash and cash equivalents and other information on Interim Cash Flow Statement

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturities of three months or less:

	30 June 2016 € million	31 December 2015 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**481**	378
Due from credit institutions	**166**	127
Total	**647**	505

Other (income)/losses on investment securities presented in operating activities are analyzed as follows:

	30 June 2016 € million	30 June 2015 € million
Amortisation of premiums/discounts and accrued interest	**(10)**	(6)
(Gains)/losses from sale	**(51)**	5
Dividends	**(0)**	(1)
Total	**(61)**	(2)

27. Contingent liabilities and commitments

Credit related commitments are analyzed as follows:

	30 June 2016 € million	31 December 2015 € million
Guarantees [(1)] and standby letters of credit	**943**	1,302
Guarantees to Bank's SPV's issuing EMTNs	**126**	284
Other guarantees (medium risk) and documentary credits	**388**	409
Commitments to extend credit	**66**	118
Total	**1,523**	2,113

[(1)] *Guarantees that carry the same credit risk as loans.*

Irrevocable payment commitments

Pursuant to a decision of the Single Resolution Board (the 'SRB') notified to financial institutions, the Bank signed an irrevocable payment commitment and collateral arrangement agreement with the SRB in May 2016 of an amount of € 3.7 million representing 15% of its resolution contribution for the year 2016.

According to the agreement, which is backed by cash collateral of an equal amount, the Bank undertook to pay to the SRB an amount up to the irrevocable payment commitment, in case of a call and demand for payment made by it, in relation to a resolution action. The said cash collateral is recognized as a financial asset as of 30 June 2016 (note 16).

Legal Proceedings

As at 30 June 2016 there were a number of legal proceedings outstanding against the Bank for which a provision of € 54 million was recorded (31 December 2015: € 56 million). The said amount includes € 40 million for the outstanding litigations with DEMCO S.A., which is related to the acquisition of New TT Hellenic Postbank S.A. in 2013.

Against the Bank various remedies have been filed in the form of lawsuits, applications for injunction measures and motions to vacate payment orders in relation to the contractual clauses of mortgage loans granted by the Bank in Swiss Francs (CHF) and the conditions under which the loans were granted. A class action has also been filed. To date there exist only first instance court judgments. In this sense it may be contended that the legal issue of the validity of the loans in CHF has not been finally resolved since this requires a judgment at a supreme court level. On the class action a judgment was issued which accepted it, the Bank though intends to challenge it before the Court of Appeals as erroneous. In relation to the individual lawsuits the majority of the judgments issued are in favor of the Bank.

The Management of the Bank is closely monitoring any developments to the relevant cases to determine potential accounting implications in accordance with the Bank's accounting policies.

28. Other significant and post balance sheet events

Framework for the sale and servicing of loans - Law 4354/2015

The Greek Law 4354/2015 as amended in 2016 and in force established an integrated and flexible framework for the outsourcing of management and transfer of claims from loans and credits granted by credit and financial institutions. Following the amendments of the above Law, which were enacted in the second quarter of 2016, it is provided among others that (a) two new types of companies are introduced in the Greek legal system: (i) Loans Management Companies (L.M.C.), which should be licensed by the Bank of Greece and are exclusively entrusted for the management of claims from loans and credits and (ii) Loans Transfer Companies (L.T.C.), which must have entered into a servicing agreement with a L.M.C., (b) in addition to non - performing loans, performing loans can also independently be managed or transferred to the above companies, (c) the terms and conditions for the management and transfer of claims from loans and credits are further specified, (d) the refinancing of loans from L.M.C. is introduced, subject to the appropriate preconditions and (e) a specific tax regime is introduced for the above companies.

Agreement with KKR and EBRD on management of Large Corporate Non-Performing exposures

On 17 May 2016 Alpha Bank, Eurobank and KKR Credit reached a binding agreement to assign the management of credit and equity exposures to a selected number of Greek companies into a platform managed by Pillarstone. Subject to final Board approval, the European Bank for Reconstruction and Development (EBRD) is considering co-investing in partnership with KKR and the banks.

The platform will provide new long-term capital and operational expertise to large Greek corporate borrowers helping them stabilize, recover and grow for the benefit of all stakeholders. The Greek banks will participate in the upside potential of the businesses as performance recovers.

Details of significant post balance sheet events are provided in the following notes:

Note 2-Principal accounting policies

Note 4-Greek Economy Liquidity Support Program

Note 11-Income tax and tax adjustments

Note 12-Discontinued operations

Note 14-Investment securities

Note 15-Shares in subsidiary undertakings

Note 17-Due to central banks

Note 20-Debt securities in issue

29. Related parties

In November 2015, following the completion of the Bank's share capital increase, fully covered by investors, institutional and others the percentage of the Bank's ordinary shares with voting rights held by the HFSF decreased from 35.41% to 2.38%.

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

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. These include loans, deposits and guarantees. In addition, as part of its normal course of business in investment banking activities, the Bank at times may hold positions in debt and equity instruments of related parties.

The outstanding balances of the said related party transactions and the relating income and expenses are as follows:

	30 June 2016			
	Subsidiaries [(2)] € million	Key management personnel (KMP)[(1)] € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million
Due from credit institutions	1,870	-	-	-
Financial Instruments at fair value through P&L	0	-	-	-
Derivative financial instruments assets	7	-	-	-
Investment Securities	2	-	-	-
Loans & advances to customers, net of provision	1,542	6	6	-
Other assets	21	-	-	-
Due to credit institutions	3,127	-	-	-
Derivative financial instruments liabilities	7	-	-	-
Due to customers	423	2	6	0
Debt securities in issue	16	-	-	-
Other liabilities	16	-	-	-
Guarantees issued	445	-	-	-
Guarantees received	-	0	-	-
	Six months ended 30 June 2016			
Net interest income	12	0	(0)	-
Net banking fee and commission income	4	-	-	-
Dividend income	40	-	-	-
Net trading income	3	-	-	-
Other operating income/(expense)	(13)	-	-	-
Impairment losses on loans and advances and collectors' fees	(9)	-	(0)	-

	31 December 2015			
	Subsidiaries € million	Key management personnel (KMP)[(1)] € million	Entities controlled or jointly controlled by KMP, associates & joint ventures € million	HFSF € million
Due from credit institutions	3,048	-	-	-
Financial Instruments at fair value through P&L	2	-	-	-
Derivative financial instruments assets	9	-	-	-
Investment Securities	24	-	-	-
Loans & advances to customers, net of provision	1,640	7	6	0
Other assets	27	-	-	2
Due to credit institutions	1,954	-	-	-
Derivative financial instruments liabilities	4	-	-	-
Due to customers	727	2	9	0
Debt securities in issue	853	-	-	-
Other liabilities	15	-	-	-
Guarantees issued	936	-	-	-
Guarantees received	-	0	-	-
	Six months ended 30 June 2015			
Net interest income	(7)	0	0	-
Net banking fee and commission income	8	-	-	-
Dividend income	365	-	-	-
Net trading income	9	-	-	-
Other operating income/(expense)	(8)	-	(0)	1
Impairment losses on loans and advances and collectors' fees	(72)	-	-	-

[(1)] *Key management personnel includes directors and key management personnel of the Bank and their close family members.*

[(2)] *Equity contributions and other transactions with subsidiaries are presented in notes 15 and 20.*

In addition, as at 30 June 2016 the loans, net of provisions, granted to entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements amounted to € 5.3 million (31 December 2015: € 4.3 million).

As at 30 June 2016, the impairment allowance for loans and receivables with the Bank's consolidated subsidiaries, associates and joint ventures amounted to € 132.5 million (31 December 2015: € 125.3 million).

In relation to the guarantees issued, the Bank has received cash collateral of € 61 million as at 30 June 2016 (31 December 2015: € 206 million), which is included in Due to Customers.

Key management compensation (directors and other key management personnel of the Bank)

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 2.04 million (30 June 2015: € 3.06 million) and long-term employee benefits of € 0.25 million (30 June 2015: € 0.34 million).

30. Board of Directors

The Board of Directors was elected by the Annual General Meeting held on 27 June 2013 for a three years term of office. The Annual General Meeting held on 26 June 2015 approved the extension of the term of office of the current Board until 2018 and more specifically by 27 June 2018, prolonged until the end of the period the Annual General Meeting for the year 2018 will take place.

On 15 June 2016, the Annual General Meeting elected two new Board members, Mrs. Lucrezia Reichlin and Mr. Jawaid Mirza, whose term of office will expire concurrently with the term of office of the other members of the Board of Directors, and designated those new members as independent non-executive Directors.

Following the above, on 15 June 2016 the Board was reconstituted as a body as follows:

N. Karamouzis	Chairman, Non-Executive
S. Lorentziadis	Vice Chairman, Non-Executive Independent
F. Karavias	Chief Executive Officer
S. Ioannou	Deputy Chief Executive Officer
T. Kalantonis	Deputy Chief Executive Officer
W. S. Burton	Non-Executive
G. Chryssikos	Non-Executive
J. S. Haick	Non-Executive Independent
B. P. Martin	Non-Executive Independent
S. L. Johnson	Non-Executive Independent
J. Mirza	Non-Executive Independent
L. Reichlin	Non-Executive Independent
C. Andreou	Non-Executive (Greek State representative under Law 3723/2008)
K. H. Prince – Wright	Non-Executive (HFSF representative under Law 3864/2010)

Athens, 31 August 2016

Nikolaos V. Karamouzis	**Fokion C. Karavias**	**Harris V. Kokologiannis**
I.D. No AB – 336562	I.D. No AI - 677962	I.D. No AK-021124
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER OF GROUP FINANCE GROUP CHIEF FINANCIAL OFFICER

VI. Information Group Eurobank Ergasias S.A. 1.1-30.6.2016 pursuant to article 6 of l. 4374/2016

INFORMATION GROUP EUROBANK ERGASIAS S.A.
1.1-30.6.2016 PURSUANT TO ARTICLE 6 OF L.4374 / 2016

PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 1 OF ARTICLE 6 OF L.4374 / 2016	
LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS (pre taxes and charges)
1984 PRODUCTIONS S.A	4,500.00
24 MEDIA S.L.T.D	13,715.00
A.S.M. PUBLICATIONS P.C.	2,665.85
A.VASILAKI- D. GLASS G.P.	370.00
AB NOVA SOLUTIONS COM. TECH. CONSTR. SA	5,691.06
ADWEB LTD	6,500.00
AGGELAKI KIRIAKI	100.00
AIRLINK S.A	3,704.40
AKRITES ANONUMOUS TELEVISON COMPANY S.A.	519.33
AKTI MIAOULI PUBLICATIONS P.C	994.31
ALPHA RADIO SA	21,354.83
ALPHA SATELLITE TELEVISION SA	312,068.17
ALPHA TERRANOVA S.A	2,439.02
ANONIMOUS COMPANY RADIOTELEVISION ENTERPRISES	565.24
ANTENNA GROUP (SERBIA)	75,337.13
ANTENNA TV S.A.	267,030.63
ARABATZIS A. ATHANASIOS	1,406.42
ARABATZIS ALEX DIMITRIOS	2,122.96
ARETI-ANNA E. TZALLA & CO LP	184.06
A-V KONSTANTOPOULOU - LOEB GP	1,500.00
B2B TECH S.A.	2,000.00
BLOOMBERG HELLAS SINGLE MEMBER LTD	5,523.19
BOUSSIAS COMMUNICATIONS L.T.D	14,090.58
BOUTHAS P.-A. BOUTHA G.P.	300.00
BRAINFOOD PUBLISHING L.T.D	900.00
BROADCASTING PROMOTION S.A. SPORT TV	4,795.99
BUSINESS ORGANIZATION INTERNATIONAL SERVICES SA ALFA TELEVISION	6,809.54
CAPITAL.GR SERVICES PRINTED AND ELECTRONIC INFORMATION S.A.	41,666.67
CHIOTI CHRISTINA-ANNA LAKONIKOS	70.00
CHOUTZOUMI BROS P. LTD	135.68
CHRISI EFKERIA EDITIONS S.A.	3,773.02
CHRISTAKAKIS PAN. GEORGIOS	28.60
CLOCKWORK ORANGE MINDTRAP LIMITED	8,130.08
COSMOS BROADCASTING TELECOMMUNICATIONS PUBLISHING COMMERSIAL SA	6,609.54
CPAN CONNECT PUBLIC AFFAIRS	12,103.00
CREATIVE INTERNET SERVICES SINGLE MEMBER LTD	5,000.00
D.A ANONYMOUS COMMERCIAL PUBLISHING HOLDING COMPANY	41,260.16
D.G. NEWSAGENCY S.A.	15,513.03
DEMOCRATIC PRESS NEWS PUBLISHING TRADE S.A.	45,228.46
DESMI PUBLISHING SA	18,832.98
DIAMADAKIS KON. ADREAS	244.80
DIM. ROUCHOTAS & CO LP	1,850.00
DIMAKOPOULOS PAD. CHRISTOS	156.00
DIMIOURGIA LTD	159.00
DIO DEKA S.A.	1,200.00
DOT COM NEWS SA	228,909.79
DPG DIGITAL MEDIA S.A	6,243.93
E. SPIROU-K.SPIROU & CO LP	731.71
EKREMES S.A.	1,394.31
ELNAVI L.T.D.	700.00
EPENDISI PUBLISHING S.A.	7,680.00
ESTIA NEWSPAPER C.S.A	5,095.98
ETHNOS PUBLISHING S.A.	110,111.26
ETHOS MEDIA S.A.	2,035.91
EXPLORER E.U.M.M.	124,796.36
FACEBOOK IRELAND LIMITED	46,758.66

FAROSNET EXPLOITATION OF INTERNET MEDIA AND COMMUNICATION S.A.	5,234.00
FELNIKOS ELECTRONIC MEDIA S.M. L.T.D.	15,000.00
FINANCIAL MARKETS VOICE PUBLISHING COMPANY LIMITED	994.31
FINANCIAL PRESS P.C	1,200.00
FORTHNET MEDIA S.A.	26,524.96
FREE SUNDAY PUBLISHING S.A.	13,130.08
FREENET ANONYMOUS PUBLISHING COMPANY	1,620.00
FRONTSTAGE ENTERTAINMENT SA	5,821.20
G. LASKARAKI & CO GP	212.00
GENERAL RADIOTELEVISON ENTERPRISES SA	3,794.31
GIANNIS THEOFANIDIS & CO GP	387.96
GOOGLE IRELAND LIMITED LTD	137,580.15
GRATIA PUBLICATIONS L.T.D	650.00
GREEK SHIPPING PUBLICATIONS	182.08
HELLENIC TELECOMMUNICATION ORGANIZATION SA	68,480.68
I & E KOUTSOLIONTOU GP	381.60
I AVGI - PUBLISHING AND JOURNALISTIC ORGANIZATION S.A.	32,065.31
I.P. LIBERTYPRESS SINGLE MEMBER P.C	2,000.00
ICHOS & RITHMOS SA	5,292.00
INDEPENDENT MEDIA S.A.	39,008.13
INFOTAINMENT PUBLISHING BUSINESS S.A.	14,900.00
INTERNATIONAL HERALD TRIBUNE-KATHIMERINI	430.00
INTERNATIONAL RADIO NETWORKS SA	9,432.00
INTERNATIONAL SERVICES & SUBSCRIPTIONS	2,076.25
IOANNIS KYRIAKOPOULOS & CO LP	1,994.31
IR. DRAKATOU-M. DRAKATOU LP	2,400.00
KALAFATIS E.GRIGORIS	100.00
KAMPIOTIS SPYROS & CO GP	70.00
KAMPOUROPOULOS NIKOLAOS & CO L.P.	3,000.00
KARYDIS VAS.I.& CO G.P.	212.00
KATHIMERINES PUBLICATIONS S.A.	78,704.70
KATSAITIS S. GEORGE NEWSPAPER-INFORMATION	182.59
KAZANTZIDIS CHR.CHARALAMPOS	800.00
KOMITOUDIS DIM. VASILIOS	212.00
KONTRA MEDIA SA	6,343.00
KOTROTSOS SERAPHIM PAUL	4,065.04
KOUTSIS I. DIMITRIOS	159.00
KTIRIOEDITIONS PC	80.19
KYKLOS S.A.	207.00
LABRAKI JOURNALISTIC ORGANIZATION S.A	180,729.24
LABRAKI JOURNALISTIC ORGANIZATION DIGITAL S.A.	42,000.00
LEFT MEDIA ANONYMOUS RADIO-TELEVISION S.A.	13,755.10
LEOTSAKOS P.& CO G.P.	26,400.00
LIQUID MEDIA S.A.	3,977.24
MAGKONAKIS EL. STAVROS	123.20
MANESIOTIS NIKOLAOS-PSOMIADIS KONSTANTINOS G.P.	11,657.32
MASOURIS K. SPYRIDON	212.00
MAXITIS LTD	130.00
MEDIA INSIGHT LTD	130.07
MEDIA2DAY PUBLISHING S.A.	51,033.01
MORAX MEDIA ANONYMOUS PUBLISHING COMPANY	5,367.96
MUNICIPAL RADIO CORPORATION ATHENA	8,750.00
MUNICIPAL TV CORPORATION OF MUNICIPALITY OF ASPROPIRGOS	2,874.31
NAFTEMPORIKI - PANOS ATHANASIADIS & CO. S.A.	100,948.23
NEA TILEORASI SA	235,494.40
NEO CHRIMA PUBLISHING S.A.	20,007.24
NEW MEDIA NETWORK SYNAPSIS S.A.	28,909.76
NEWPOST PRIVATE COMPANY	15,382.93
NEWSIT L.T.D	36,471.54
NIKOPOULOU IRENE	2,500.00
NK HOLDING P.C PUBLISHING HOLDING COMPANY	40,728.36
NSK PUBLISHING LTD EDIT. PRINT. MATER. KARAMANOGLOU	1,900.00

OLIVE MEDIA SA	10,471.98
P. BOUSMPOURELIS & CO LP	1,612.90
P.D.PUBLICATIONS L.T.D	2,820.62
PALO DIGITAL TECHNOLOGIES L.T.D.	7,232.52
PANAGIOTOPOULOS CHRISTOS AND CO G.P.	3,000.00
PAPADATOS CHR. AND CO LP	265.00
PAPADOGIANNI MELPOMENI & CO GP	323.94
PAPAGIANNIS MICH.IOANNIS	21,000.00
PARAENA L.T.D PUBLISHING - INTERNET SERVICES	46,382.11
PARAPOLITIKA EDITIONS S.A.	32,030.81
PATSIKA BROS LP	318.00
PELOPONNESE PATRON EDITIONS S.A.	4,005.69
PETINI M. & CO EWC-MAGAZINE "PRESS LABOUR LEGISLATION"	445.28
PHILELEFTHEROS PUBLISHING S.A.	30,735.65
PIKELLOW TRADING LTD	2,400.00
PITHAGORAS PUBLISHING S.A.	27,000.00
PLAKIAS DIMITRIOS	180.00
PLEFSIS SINGLE MEMBERED L.T.D.	3,988.62
POLITI -SIAFAKA MARIELIZE-VASILIKI INTERNET SERVICES	3,682.93
PREMIUM S.A.	23,988.62
PRIME APPLICATIONS S.A.	12,814.42
PROTAGKON S.A.	19,194.31
PROTO THEMA PUBLISHING S.A.	132,565.69
PROVOLI SALES PROMOTION S.A.	1,094.31
R.I.E.M.E. SA RADIOTILEOPL ILEK	35,993.40
RADIO BROADCASTING COMPANIES MITILINIS S.A.	512.26
RADIO BROADCASTING COMPANIES REAL FM S.A.	73,914.94
RADIO BROADCASTING SA	30,709.50
RADIOTELEVISION COMPANIES STEREAS ELLADOS-ENA SA	6,769.54
RADIOTELEVISION TOURIST ENTERPRISES-IRIDA SA	1,124.74
REAL MEDIA S.A.	74,572.00
REPORT PRIVATE COMPANY P.C	3,000.00
RIGAS LISANDROS "MORNING SPEECH"	120.00
S.RIZOPOULOS & CO LP	18,130.08
SABD PUBLISHING S.A	79,184.00
SARISA L.T.D.	5,382.93
SBC SINGLE MEMBER PRIVATE COMPANY COMMUNICATION SERVICES	7,491.94
SBC TV TELEVISION ENTERPRISES S.A.	1,509.00
SCROOGE SA - INTERNET SERVICES	12,000.00
SPACE FM STEREO RADIOTELEVISION SA	5,292.00
STAR GREEK BROADCASTING S.A.	1,169.32
TAILWIND BUSINESS FAST FORWARD	36,201.65
TAILWIND EMEA LTD	9.67
TELETYPOS S.A.	162,499.89
THE TOC DIGITAL MEDIA COMMUNICATION SERVICES S.A.	9,000.00
THESSALIKES PUBLISHING-PRINTING	55.50
THESSALIKI RADIOTELEVISION SA	6,861.14
THOMSON REUTERS HELLAS S.A.	41,937.74
TRIANTAFILLOU N. DIONYSIOS	318.00
TRIANTAFILLOU ODYS. GEORGIOS	157.00
TSATSARONIS GEORG. CHRISTOS	5,610.00
Vima FM RADIO ENTERPRISES S.A.	32,005.66
WAVE MEDIA OPERATIONS LTD	2,975.02
ZOUGLA.GR S.A.	21,994.31
TOTAL:	**3,872,069.99**

NOTES:

1. Not including charges for Greek government (VAT, Special Television Tax) and for third parties (advertisement tax) totaling **1.431.027,83 €.**
2. The above figures include the amounts of Greek insurance subsidiaries which are classified by the Group as held for sale.
3. The above figures include the amounts of subscriptions

INFORMATION GROUP EUROBANK ERGASIAS S.A.
1.1-30.6.2016 PURSUANT TO ARTICLE 6 OF L.4374 / 2016

PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 2 OF ARTICLE 6 OF L.4374 / 2016 WITH RESPECT TO LEGAL PERSONS	
LEGAL NAME ENTITY	**AMOUNTS (pre taxes and charges)**
ACT THEATRICAL URBAN COMPANY	1,000.00
AELIA URBAN NPO	300.00
AMERICAN EDUCATIONAL FOUNDATION	3,500.00
AMUSIC FREEATER THEATRE SERVICES AND OTHER SHOWS	15,000.00
APOSTOLI NON-PROFIT CIVIL PARTNERSHIP	132,600.00
ARISTOTLE UNIVERSITY PROPERTY DEVELOPMENT AND MANAGEMENT COM	500.00
ASSOCIATION ARGITHEATON OF TRIKALA	100.00
ASSOCIATION OF UNIVERSITY GRADUATE ARCHITECTS	4,000.00
ATHLETIC CULTURAL RUNNERS CLUB PIERIAS	300.00
BEYOND CSR NET LIMITED	2,000.00
CEO CLUBS GREECE	5,000.00
CHRISTIAN CHARITY ASSOCIATION "ASSOCIATION OF LOVE"	100.00
COEURS POUR TOUS HELLAS	10,000.00
COLLEGE ALUMNI ASSOCIATION ANATOLIA IN ATHENS	5,000.00
COLUMBIA UNIVERSITY OF NEW YORK	1,236.87
COMMERCIAL CHAMBER OF THESSALONICA	3,252.03
CULTURAL CENTER OF THE MUNICIPALITY OF XANTHI	4,000.00
DELPHI ECONOMIC FORUM URBAN NGO	3,000.00
DIOMIDIS ATHLETIC CLUB ARGOS	2,000.00
DOCTORS OF THE WORD-GREEK DELEGATION	5,000.00
EMPLOYEE ASSOCIATION OF INSURANCE COMPANIES	1,500.00
E-THEMIS TRAINEE ASSOCIATION LAWYERS AND LEGAL	2,000.00
EUROBANK EFG FOUNDATION FOR FIRE-STRICKEN CITIZENS*	1,970.00
EUROPEAN & INTERNATIONAL CRIMINAL LAW INSTITUTE	2,000.00
FEDERATION OF INDUSTRIES OF PELOPONNESE AND WESTERN GREECE	1,000.00
FLOGA, PARENTS ASSOCIATION OF CHILDREN WITH NEOPLASTIC DISEASES	250.00
FRIENDS OF CHILDREN IN INTENSIVE CARE	12,537.54
GALILEE PALLIATIVE CARE UNIT/HOLY DIOCESE OF MESOGAIAS AND LAVREOTIKI	25,000.00
GREEK INTERNATIONAL BUSINESS ASSOSIATION	11,000.00
GREEK NATIONAL OPERA	40,697.00
GREEK ORTHODOX PATRIARCHATE OF JERUSALEM	15,000.00
GREEK SOCIETY FOR THE PROMOTION OF SAFETY OF SPORTS AND RECREATIONAL MEANS THE SEA AND WATER "SAFE WATER SPORTS"	1,500.00
GREEK-ITALIAN CHAMBER	5,000.01
GROUP PLAYING BRIDGE RHODES	500.00
HAZLIS & RIVAS INTERNATIONAL LIMITED	10,000.00
HELLENIC AGENCY FOR LOCAL DEVELOPMENT AND LOCAL GOVERNMENT S.A	4,878.05
HELLENIC ASSOCIATION FOR THE STUDY OF INTERNET ADDICTION DISORDER	1,000.00
HELLENIC ATHLETIC FEDERATION OF THE DEAF*	4,032.26
HELLENIC BASKETBALL FEDERATION	677,916.26
HELLENIC COMPANY FOR THE PROTECTION & RESTORATION DISABLED CHILDREN-ELEPAP	1,100.00
HELLENIC CRIMINAL BAR ASSOCIATION	4,000.00
HELLENIC FEDERATION OF ENTERPRISES	30,000.00
HELLENIC MANAGEMENT ASSOCIATION	3,500.00
HELLENIC OLYMPIC ACADEMY	8,130.08
HELLENIC POLICE	100.00
HELLENIC-AMERICAN EDUCATIONAL FOUNDATION	14,090.00
ICAP GROUP S.A	7,500.00
KOZANI'S SECONDARY EDUCATION DEPARTMENT-2nd GENERAL SENIOR HIGH PTOLEMAIDA	500.00
M.A.Z.I. SOCIAL GROCERY STORE	800.00
MAKE-A-WISH GREECE	2,600.00
MARATHONER ASSOCIATION OF LARISSA	600.00
MÉDECINS SANS FRONTIÈRES	500.00
MINISTRY OF CITIZEN PROTECTION	2,000.00

MORAITIS SCHOOL S.A*	50.00
MUNICIPAL SCHOOL COMMITTEE SECONDARY EDUCATION MUNICIPALITY FILOTHEIS-PSYCHICO	1,500.00
MUNICIPALITY OF ALMIROS	3,000.00
MUNICIPALITY OF CORFU*	2,067.66
MUNICIPALITY OF MESSENE*	820.50
MUNICIPALITY OF THERMAIKOS*	806.46
MUNICIPALITY OF VRILISSIA-SOCIAL GROCERY*	300.00
MUSEUM FOR THE MACEDONIAN STRUGGLE	100.00
NATIONAL ASSOCIATION OF HUMAN RESOURCE MANAGEMENT	5,000.00
NATIONAL ASSOCIATION OF ROAD ACCIDENT MINORS*	2,292.04
NATIONAL FEDERATION OF ALZHEIMER DISEASE AND RELATED DISORDERS	2,000.00
NATIONAL UNION TRAINOSE STAFF	500.00
NICHOLAS & NTOLIS GOULANDRIS FOUNDATION	3,000.00
ORTHODOX ACADEMY OF CRETE (OAC)	2,000.00
OZEL ZOGRAFYON LISESI (ZOGRAFIO LYCEUM KONSTANTINOUPOLIS)	1,000.00
PALLADIAN COMMUNICATIONS SPECIALISTS CONSULTANTS COMMUNICATION - ADVERTISING-BUSINESS SA	5,000.00
PANAGIA FANEROMENI HOSPITAL CHARITY FOUNDATION ATHANASIOU AND VERAS KOULOURA	200.00
PARENTS & FRIENDS ORGANIZATION OF DISABLED PEOPLE "ASSOCIATION RIGHT TO LIFE"	500.00
PARENTS ASSOCIATION OF EXPERIMENTARY PRIMARY SCHOOLS OF MARASLION	500.00
PARENTS ASSOCIATION OF INTELLECTUALY IMPAIRED INDIVIDUALS (E.G.N.Y.A)	650.00
PROPERTY DEVELOPMENT AND MANAGEMENT COMPANY OF ATHENS UNIVERSITY OF ECONOMICS S.A	3,252.03
RESEARCH CENTRE FOR STRATEGIC MANAGEMENT OF BUSINESS AND ENTREPRENEURSHIP	5,000.00
SANI S.A.	15,000.00
SCHOOL COMMITTEE OF PRIMARY EDUCATION MUNICIPALITY OF THESSALONIKI - 1ST PRIMARY SCHOOL TRIANDRIAS*	4,777.76
SIKIARIDIO MISFITS CHILDREN FOUNDATION	500.00
SOCIETY OF MENTAL HEALTH FOR CHILD AND ADOLESCENT AETOLOAKARNANIAS - APHCA	300.00
SPECIAL ACCOUNT ATHENS UNIVERSITY OF ECONOMICS	3,140.00
SPECIAL ACCOUNT FOR RESEARCH I.H.U	2,000.00
ST ANTONY'S COLLEGE/SOUTH EAST EUROPEAN STUDIES AT OXFORD	31,815.20
STANDARD NATIONAL NURSING	300.00
TEI OF IONIAN ISLANDS	1,000.00
THE ARK OF THE WORLD	500.00
THE SMILE OF THE CHILD	400.00
THE SMILE OF THE CHILD*	754.20
TOGETHER FOR CHILDREN P.L.L.P NON PROFIT ORGANIZATION	1,500.00
TRIAENA TOURS & CONGRESS S.A.	1,000.00
UNION OF TAX ADVISOR FREELANCERS OF LASISSA	300.00
UNION OF GREEK PROCEDURALISTS	2,000.00
UNION OF HELLENIC FIRE SERVICE VOLUNTEERS	1,000.00
UNION WORKERS ONASSIS CARDIAC SURGERY CENTER	5,000.00
UNIVERSITY OF PIRAEUS RESEARCH CENTRE*	2,845.50
VOLUNTARY RISK RESPONSE UNIT OF HIPPOCRATIC STATE	1,000.00
WAVE MEDIA OPERATIONS LTD	3,000.00
XENEPEL (SOLE SHAREHOLDER) L.T.D	3,000.00
TOTAL	**1,211,761.46 €**

NOTES:

1.NOT INCLUDING CHARGES FOR GREEK GOVERNMENT AND CHARGES IN FAVOR OF THIRD PARTIES (V.A.T, ETC.), TOTAL AMOUNT 232.692,78 €.

2.WHERE (*) RELATES TO GRANTS / DONATIONS IN KIND.

3. THE ABOVE FIGURES INCLUDE THE AMOUNTS OF THE GREEK SUBSIDIARY INSURANCE COMPANIES WHICH ARE CLASSIFIED BY THE GROUP AS HELD FOR SALE.

INFORMATION UNDER PARAGRAPH 2 OF ARTICLE 6 OF L.4374 / 2016 CONCERNING INDIVIDUALS	
	AMOUNTS BEFORE TAX
12 INDIVIDUALS	58,300.00 €
TOTAL	**58,300.00 €**