EUROBANK ERGASIAS S.A.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2016

According to Article 4 of the Law 3556/2007

Table of Contents

I. Statements of the members of the Board of Directors (according to the article 4, par. 2 of the Law 3556/2007)

Statements of Members of the Board of Directors
(according to the article 4 par. 2 of the Law 3556/2007)

We declare that to the best of our knowledge:

- the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with the applicable accounting standards, present fairly the assets, liabilities, equity and annual results of the Bank and the companies included in the consolidation, and

- the annual report of the Board of Directors presents fairly the development, the performance and the position of the Bank and of the companies included in the consolidation, including the description of the main risks and uncertainties they face.

Athens, 28 March 2017

Nikolaos V. Karamouzis	**Fokion C. Karavias**	**Theodoros A. Kalantonis**
I.D. No AB – 336562	I.D. No AI - 677962	I.D. No Φ - 147328
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	DEPUTY CHIEF EXECUTIVE OFFICER

II. Directors’ Report and Corporate Governance Statement

REPORT OF THE DIRECTORS

The directors present their report together with the audited accounts for the year ended 31 December 2016.

Profit or Loss
The net profit attributable to Eurobank (or "the Bank") shareholders for 2016 amounted to €230m (2015: €1,181m loss) as set out in the consolidated income statement on page 4.

Financial Results Review[1]
In 2016, the macroeconomic environment in Greece remained challenging for the Greek banking system. Despite the signs of stabilization in the domestic economy, the delays in the implementation of the reforms agenda and the tight liquidity conditions hindered 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 31 December 2016 total assets, following the sale of the 80% of the Bank's insurance operations and the deleveraging, amounted to €66.4bn (Dec. 2015: €73.6bn). At the end of December 2016 gross customer loans reached €50.7bn (Dec. 2015: €51.7bn), of which €43.2bn in Greece and €7.5bn in International Operations. Business (wholesale and small business) loans stood at €26.5bn (Dec. 2015: €26.8bn) and accounted for 52% of total Group loans, while loans to households reached €24.2bn (Dec. 2015: €24.8bn), with mortgage portfolio constituting 35% and consumer loans 13% of the total portfolio. During the year, deposits from Greek operations increased by €1.2bn to €23.4bn, 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 €1.3bn to €10.6bn. Group deposits reached €34.0bn (Dec. 2015: €31.5bn). As a result, the (net) loan–to–deposit (L/D) ratio improved to 115% for the Group from 127% one year ago. The conclusion of the program first review and the consequent European Central Bank (ECB) decision for the reinstatement of the waiver for the instruments issued by the Hellenic Republic and the decrease of the haircuts applied for Pillar II guarantees, enabled the Greek banks to reduce further their dependence on the expensive Emergency Liquidity Assistance (ELA) mechanism and decrease their Pillar II issues. Accordingly, the Bank has managed to reduce its dependency on Eurosystem funding to €13.9bn at the end of December 2016 (Dec. 2015: €25.3bn), of which €11.9bn funding from ELA mechanism (Dec. 2015: €20bn), mainly through the increase in repo transactions in the interbank market, the selective assets deleveraging, the deposit inflows and the utilization of a part of foreign subsidiaries' surplus liquidity. In the same context, the Bank also managed to significantly reduce its participation in the second stream of the Hellenic Republic's liquidity support plan (Pillar II issues) from a face value of €13bn on 31 December 2015 to a face value of €2.5bn on 31 December 2016. On 28 February 2017 the Bank's Eurosystem funding stood at €14.1bn, while the deposits of the Group decreased by €0.3bn to €33.7bn.

Within an improving but still challenging business environment, Pre-Provision Income (PPI), also boosted by strong other income, increased by 43.6% to €1,070m from €745m in 2015. Net interest income (NII) stood at €1,548m (2015: €1,463m), 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 2.25% (2015: 2.02%) with fourth quarter reaching 2.31%. Fees and commissions amounted to €297m (2015: €244m) with improved lending fees, which have been positively affected by the increase of credit/debit card businesses, lower Government guarantee expenses and higher rental income. Trading and other activities recorded €217m gain (2015: €55m gain), including a) the €53m gain arising from the VISA Europe shares sale transaction, b) the €73m 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 were reduced to €992m for the year compared to €1,017m in 2015, with the cost to income (C/I) ratio for the Group improving to 48.1% (2015: 57.7%). International Operations improved further their C/I ratio to 46.0%[2] (2015: 50.1%).

[1] Definitions of the selected financial ratios and the source of the financial data are provided in the Appendix.
[2] International Operations: Operating expenses: €259m, (2015: €258m), Operating income: €563m (2015: €514m).

During 2016, as a result of efficient Non Performing Loans (NPLs) management, the new 90days past due loans (formation) was negative amounting to €87m (fourth quarter: €85m negative), compared to €910m in 2015 (fourth quarter: €235m) while Non Performing Exposures (NPEs) formation amounted to €904m (fourth quarter 2016: €108m negative). As at 31 December 2016, 90days past due loans receded to 34.7% of gross loans (end 2015: 35.2%) while NPE reached 45.2% of gross loans (end 2015:43.8%). Loan provisions (charge) reached €775m or 1.96% of average net loans (2015: €2,665m or 6.50%), driving the coverage ratio for 90 days past due portfolio to 66.1% (Dec. 2015: 64.8%) and the coverage ratio for NPEs to 50.7% (Dec.2015: 52.1%).

The Group recognised in 2016 other impairments losses and provisions amounting to €65m (2015: €87m), of which €41m related to the investment property portfolio and repossessed assets, €12m to bonds and equity securities and €12m to other assets and provisions on litigations and other operational risk events. In addition, restructuring costs of €66m (2015: €79m) have been recorded, of which €49m 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. Furthermore the Group, following a 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 its discontinued operations, the Group recorded a profit of €9m after tax (2015: €105m loss), of which €77m profit relates to its insurance operations and €68m loss to its Ukraine operations, which were disposed of in the third and fourth quarter of the year respectively.

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 €230m (2015: €1,181m loss) while International business from continued operations (excl. Ukraine and foreign insurance operations) recorded a profit amounting to €115m (2015: €66m).

Going forward, the Group, in the context of the expected recovery of the domestic economic sentiment, following the timely completion of the 2nd review program, and of the expected return to positive economic growth rate, is on track to achieve its objectives for 2017, to maintain profitability based mainly on the following initiatives and actions:

a) Gradual restoration of normalised funding structure with return of a part of deposits lost in previous years 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 optimization of front, middle and back office operations, 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 improvement of macroeconomic environment,
d) Fee and commission income recovery as a result of the expected increase of the economic activity,
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 to manage part of the troubled corporate 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 improvement of macroeconomic environment, and
f) Selective lending of healthy and internationally competitive enterprises.

<u>Capital adequacy</u>
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 and by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that generate or release further capital

and/or reduce Risk Weighted Assets (RWA). Accordingly, at the end of December 2016, the Group's Common Equity Tier 1 (CET1) capital amounted to €6.8bn and accounted for 17.6% of RWA, up 60bps from December 2015. Respectively, the Group's CET1 as at the same date, based on the full implementation of the Basel III rules in 2024 (fully loaded CET1), would have been 13.8% (2015: 13.1%).

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, their status as at 31 December 2016 and potential effect on Group operations is presented in note 6 of the consolidated financial statements for the year ended 31 December 2016.

<u>Disposal of Eurobank's 80% shareholding in Eurolife ERB Insurance Group Holdings S.A.</u>

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 pursuant to the Transaction documentation, after the distribution of a €34m dividend to Eurobank by Eurolife, reached €321m, including the adjustments performed due to the finalization of the completion statement of Eurolife. The resulting gain on 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 €58m, after tax (note 17 of the consolidated financial statements).

<u>Voluntary Exit Scheme (VES)</u>

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, commenced in the second quarter of 2016 and is expected to be completed within the following months. The estimated cost for the VES amounted to approximately €111m net of provision for retirement benefits, out of which €49m has been recognized in the Group's profit or loss for 2016 (2015: €62m). The VES aims to increase the Group's operating efficiency and is expected to result in an estimated annual saving of €46m (note 37 of the consolidated financial statements).

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.

Grant Thornton S.A. was appointed as the Bank's Monitoring Trustee (MT) on 22 February 2013, with the mandate of the MT been subsequently amended and extended on 29 May 2014. The MT monitors the compliance with the 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 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 and Investment Banking services through a network of more than 400 retail and corporate units and has a presence in London.

<u>Acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria AD</u>

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 47 to the consolidated financial statements).

Disposal of Ukraine Operations

On 23 December 2016, Eurobank and TAS group concluded on the acquisition of Universal bank by the latter, after all regulatory approvals were obtained. The disposal was in line with the strategic plan of Eurobank and its focus on specific markets where Eurobank already has significant presence. It is also consistent with Bank's restructuring plan as agreed with the EC and implemented accordingly. The disposal is capital neutral on a Group level.

The cash consideration amounted to €3.1m including the consideration received for the net Group funding to Universal bank. The resulting loss on disposal, net of transaction costs, amounted to €67m after tax, including the recyclement to the income statement of the cumulative losses arising from currency translation differences previously recognized in other comprehensive income (note 17 to the consolidated financial statements).

Amendment of Law 4172/2013

In March 2017, the amendment of Law 4172/2013, with effect from 2016 onwards, revises the existing legislative framework regarding eligible deferred tax assets (DTAs)/deferred tax credits (DTCs) accounted for on the accumulated provisions and other losses in general due to credit risk and reforms tax regime for loan losses. More specifically, the cumulative DTC will be calculated by applying the current corporate tax rate (on condition that this will not exceed the tax rate that was applicable for tax year 2015) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions recorded up to 30 June 2015.

The above tax reform provides for a gradual amortization over a 20 year period of the crystallized tax loss arising from NPL write-offs and disposals, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from crystallized debt write-offs.

This aforementioned treatment (i.e. extension of the loan loss utilization for a longer period instead of an immediate one-off deduction subject to a 5 year carry forward limitation period) safeguards the recovery of the deferred tax asset recorded on NPLs.

The new rules related to the method of calculating the DTC safeguard the Bank's regulatory capital structure, while they contribute substantially to the achievement of the NPEs reduction targets, through the acceleration of write-offs and disposals.

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

The Greek Law 4354/2015 as amended in 2016 and currently 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 48 to the consolidated financial statements).

Risk management

The Group acknowledges that taking risks is an integral part of its operations in order to achieve its business objectives. Therefore, the Group's management sets adequate mechanisms to identify those risks at an early stage and assesses their potential impact on the achievement of these objectives.

Due to the fact that economic, industry, regulatory and operating conditions will continue to change, risk management mechanisms are set (and evolve) in a manner that enables the Group to identify and deal with the risks associated with those changes. The Bank's structure, internal procedures and existing control mechanisms ensure both the independence principle and the exercise of sufficient supervision.

Group's management considers effective risk management as a top priority, as well as a major competitive advantage, for the organization. As such, the Group has allocated significant resources for upgrading its policies, methods and infrastructure, in order to ensure compliance with the requirements of the ECB, the guidelines of the EBA and of the Basel Committee for Banking Supervision and the best international banking practices. The Group implements a well-structured credit approval process, independent credit reviews and effective risk management policies for credit, market, liquidity and operational risk, both in Greece and in each country of its international operations. The risk management policies implemented by the Bank and its subsidiaries are reviewed annually.

The Board Risk Committee (BRC) ensures that the Group has a well-defined risk and capital strategy and risk appetite.

The Group risk and capital strategy, which has been formally documented, outlines the Group's overall direction regarding risk and capital management issues, the risk management mission and objectives, risk definitions, risk management principles, risk appetite, risk governance framework, strategic objectives and key initiatives for the improvement of the risk management framework in place.

The maximum amount of risk which the Group is willing to assume in the pursuit of its strategic objectives is articulated via a set of quantitative and qualitative statements for specific risk types, including specific tolerance levels as described in the Group's Risk Appetite Framework. The objectives are to support the Group's business growth, balance a strong capital position with higher returns on equity through greater leverage, and to ensure the Group's adherence to regulatory requirements.

The BRC assesses the Group's risk profile, monitors compliance with the approved risk appetite and risk tolerance levels, and ensures that the Group has developed an appropriate risk management framework with appropriate methodologies, modelling tools, data sources and sufficient and competent staff to identify, assess, monitor and mitigate risks.

In 2016, the Bank established the Management Risk Committee (MRC) as a consulting committee to the Board Risk Committee (BRC). The main responsibility of the MRC is to oversee the risk management framework of the Group. The MRC ensures that material risks are identified and promptly escalated to the BRC and that the necessary policies and procedures are in place to prudently manage risk and to comply with the regulatory requirements. As part of its mandate, the MRC reviews the Bank's and its subsidiaries risk profile vis-à-vis its declared risk appetite and examines any proposed modifications to the risk appetite. In addition, the MRC reviews and approves the methodology, the parameters and the results of the Bank's Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP) and stress testing programmes. Additionally, the MRC determines appropriate management actions which are discussed and presented to the Executive Board ("EXBO") for information and submitted to BRC for approval.

The Group's Risk Management General Division, which is headed by the Group Chief Risk Officer (GCRO), is independent from the business units and has responsibility for the monitoring, the measurement and the management of credit, market, operational and liquidity risks of the Group. It comprises the Credit Sector, the Group Credit Control Sector, the Capital Adequacy Control (Credit Risk) & Regulatory Framework Sector, the International Credit Sector, the Group Market & Counterparty Risk Sector and the Operational Risk Sector.

Further information on the Group's financial risk management objectives and policies, including the policy for hedging each major type of transaction for which hedge accounting is used, and the exposure to market risk, credit risk and liquidity risk are set out in notes 2, 7 and 23 to the consolidated financial statements.

Non Performing Exposures (NPEs) management
A strategic priority for Eurobank remains the active and effective management of NPEs with the aim to substantially reduce the NPE stock in accordance with its operational targets set by the supervisory authorities and leveraging on its internal infrastructure, external partnerships and the important legal and regulatory reforms that have taken or are expected to take place.

<u>Troubled Assets Group (TAG) General Division</u>
Following the Bank of Greece Executive Committee's Act No.42/30.5.2014 as amended by Act No.47/9.2.2015 and Act No.102/30.08.2016 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 2016.

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 1,257 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 profitability, in a socially responsible manner. To this end, the main actions undertaken by TAG in 2016 were the following:

a) Shifted from an NPL reduction management to a Non Performing Exposures (NPE) - in compliance with 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 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) Reinforced Troubled Assets Group Units (TAG Units) in Southeastern Europe countries.
j) Further reinforced people development through additional training programs and e-learning courses throughout the year.
k) 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.
l) Developed an extensive monitoring and reporting system, responding to the requests of both management and external stakeholders.

<u>Selective sale of NPLs portfolios</u>
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 in the 1st half of 2016. In addition, the Bank, following an international competitive process, concluded the disposal of a €150m NPE corporate bond loan in the fourth quarter 2016 (note 24 to the consolidated financial statements).

<u>Agreement with KKR and EBRD on management of Large Corporate NPEs</u>
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, an advisory company, established by KKR, specialising in managing distressed assets, 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 specific corporate borrowers to those of the other banks.

Eurobank FPS Loans and Credits Claim Management S.A., Greece
In the first quarter of 2017, the company's purpose as defined in its articles of association was amended and its name was changed from Eurobank Financial Planning Services S.A. to Eurobank FPS Loans and Credits Claim Management S.A. Following the above, the company obtained a license from the Bank of Greece (BoG) that allows it to operate as an independent servicer of loans granted by credit or financial institutions pursuant to the Law 4354/2015.

Operational targets for NPEs
In line with the national strategy for the reduction of NPEs, the BoG in cooperation with the supervisory arm of the ECB, has designed an operational targets framework for NPEs management, supported by several key performance indicators. Pursuant to the said framework, the Greek banks submitted at the end of September 2016 a set of NPEs operational targets together with a detailed NPE management strategy with a 3-year time horizon, which were formed on the basis of key macroeconomic assumptions.

In accordance with the relevant BoG report issued in December 2016, Greek banks have set a target of a 38% reduction of NPEs for the period from June 2016 up to December 2019, corresponding to a decrease by €40bn of the total NPEs stock, i.e. from €107bn in June 2016 to €67bn in end 2019. The largest part of the NPEs reduction is projected for the years 2018-2019 and will be mainly driven by curing of loans and write-offs and to a lesser extent by liquidations, collections and sales of loans portfolios. The NPEs of the sector as a percentage of total loan exposure will gradually decelerate and reach 34% in the 2019.

In the above context, the Bank has developed strategic objectives and targets, together with a set of corresponding actions across client segments, and a timetable for implementation. The actions have been cascaded to a segment level for retail portfolio and to a borrower level for corporate portfolio together with corresponding targets and monitoring indicators. The Bank has developed a detailed NPE forecasting model, the results of which have been used to calibrate both the targets and the monitoring indicators. The strategy and the objectives are based on a set of assumptions regarding the macro-economic outlook and the legal and tax framework in Greece. The planned actions and initiatives are not expected to require increases in currently planned provisioning levels and additional capital requirements. The key risks for potential deviation from the targets are primarily related with the delays in a) the macroeconomic recovery and b) the enactment of the necessary adjustments of the legal and administrative framework for NPLs resolution. To this direction, a significant step for lifting tax-related impediments was the amendment of Law 4172/2013 in March 2017 (note 16 to the consolidated financial statements).

The Bank has fully embedded the NPEs strategy into its management processes and operational plan. The supervisory authority reviews the course to meeting the operational targets on a quarterly basis and might request additional corrective measures if deemed necessary.

Macroeconomic 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 €10.3bn from the second instalment of the European Stability Mechanism (ESM) loan, in two sub-tranches. The first sub-tranche of €7.5bn was disbursed in late June 2016. The second sub-tranche of €2.8bn was disbursed in late October 2016 after a series of prerequisites was implemented. Both sub-tranches allowed 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. Furthermore, the conclusion of the 1st review of the TEAP led to a positive ESM decision regarding the implementation of the short-term debt relief measures from 20 January 2017 onwards. The latter measures aim to reduce interest rate risk for Greece and to ease the country's repayment burden.

On the fiscal front, according to the 2017 Budget, the forecast for 2016 was for a primary surplus of 1.1% of GDP, according to the Adjustment Programme methodology. The respective target in the TEAP was for a surplus of 0.5%. According to the latest available Ministry of Finance State Budget execution data the primary surplus for January to December 2016, on cash modified basis, was at €4.4bn strongly outperforming by €2.5bn the respective outcome envisaged for 2016 in the 2017 Budget. As a result, the 2016 primary surplus is expected at 2.0%, outperforming both the TEAP and the budget target. 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, as decided on the Eurogroup of 24 May 2016.

The current account, according to the IMF is expected at -0.04% of GDP in 2016 from -0.03% of GDP in 2015. It continued on an improving pattern compared to its 2008 respective performance (deficit of 15.1% of GDP) due to tourism revenues, the decline of imports and the positive effect of the PSI (2012) debt relief measures on the income account. The current account is expected at 0.0%, 0.1%, 0.1% and 0.1% of GDP for 2017, 2018, 2019 and 2020 respectively.

Based on ELSTAT data, the unemployment rate in November 2016 was 23.0% (November 2015: 24.5%) and had decreased by approximately 4.9ppts 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. According to the 2017 Winter EC forecasts, the unemployment rate is expected at 23.4%, 22.0% and 20.3% for 2016, 2017 and 2018 respectively.

The ongoing deleveraging in the Greek economy can be considered as a major drag for recovery. According to the latest available data from the BoG, i.e. in January 2017, the private sector domestic credit balance stood at €193.6bn, lower by -4.7% compared to January 2016. Part of this decline was due to the reclassification of the Consignment Deposits and Loan Fund and the Hellenic Deposit and Investment Guarantee Fund from the private sector to the general government sector in December 2016. Finally, on the other side of the ledger, private sector domestic deposits amounted to €119.8 bn in January 2017 from €122.2bn in January 2016, a decrease of -2.0%, part of which was due to the above reclassification. 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 40 out of the last 47 consecutive months. According to the most recent data, the general price level (HICP) recorded an increase of ca 1.5% in January 2017 from -0.1% in January 2016. In 2014, real GDP growth turned positive, at 0.4%, for the first time after 6 years in recession. In 2015, 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 continued in the first half of 2016. According to the ELSTAT announcement on 06 March 2017, real GDP shrank in the first and second quarter of 2016 by -0.7% and -0.4% year - on - year respectively. In the third quarter of 2016, real GDP turned positive at 2.0% year - on – year. However, real GDP growth returns to negative territory at -1.1% year - on - year in the fourth quarter of 2016. On an annual basis GDP for 2016 was at 0.0%, lower relative to the respective 2017 Winter EC forecast. According with the latter, real GDP growth for 2016, 2017 and 2018 is expected at 0.3%, 2.7% and 3.1% 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.

Regarding the economic developments in the region, a number of national statistics offices across Southeastern Europe released flash estimates of GDP growth for the fourth quarter of 2016, that confirm that the economies are in relatively good shape and met, if not exceeded, the full year projections. The acceleration in regional GDP growth in the last couple of years, at least in part, reflects lax monetary policies from both major and regional central banks plus the impact of lower energy prices on household, corporate and sovereign balance sheets. Given that energy prices are already on a normalization course and that interest rates in the region are already at historic lows, while the tightening cycle has already started on behalf of the US Fed, the room for further monetary easing is constrained. At the same time, room for further fiscal policy relaxation varies across the region and is contingent upon specific characteristics of each economy. In particular, that room is relatively limited in the economies of our focus, as governments are either committed themselves to lower fiscal deficits (Bulgaria, Serbia) or have already stretched their budgets' capacity (Romania). On the other hand, there are still a number of international and pan-European developments that will have a carry-over effect throughout 2017 and will most probably reflect on the region's outlook as well: Brexit, policy implemented by the new United States President, a heavy core-European elections calendar and the evolving Refugee crisis.

At a country level, Bulgaria is expected to register a second consecutive year of strong -above potential-growth in 2017. Private consumption dynamics are broadly set to remain strong as the economy benefits from low energy prices, an improving labour market, strong wage growth, a vibrant export oriented manufacturing sector and an emerging tourism destination. Although it has proved relatively resilient to multiple past internal and external shocks, there is a high degree of uncertainty how the economy could react to a prolonged period of domestic political uncertainty. 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 48 to the consolidated financial statements).

In Cyprus, the strong sentiment improvement reflecting the lasting progress within the program, the flourishing tourist sector and the envisaged fiscal relaxation, have set the foundations for growth to accelerate to around 3% in 2017-2018, up from a projected 2.8% in 2016 and 1.7% in 2015. In this context, the EC confirmed the fiscal targets of 2017 in the Draft Budgetary Plan, yet warned Cypriot authorities of deviations from the desirable structural fiscal target. Moreover, there is the risk of complacency as the reform momentum seems to have stalled ahead of the Presidential elections in 2018.

In Romania, growth is largely driven by private consumption, financed by an expansionary fiscal policy and has led to a revival of macroeconomic imbalances in 2016. In that direction, the international organizations have recommended to the incoming government to adopt a more conservative fiscal stance in order to bring the projected fiscal deficit below 3%, which may have a decelerating impact on the economy.

In Serbia, the growth rate is expected to accelerate further to 3% in 2017. There is a substantial upside potential in the economy provided that the momentum in the areas of reforming business environment, prudent budget execution and thorough restructuring of state-owned enterprises is sustained. In contrast to its regional peers, growth is driven by net exports and investments (mainly Foreign Direct Investment inflows) so that now the investment ratio has reversed its declining trend, which is positive for the medium-term growth prospects of the economy.

Regarding the outlook for the next 12 months, the main risks and uncertainties stem from the current macroeconomic environment in Greece and the further delays in the conclusion of the second review of the TEAP. 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 TEAP, which would lead to the disbursement of the third instalment of the ESM loan of €6.1bn, b) the impact on the level of economic activity from the uncertainty associated with the timing of the conclusion of the 2nd review of the TEAP, c) the impact on the level of economic activity from additional fiscal measures agreed under the first review of the TEAP , d) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, e) an acceleration of deposit outflows observed in the first two months of 2017 and/or delays in the effective management of NPLs as a result of the continuing macroeconomic uncertainty, f) a possible deterioration of the refugee crisis and the impact on the internal economy and g) 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 weak economic activity 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 successful and timely completion of the 2nd review of the TEAP, would help reinstating depositors' confidence and thus accelerate the return of deposits, it would facilitate the faster relaxation of capital controls and would allow for the participation in ECB's Quantitative Easing (QE). Moreover, the reduction of the short term uncertainty 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 achievement of a strong growth target for 2017.

Ordinary Share Capital

As at 31 December 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 39 to the consolidated financial statements).

As at 31 December 2016, the percentage of the ordinary shares of the Bank held by the HFSF amounted to 2.38%. According to the Law 3864/2010 as in force, HFSF has restricted voting rights[3].

Preference Share Capital

As at 31 December 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, which represent 59.16% of the total share capital of the Bank. 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 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 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 40 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 amended and supplemented (note 4 to the consolidated financial statements).

Dividends

Based on the 2016 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. Under article 1 par.3 of Law 3723/2008, during the period of the participation of the banks 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. As per the Restructuring Plan, unless the EC otherwise agrees to an exception, neither the Bank nor any member of the Group (other than the 100% subsidiaries of

[3] 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

the Bank provided that the payment would not give rise to any legal obligation to make other payments that have been deferred under the Restructuring Plan's commitments) will pay any dividend until the earlier of 31 December 2017 or the date of the full repayment of the Bank's non-voting preference shares held by the Greek State, other than where there is a legal obligation to do so, while the Bank will not release reserves to put itself in such a position.

Major Shareholders

Following the increase of the share capital of the Bank with the issuance of 2,038,920,000 new ordinary shares, with nominal value €0.30 and offer price €1.00 each, to raise €2,038,920,000 in total, through payment in cash and abrogation of the preemption rights of its ordinary shareholders, including HFSF and its sole preference shareholder, as this increase has been resolved, among other items, at the Extraordinary General Meeting (EGM) of the Bank's shareholders held on 16 November 2015 and which was fully covered by institutional and other investors, the percentage of the ordinary shares with voting rights of Eurobank's major shareholders, have as follows:

Based on notification received from the HFSF on 2 December 2015, the percentage of the ordinary shares with voting rights held by the HFSF out of the total number of ordinary shares with voting rights issued by Eurobank amounted to 2.38%, which corresponds to 52,080,673 ordinary shares with voting rights out of total 2,185,998,765 ordinary shares with voting rights issued by Eurobank. The provisions of article 7a par. 2, 3 and 6 of Law 3864/2010 are applicable on the above mentioned ordinary shares of HFSF (restricted voting rights). In the context of the above Law, HFSF exercises its voting rights in the Bank's General Meetings 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.

Based on notification received from the company "Fairfax Financial Holdings Limited" (Fairfax) on 4 December 2015, the percentage of Eurobank's voting rights held indirectly by Fairfax, on 2 December 2015, through its controlled subsidiaries, amounted to 17.29%, out of the total number of Eurobank's voting rights, excluding those held by the HFSF, corresponding to 369,028,211 voting rights of Eurobank's ordinary shares.

Based on notification received from the company "The Capital Group Companies, Inc" (Capital), on 4 December 2015, the percentage of Eurobank's voting rights held indirectly by Capital on 2 December 2015, amounted to 8.5457% out of the total number of Eurobank's voting rights, excluding those held by the HFSF. The above percentage relates to 182,358,578 voting rights of "Capital Research and Management Company" (CRMC)[4], a company controlled by Capital.

Finally, the Greek State holds 100% of the non-voting preference shares of Eurobank, issued in accordance with Law 3723/2008 and consequently has no voting rights.

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, and in any case until the date the Annual General Meeting for the year 2018 will take place and designated those new members as independent non-executive Directors.

Additionally, on 26 October 2016, the Bank's Board appointed Mr. George E. Myhal as new independent non-executive member of the Board, in replacement of the resigned on the same day independent non-executive member Mr. Jon Steven B.G. Haick, for an equal term to the remaining term of the resigned member, while on 12 January 2017 appointed Mr. Richard P. Boucher as new independent non-executive member of the BoD, in replacement of the resigned on 3 November 2016 independent non-executive member Mr. Spyridon Lorentziadis, for an equal term to the remaining term of the resigned member. The

[4] CRMC manages equity assets for various investment companies.

appointments of the two new Board members will be announced to the next General Meeting of the Shareholders of the Bank and their term of office will expire concurrently with the term of office of the other members of the BoD and more specifically on 27 June 2018, and in any case until the date the Bank's Annual General Meeting for the year 2018 will take place.

The Bank's Board is set out in note 50 to the consolidated financial statements. Personal details of the Directors are available on the website of Eurobank (www.eurobank.gr).

Authority to issue new shares

A. The authorities that the BoD has to issue new shares (without further prior decision of the Shareholders' General Meeting), are as follows:

1) Issue of new ordinary shares as a result of the exercise of the stock options rights (note 49 to the consolidated financial statements):

   - The BoD is authorised by law to issue ordinary shares to those stock option holders who have exercised their rights within the rules set by the current stock option program. On 31 December 2014 the last program of stock options in force ended definitively and therefore such options ceased to exist.

2) Issue of new ordinary shares as a result of the exercise of their rights to convert the convertible bonds (note 41 to the consolidated financial statements):
   - The BoD is authorised by law to issue ordinary shares to those convertible bonds holders who exercise their rights within the rules set by the convertible bond loan issued by the Bank as follows:
     - As authorised by the General Meeting of 30 June 2009, the BoD issued in 2009 €400m of callable bonds convertible to ordinary shares of the Bank after 5 years from their issue, upon a written declaration of the bondholder to the Bank, in accordance with the specifications of the resolution of the above General Meeting, €350m of which were allocated. As of today, following the Bank's voluntary liability management exercise-LME, announced on 29 October 2015, callable bonds of principal amount €19.5m are held by third parties.

     - In accordance with the specifications of the resolution of the General Meeting on 11 July 2011, the period by which the BoD was able to issue either in lump sum or in tranches by July 2014 callable bonds of €150m or, under certain circumstances, €250m, convertible to ordinary shares of the Bank expired in July 2014.

B. The members of the BoD are not authorized to issue new shares.

Sundry information required under Law 3556/2007 (article 4, par.7)

By derogation of: a) the preference shares held by the Greek State which carry special rights and restrictions under the legislation in force (notes 4 and 40 to the consolidated financial statements) and b) the ordinary shares held by HFSF which also carry special rights and restrictions under the legislation in force and the new RFA signed by the Bank on 4 December 2015 with HFSF (note 49 to the consolidated financial statements), according to the Bank's Articles of Association:

a) there are no restrictions on the transfer of the Bank's shares
b) there are no shares with special controlling or voting rights
c) there are no restrictions on voting rights
d) the rules related to the appointment and replacement of directors as well as to the amendment of the Articles of Association are in accordance with the provisions of company law.

The Bank is not aware of any shareholders' agreements resulting in restrictions in the transfer of its shares or in the exercise of the shares' voting rights.

There are no significant agreements that enter into force, are amended or expire if there is change in the control of the Bank following a public offer.
There are no agreements between the Bank and the Directors or the staff for compensation in the event of departure as a result of a public offer.

The Auditors
During 2016 the Audit Committee reviewed the independence and effectiveness of the external auditors including their relationship with the Group, and monitored on a quarterly basis the Group's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors, according to the Bank's External Auditor's Independence Policy.

The BoD at its meeting on 16 January 2015 approved PricewaterhouseCoopers Certified Auditors (PwC) being the finally successful audit firm of the tendering process for conducting the statutory audit of the Bank's financial statements for the period 2016-2019, subject to preceding every year, the BoD's proposal addressed to the Bank's Shareholders' General Meeting and the decision of the General Meeting for the appointment of PwC as statutory auditor of the period 2016-2019, as well as receiving any other necessary approvals each time in force.

On 4 December 2015 the Bank entered into a new RFA with HFSF, which requires, as of the financial year of 2016, to rotate its statutory audit firm, namely PwC, as it is the Group's Statutory Auditors for more than five (5) consecutive years which is the relevant threshold set out in the new RFA.

In order to ensure the efficiency of the tendering process and avoid conflicts of interest situation due to conflicted services provided in the past, the Bank requested and HFSF granted its consent on 21 November 2016 to retain PwC as the statutory auditor for the financial year 2017, subject to the 2017 General Meeting approval, following relevant BoD's proposal.

According to the provisions of Law 4449/2017 and following relevant proposal of the Audit Committee, the BoD at its meeting on 24 February 2017 approved KPMG Certified Auditors A.E. (KPMG) being the successful audit firm of the tendering process for conducting the statutory audit of the Bank's financial statements (standalone and consolidated) for the period 2018 – 2022, subject to preceding every year both the BoD's proposal addressed to the Bank's Shareholders' General Meeting and the decision of the General Meeting for the appointment of KPMG as statutory auditor for the period 2018-2022, as well as receiving any other necessary approvals each time in force.

Non financial information required under Law 4403/2016

<u>Employee Engagement</u>
The Group's employees are the greatest asset for its success and sustainable development. The recruitment process is considered to be the starting point of a long-lasting and mutually beneficial partnership between the employee and the Group. As at 31 December 2016, the Group employed 15,958 employees of which 6,140 abroad. Gender and age distribution reflects the equal opportunities approach that the Group implements. In particular, more than 70% of the employees of the Group are less than 45 years old, while the gender distribution is quite balanced with women reaching the 63% of the total employees.

In order to ensure equal and fair treatment of all employees, the Group implements a number of policies in Greece and abroad in the areas of Remuneration, Recruitment, People Talent Development, Performance Management, Training, Communication, Relatives and Health & Safety. The Group respects human rights, equal opportunities and diversity vis a vis its clients, suppliers and employees. The Group's objective is to recruit and retain its employees regardless of race, religion, age, gender, sexual orientation or disability. The Group strives to ensure that its workforce reflects the communities in which it operates and the international nature of the organization. The Group recognizes that diversity is a key part of a responsible business strategy in support of its International Operations.

The Bank is revising its compensation framework taking into consideration market trends and conditions with the aim to create an attractive compensation framework that will attract, engage and retain its employees and on the other hand the regulatory and legal restrictions. As a result, the basic principles of the compensation framework, which ensure a proper balance between the individual employees' objectives and the Bank's business strategy as well as the long-term value creation for the shareholders, are the following:

a) Safeguard that the compensation is sufficient to retain and attract executives with appropriate skill and experience
b) Monitor that internal equity between Business Units is applied
c) Avoid excessive risk behaviour
d) Link compensation with long-term performance

Aiming at providing employees with accurate and timely business updates, professional advancement and training, the Group implements a modern training and career development framework. The training agenda mainly focuses on development of Leadership and Managerial skills, technical job related skills and certifications and applicable banking experience at all levels. In addition, the Group places special emphasis on "Counter Fraud" programs, Bank of Greece Certification programs and as well as positivity and collaboration skills enhancing programs.The Group's Training Key Performance Indicators for 2016 were as follows:

a) Training days per employee: 10.7
b) Percentage of employees who participated in training: 84.67%
c) E-learning training in Greece 50.11% and abroad 19.53%

The Group's Performance Management process in Greece and Cyprus is driven by its newly launched employee development system "Axiopoio" and its two main pillars that streamline employee's performance with the Group's strategy and its culture. Moreover, the Group's strategic priority is to offer career development opportunities to its employees, thus the majority of the job vacancies within the Group are covered from within.

Employees are systematically kept informed on a series of issues of interest and/or corporate issues through a variety of means including print, interpersonal and online ways, such as the internal newsletter "Metaxy mas", intranet, Managements' announcements as well as corporate videos. Furthermore, several town hall meetings with the participation of Senior Management members take place, strengthening the corporate culture.

In the context of bidirectional communication with employees in Greece, Cyprus and Luxembourg, the Group implemented the Employee Engagement Survey (E.ME.I.S. 2016). The survey's findings led to a number of initiatives that improve the working conditions and employee's daily life in the Organization.

In order to enhance family bonds, the Bank awards its employees and their children, for excellent academic and athletic performance, thus encouraging them to continue pursuing educational and sports advancement goals. Moreover, employees and their families are actively involved in volunteer initiatives.

The Group respects employees' constitutional right to membership in Labour Unions. Six such Unions are currently active within the Bank, representing 90.76% of the staff, i.e. almost 7,400 employees. The most multitudinous of these Unions is recognized as the official representative in labour negotiations with the Bank's Management. The employees are covered by (industry-wide and enterprise-level) collective labour agreements, while for the Bank labour relations are regulated by the current laws and the Bank's Statute of Internal Service.

Finally, the Bank takes particular care of health and safety measures, implementing preventive health programs, by maintaining a blood bank for employees' blood donations and by operating a psychological support line in cooperation with an Employee Assistant Program (EAP) specialist center. Last but not least, the Bank implements a certified Health & Safety Management System in order to promote a workplace of high safety and well-being standards.

<u>Corporate Social Responsibility</u>

Since its formation, the Group has embarked on social responsibility activities, which respond to the concerns of society and the local communities. The Bank demonstrates its ongoing support of the economy with activities such as "Greece innovates" and "Hackathon" which are innovation initiatives, "Go in Athens" which centers on extroversion, "egg-enter-grow-go" and "Growth awards" which focuses on entrepreneurship.

Eurobank also continues its long standing effort in developing relations with acclaimed agencies and organizations in order to realize initiatives in the critical fields of Education, the Society, Athletic and Culture. Especially, in this extremely testing period for Greek families, believes that it is necessary, if not imperative, to realize programs and initiatives focusing on children and youth. In collaboration with the Ministry of Culture, Education and Religious Affairs, Eurobank sponsors the "Apostoli supports the pupils" program and for the second decade, continues to implement The "Great Moment for Education" program.

Protection of environment

Environmentally responsible actions are an essential part of sustainable business growth for the Group. As a financial group, it is aware of the environmental impacts of its operations and therefore the Group seeks and sets specific objectives and targets for the optimal use of natural resources, the mitigation of waste production, the protection of environment, the mitigation of climate change and the protection of biodiversity and eco-systems. Moreover, the Group encourages its customers and suppliers, employees and shareholders and the society at large towards the adoption of best sustainability practices in accordance with International Organisations' Guidelines and Initiatives.

In this context, the Group implements certified, in accordance with International Standards, Environmental (ISO14001/EMAS), Energy (ISO50001) and Quality Management Systems (ISO90001). Also, for the incorporation of Environmental and Social (E&S) issues into the Group's business model, the Group develops an Environmental and Social Management System (ESMS) in accordance, among others, with the requirements and expectations of Group's institutional investors, shareholders and other stakeholders. The responsibility for the issues of sustainable development and environmental issues has been assigned to the Group Environmental and Sustainability Committee.

Since 2005, Eurobank has been actively involved in a series of international Initiatives, such as the United Nations Environment Program Finance Initiative (UNEP FI). Eurobank is also a member of the expert panel of the EC Energy Efficiency Financial Institutions Group and the Sustainable Development Committee of the Hellenic Bank Association, while the Group also participates as a sustainability ambassador for the Sustainable Greece 2020 initiative.

The Group's efforts and initiatives for its overall approach in the fields of Protection of Environment and Sustainability, were rewarded in the "Environmental Awards 2016", where the Bank won the gold award in the category "Greenhouse Gases (GHG) mitigation", as well as the silver award in the categories "Waste Prevention", "Sustainable Business" and "Business models for energy efficiency solutions".

Environmental performance regarding the improvement of operational environmental footprint is monitored through specific environmental indicators in order to identify any deviations and to proceed accordingly to the appropriate corrective actions, and it is included in the Annual Report and the Environmental Report (EMAS), which are available on the website of Eurobank (www.eurobank.gr).

Actions against corruption and bribery incidents

The Group is committed to pursuing the fundamental values of integrity, transparency and accountability. It is also committed to safeguarding its reputation and client base. The Group has adopted a zero tolerance approach against all types of fraud, including bribery.

Recognizing that any involvement in cases of bribery not only constitutes a crime, but also reflects adversely on its reputation and client base, the Group takes the following measures aimed at limiting its exposure to bribery:

a) Setting out a clear approach to deal with the risk of bribery.
b) Establishing a robust system of internal controls that does not tolerate bribery.

In accordance with the relevant legislation, the Group prohibits bribery in any form either direct or indirect (through a third party). The Bank requires all staff at all times to act honestly and with integrity and abstain from either receiving or offering bribes.

In this context, the Group has adopted the following policies and procedures to govern the treatment of bribery and corruption cases encountered:

a) Policy for Reporting Unethical Conduct
b) Anti-Bribery Working Instruction
c) Client Entertainment and Gifts Policy
d) Management of Sponsorships and Donations
e) Employee Code of Conduct and NEDS Code of Conduct

The Group Compliance Sector is responsible for issuing policies and procedures to combat bribery and corruption cases. Each unit of the Bank is responsible for complying with the existing policies. The Code of Conduct Supervision Division carries out checks and monitors any violations that may occur. The Forensic Audit Division investigates all cases of suspected internal fraud /misconducts that surface.

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 49 to the consolidated financial statements and note 45 to the financial statements of the Bank.

Corporate Governance Statement
Eurobank's Corporate Governance Code and Practices are on the website (www.eurobank.gr). The Corporate Governance Statement attached herewith, is an integral part of the Directors' Report.

Nikolaos Karamouzis	Fokion Karavias
Chairman	Chief Executive Officer

28 March 2017

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, provisions 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, excluding assets classified as held for sale, 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) **Non-performing exposures (NPEs):** Non Performing Exposures (in compliance with EBA Guidelines) are the Bank's material exposures which are more than 90 days past-due or for which the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or the number of days past due,
h) **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,
i) **NPE ratio:** Non Performing Exposures (NPEs) divided by Gross Loans and Advances to Customers at the end of the relevant period,
j) **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,
k) **NPE formation:** Net increase/decrease of NPEs in the reported period excluding the impact of write offs,
l) **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,
m) **NPE Coverage ratio:** Impairment allowance for loans and advances to customers divided by NPEs at the end of the reported period,
n) **Provisions (charge) to average Net Loans ratio (Cost of Risk):** 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),
o) **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,
p) **Fully loaded Common Equity Tier I (CET1):** Common Equity Tier I capital as defined by Regulation No 575/2013 without the application of the relevant transitional rules, divided by total RWA.

Source of financial Information

The Directors' Report includes financial data and measures as derived from the Bank's consolidated financial statements for the year ended 31 December 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 3).

CORPORATE GOVERNANCE STATEMENT 2016

1. Corporate Governance Code and Practices

In compliance with the Greek legislation as well as with the Bank's contractual obligations to the Hellenic Financial Stability Fund (HFSF) and based on the international best practices on corporate governance, Eurobank Ergasias S.A. ("the Bank" or "Eurobank"), has adopted and implements a Corporate Governance Code ("Code"), which describes its basic corporate governance principles. The Code and relevant corporate governance practices are available on the Bank's website (www.eurobank.gr).

2. Board of Directors[1]

2.1 General

The Bank is headed by a Board of Directors (Board) which is collectively responsible for the long-term success of the Bank. The Board exercises its responsibilities effectively and in accordance with the Greek legislation, international best practices and the Bank's contractual obligations to the HFSF under the Relationship Framework Agreement (RFA) signed between the Bank and the HFSF.

The Board's role is to provide entrepreneurial leadership to the Bank and its subsidiaries (collectively the "Group") within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives and reviews management performance. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met. All Directors must act in what they consider to be the best interests of the Group, consistent with their statutory duties.

2.2 Composition of the Board

The members of the Board are elected by the Bank's General Meeting which also determines the exact number of the directors, within the limits of the Law and of the Bank's Articles of Association, their term of office and designates the independent non-executive directors. The current Board, as of the date of approval of the here-in Statement, consists of fourteen (14) Directors of whom, three (3) executives, three (3) non-executives, six (6) independent non-executives and one (1) representative of the Greek State as well as one (1) representative of the HFSF, who have been appointed (as non-executive Directors) in accordance with relevant legal requirements. Its term of office, following the resolution of the Bank's Annual General Meeting held on June 26, 2015, expires on June 26, 2018, and in any case until the date the Bank's Annual General Meeting for the year 2018 will take place.

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, and in any case until the date the Bank's Annual General Meeting for the year 2018 will take place, and designated those new members as independent non-executive Directors.

Additionally, on 26 October 2016, the Bank's Board appointed Mr. George E. Myhal as new independent non-executive member of the Board, in replacement of the resigned on the same day independent non-executive member Mr. Jon Steven B.G. Haick, for an equal term to the remaining term of the resigned member, while on 12 January 2017 appointed Mr. Richard P. Boucher as new independent non-executive member of the Board, in replacement of the resigned on 3 November 2016 independent non-executive member Mr. Spyridon Lorentziadis, for an equal term to the remaining term of the resigned member. The appointments of the two new Board members will be announced to the next General Meeting of the Shareholders of the Bank and their 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, and in any case until the date the Bank's Annual General Meeting for the year 2018 will take place.

The Board currently consists of the following members:

		First appointment	End of Term
Nikolaos V. Karamouzis	Chairperson, Non-Executive	Feb. 2015	2018
Fokion C. Karavias	Chief Executive Officer	Jun. 2014	2018
Stavros E. Ioannou	Deputy Chief Executive Officer	Apr. 2015	2018
Theodoros A. Kalantonis	Deputy Chief Executive Officer	Apr. 2015	2018
Wade Sebastian R.E. Burton	Non-Executive Director	Jun. 2014	2018

[1] Information regarding the Board's composition is included in note 50 of the consolidated accounts and short biographical details of its members may be found at the bank's website (www.eurobank.gr).

George K. Chryssikos	Non-Executive Director	Jun. 2014	2018
Richard P. Boucher	Non-Executive Independent Director	Jan. 2017	2018
Stephen L. Johnson	Non-Executive Independent Director	May 2015	2018
Bradley Paul L. Martin	Non-Executive Independent Director	Jun. 2014	2018
Jawaid A. Mirza	Non-Executive Independent Director	Jun. 2016	2018
George E. Myhal	Non-Executive Independent Director	Oct. 2016	2018
Lucrezia Reichlin	Non-Executive Independent Director	Jun. 2016	2018
Christina G. Andreou	Non-Executive Director, Greek State Representative	Mar. 2015	2018
Kenneth Howard Prince-Wright	Non-Executive Director, HFSF Representative	Jun. 2013	2018

There are no restrictions in the re-election and cessation of Directors in the Bank's Articles of Association. The Board, may decide with a resolution of its remaining members, provided that they are at least three (3), to elect new members in order to replace those whose membership has lapsed (due to resignation, death or in any other way). In any such case of members whose membership has lapsed, the Board is entitled to continue the management and representation of the Bank, without being obliged to replace the lapsed members, provided that the number of the remaining members exceeds half of the number of the members prior to the event that led to the lapse of their membership and, in any case, is not less than three (3).

According to the Bank's Articles of Association, the Board may consist of three (3) to twenty (20) members, while, under the RFA, this range has been specifically set to be between seven (7) and fifteen (15) members (including the representatives of the Greek State and the HFSF). In addition, according to the RFA, (a) the number of the Board's members must always be odd, (b) the majority of the directors must be non-executive members with at least half of the non-executive members (rounded to the nearest integer) and in any case not less than three (3) (excluding the representatives of the HFSF and Greek State), being independent non-executive members in accordance with the provisions of Law 3016/2002 on corporate governance and the European Commission Recommendation 2005/162/EC and (c) the Board should include at least two (2) executive members. For any differentiations from RFA's provisions the HFSF's prior consent should be received Furthermore, according to 2016 HFSF's assessment of individual Board members key findings and recommendations on governance improvement, as per the relevant provisions of Law 3864/2010, the target size of Board members has been set to thirteen (13) with the following structure: (a) three (3) Executives at maximum, (b) three (3) non-Executives at maximum, (c) at least five (5) independent non-Executives of which at least three (3) Experts as defined in Law 3864/2010, as amended by Law 4346/2015, and the therein HFSF's relevant criteria, (d) one (1) state representative and (e) one (1) HFSF representative. Given that the current Board consists of fourteen (14) members the Board has committed to the Single Supervisory Mechanism (SSM) and to the HFSF to comply with this requirement by the end of September 2017.

2.3 Provisions of Law 3864/2010, as amended by Laws 4340/2015 and 4346/2015, regarding the composition of the Board

Law 3864/2010, as amended by Laws 4340/2015 and 4346/2015, has introduced certain minimum requirements with respect to the size, the structure and the members of the Board and the Board Committees of the credit institutions whose corporate governance framework may be assessed by the HFSF according to the relevant provisions of Law 3864/2010. In particular, Board members must (i) have a minimum of ten years of experience as senior executives in banking, auditing, risk management or management of risk-bearing assets, with three years of experience, with respect to the non-executive members, as board members of a credit institution, a financial sector enterprise or an international financial institution, (ii) not serve or have been entrusted during the last four years with prominent public functions, such as heads of state or of government, senior politicians, senior government, judicial or military officials or prominent positions as senior executives of state owned corporations or political party officials, and (iii) have declared any economic connections with the credit institution prior to their appointment. In addition, the Board must comprise at least: (i) three experts as independent non-executive directors, with sufficient knowledge and international experience of at least 15 years with financial institutions of which at least three years as members of an international banking group which is not active in the Greek market unrelated to any Greek credit institution during the past decade, which shall chair all board committees, and (ii) one member with at least five years of international experience and specialisation in risk or NPL management, who shall be responsible for NPL management at board level and shall chair any special board committee for NPL management, which regarding the Bank, HFSF, after consultation with ECB and SSM, acknowledged that such committee is the Board Risk Committee. Furthermore, and based on the provisions of article 10, par. 6 of Law 3864/2010, the HFSF with the assistance of an independent consultant has developed additional criteria as to the eligibility of individual Board members

2.4 HFSF's rights according to Law 3864/2010 and the RFA

According to the Law 3864/2010 the HFSF for the realization of its objectives and the exercise of its rights a) determines the framework of the RFA or of the amended RFA, as the case may be, with all credit institutions that are or have been beneficiaries of financial assistance provided by the European Financial Stability Fund (EFSF) or the European Stability Mechanism (ESM) and b) the credit institutions should sign the mentioned RFA. In this context, a new RFA was signed between the Bank and the HFSF on 4.12.2015 with immediate effect, replacing the previous one dated 26.8.2014.

The RFA regulates, among others, (a) the corporate governance of the Bank, (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. Furthermore it deals with (d) the Material Obligations and the switch to full voting rights, (e) the monitoring of 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 any amendment, extension, revision or deviation thereof, and (g) the duties, rights and obligations of HFSF's Representative in the Board.

According to the RFA provisions, HFSF appoints its Representative by a simple written notice addressed to the Chairperson of the Board. The Board shall immediately approve his/her appointment and take all necessary actions according the Bank's Articles of Association and Company Law 2190/1920 for the completion of this appointment, including the required notification to the General Meeting. In case such appointment exceeds the number of the elected Board members by the General Meeting or goes beyond the maximum number of members of which, according to the Bank's Articles of Association may be elected in its Board, the Bank should immediately convene an Extraordinary General Meeting for the election of the new member in the Board and proceed if necessary, with a relevant amendment to its Articles of Association for the increase of the number of the Board's members in the Board.

Furthermore, according to RFA provisions, HFSF is entitled to appoint one Observer in the Bank's Board, who has no voting rights in the Board. HFSF appoints its Observer or his/her replacement by a simple written request addressed to the Chairperson of the Board. His/her appointment is completed immediately from the receipt by the Bank of the said written request with no further procedures to be required. The Observer is HFSF's portfolio manager acting as the contact person with the Bank and explicitly charged with the monitoring of the Bank.

Regarding the Board operations, the HFSF's Representative has the right to: a) request the convocation of the Board, b) add items on its agenda, c) request the postponement of a Board meeting for three (3) business days so as to receive directions from the HFSF's Executive Board, d) veto any resolution of the Board (i) related to dividend distributions and the remuneration policy and the additional compensation (bonus) of Board members, of General Managers or of those to whom the duties of a General Manager have been assigned as well as of their deputies, (ii) in case such resolution of the Board may jeopardise depositors' interests or seriously impact the liquidity or the solvability or in general the prudent and concise operation of the Bank (such as business strategy, asset/liability management etc), (iii) resulting in the amendment of the Bank's Articles of Association, including the increase or reduction of the capital or the corresponding authorization to the Board, the mergers, divisions, conversions, revivals, extension of term or dissolution of the Bank, the transfer of assets, including the sale of subsidiaries, or for any other issue requiring increased majority as provided for in Company Law 2190/1920 which may materially impact HFSF's participation in the Bank's share capital.

HFSF is entitled to review the Bank's annual Board and the Board Committees' self-assessment for the purpose of identifying weaknesses and improving working methods and effectiveness as well to perform its own evaluation of the corporate governance arrangements of the Board and its Committees, with the assistance of independent consultants of international reputation and established experience and expertise, in accordance with the article 10 of Law 3864/2010. This review will be in line with prudent international practices by applying criteria that go beyond supervisory fit and proper requirements.

2.5 Greek State's rights according to Law 3723/2008

In the context of the Bank's participation in the Greek Economy Liquidity Support Program and pursuant to the resolution of the extraordinary General Meeting held on January 12, 2009, 345,500,000 non-voting preference shares were issued, which are held by the Greek State. The Preference Shares, amongst others, confer upon the Greek State the right to appoint one (1) representative to the Bank's Board as additional non-executive Board member. Its representative has the right to veto resolutions of strategic character or resolutions which materially alter the legal or financial situation of the Bank and require approval by the General Meeting of the shareholders; or of any resolution related to the distribution of dividends and the remuneration policy for the Chairperson, the CEO and the remaining members of the Board as well as the Bank's General Managers and their deputies, pursuant to a relevant decision of the Minister of Finance or in the event the representative considers that the resolution may jeopardise the interests of the Bank's depositors or materially affect the solvency and the orderly operation of the Bank.

2.6 Division of responsibilities

There is a clear division of responsibilities at the head of the Bank between the proper operation of the Board and the day-to-day management and control of the Bank's business. The roles of Chairperson and CEO are not exercised by the same person.

The Executive Directors have responsibility for the day-to-day management and control of the Group and the implementation of its strategy. The non-Executive Directors are responsible for the overall promotion and safeguarding of the Bank's interests, constructively challenge and help develop proposals on strategy and approve, revise and oversee the implementation of the remuneration policy both at Bank and Group level. The Independent non-Executive Directors have the duty, if they consider it necessary; to submit each one of them or jointly to the General Meeting their own reports other than those of the Board on a specific subject.

2.7 Operation of the Board

The Chairperson of the Board chairs the Board and ensures its effectiveness on all aspects of its role. He is non-executive and does not serve as Chairperson of either the Board Risk or the Audit Committees. The CEO is accountable for and manages strategy development and implementation in line with the vision of the Bank. He is responsible for leading the organisation to the achievement of its objectives.

The Board meets regularly every quarter and on an ad hoc basis, whenever the law or the Bank's needs necessitate it, given at least two (2) business days' notice as per Company Law 2190/20 provisions, otherwise a decision is taken only when all members of the Board are present or represented and nobody objects to the convocation of the meeting and to the taking of decisions. In addition, according to the RFA provisions the Board informs the HFSF's Representative and the Observer on the activities and the decisions of the Board and to that end it shall notify to them the agenda together with the relevant supporting material at least three (3) business days prior to the Board meeting, otherwise, unless an emergency case unforeseeable by the Bank exists, the HFSF Representative is entitled to request a postponement of the Board meeting which shall be resumed the earliest after three (3) business days, provided that the aforementioned documents are provided to him/her on time. In case where an item on the agenda requires, as per RFA provisions, the prior HFSF consent, the Bank should not submit it for approval to the Board before HFSF consent is granted, unless otherwise agreed between the Bank and HFSF. For urgent matters, the Board may approve matters subject to subsequent HFSF consent.

The Board is considered to be in quorum and meets validly when at least half plus one of its members are present or represented. The number of the present members is not allowed to be less than three (3). For defining the quorum any resulting fraction is omitted. Decisions of the Board are taken by absolute majority of the Directors that are present or represented. In case of parity of votes, the vote of the Chairperson of the Board does not prevail. During 2016 the Board held twenty-six (26) meetings (2015: 40) and the average ratio of the Directors attendance was 95.2% (2015: 95.5%). Submissions to the Board are normally circulated together with the agenda. Decisions are taken following discussions which exhaust the agenda items to the satisfaction of all Directors present. Board meetings minutes are kept by the Secretary of the Board; are approved at subsequent Board meetings and signed by all Directors present. The RFA provides for, on an individual basis, compulsory attendance of Board members of at least 85%. Each member may miss up to 15% of individual meetings if a valid excuse is provided.

2.8 Directorships of Board members

The number of directorships which may be held by the Board members at the same time comply with the provisions of Law 4261/2014 (art. 83), according to which the Directors shall not hold more than one (1) of the following combinations of directorships at the same time: a) one (1) executive directorship with two (2) non-executive directorships; and b) four (4) non-executive directorships. This restriction is not applied on directorships within the Group.

Bank of Greece (BoG) as the competent authority may authorize Board members to hold one (1) additional non-executive directorship.

According to the 2016 review of the Board members directorships, all members are compliant with the provisions of Law 4261/2014. In particular, for Mrs. L. Reichlin's one additional non-executive directorship the Bank, in accordance with the legal framework, has requested Bank of Greece's approval and is awaiting for the relevant response.

2.9 Conflict of interest

The Group, based on the "Conflict of Interest Policy and Rules for Personal Transactions" has adopted a series of Policies, measures and procedures that must be followed in order to prevent and manage conflict of interest situations, as encountered in the provision of investment or ancillary services to its clients and in the general business activities of the Group.

To avoid situations of conflicting duties, the Bank segregates the executive and supervisory responsibilities of the members of the Board of Directors, including the division of the responsibilities of the Chairperson of the Board of Directors with the executive responsibilities of the CEO. More specifically, by adopting appropriate procedures, effective segregation of duties is ensured, so as to avoid cases of incompatible roles, conflict of interests between the members of the Board of Directors, Management and Executives, but also between the aforementioned, and those of the Bank and its transacting parties, as well as the unlawful use of inside information or assets.

The Board members:

- must comply with the high standards and principles of professional ethics in the performance of their duties, apply the principles of the "Conflict of Interest Policy and Rules for Personal Transactions" and refrain from any activity or conduct that is inconsistent with it.
- are prohibited from pursuing personal interests that run counter to the interests of the Bank (or the Group) and must timely disclose to the other members of the Board of Directors of any personal/own interests that may arise from the Bank's transactions which fall within their line of responsibility, as well as of any other conflict of their own personal interests with those of the Bank or its related companies (including companies of the Group), which may arise in the course of their duties.
- must ensure the privacy and the confidentiality of non-publicly available information and refrain from behaviors that would constitute market abuse and conflict of interest.

2.10 Remuneration

The Group's remuneration policy aims to align the Directors' objectives with the long-term business objectives and strategy of the Bank and the long-term value creation for shareholders. The 2016 Board and key management remuneration disclosure is included in note 49 of the consolidated accounts. In addition, in order to ensure adequate transparency to the market of the remuneration structures and the associated risks, the Bank discloses in its website www.eurobank.gr, detailed information on the remuneration policies, practices and, for confidentiality reasons, aggregated amounts for those members of staff whose professional activities have a material impact on the risk profile of the Bank, and publishes accordingly all information as per current legislation.

2.11 Main issues the Board dealt with during 2016

In discharging its responsibilities for 2016 the main issues the Board dealt with related to:

a) Governance:
  - proposal to the Bank's Annual General Meeting of shareholders in June 2016 for the election of two new members as independent non-executive Directors and subsequent constitution of the Board,
  - in 2nd half of 2016, appointment of two (2) independent non-executive Board members in replacement of two resigned members,
  - approval of Board Committees' composition following the aforementioned changes in Board membership,
  - preparation and convocation of the Annual General Meeting of the Bank's shareholders,
  - annual evaluation of the Board and of the Board Committees with the assistance of an independent external international expert in corporate governance,
  - approval of the Board of Directors Nomination and of the Board and Board Committees Evaluation Policies,
  - approval of the revised Terms of Reference of the Board Risk Committee as well as of the Nomination and Remuneration Committees,
  - regular update on Board Committees' meetings,
  - various remuneration issues of senior officers and Board members.

b) Corporate and other actions:
  - disposal of "P.J.S.C. Universal Bank" in Ukraine,
  - share capital increase of "Eurobank Ergasias Leasing S.A." ,

c) Capital adequacy:
  - participation of the Bank in the Greek Economy Liquidity Support Programme,
  - update and amendment of the Bank's Covered Bond issuance program,
  - annual renewal of the EMTN Programme guaranteed by the Bank,
  - briefing on the 2015 Internal Capital & Liquidity Adequate Assessment process (2016 ICAAP & ILAAP Report),
  - acquisition and cancellation of bonds issued by the Bank,
  - synthetic securitization of a loan portfolio.

d) Business monitoring:
  - review of the implementation progress of the Restructuring Plan,
  - approval of the 2015 annual financial statements and the 2016 interim financial statements,
  - approval of the annual budget 2016 and update on the budget of 2017 and the 3-Years Business Plan for the period 2017-2019,
  - approval of the Bank's Non-Performing Exposures Strategy (SSM targets),
  - review of business developments and liquidity,
  - review and approval of restructuring / sale of major credit related portfolios,
  - participation in several public tender processes.

e) Risk Management and Internal Control:
  - briefing on the annual reports on evaluation of Internal Control System and Compliance Policies,
  - briefing on the Group Risk & Capital Strategy and Risk Appetite Framework,
  - update on the Group Chief Risk Officer's 2015 Annual Risk Management Report,

- approval of the 2015 consolidated Pillar 3 Report (capital and risk management disclosures) ,
- regular briefing on Risk and Audit Committees meetings,
- approval of the 2015 Annual Activity Report of the Audit Committee,
- approval of the Write-off & Debt Forgiveness Policy,
- update on the recovery plan,
- update on the outstanding balances of loans-collaterals/credit exposures-limits to the broader public and media sectors, on the Bank's largest limits to business groups and on the new corporate credit approvals above a predefined limit.

2.12 Evaluation of the Board's structure, size, composition and performance

The Nomination Committee in discharging its responsibility for the annual assessment of the structure, size, composition and performance of the Board, assisted by an independent external expert on corporate governance, proceeded with the Board's evaluation for 2016.

The Board evaluation covered the following areas:
- Board's performance in setting and monitoring strategy as well as the business plan,
- Board's performance in oversight of management, including evaluation of key management personnel and succession planning,
- Board's performance in incentivizing and retaining key management personnel,
- Board's performance in overseeing risk management and internal control,
- adequacy of the Board's profile and composition,
- adequacy of Board dynamics and functioning,
- role and performance of the Board Chairperson,
- adequacy of Board secretarial support,
- effectiveness of Board Committees.

Overall the evaluation concluded that the Board has performed well and demonstrated marked improvement across all aspects of Board operations over the last year. The areas that showed significant improvements are the effectiveness of Board Committees, strategy and Board functioning and dynamics whereas the areas for improvement are mainly the following:

- to further facilitate the Board's oversight of the governance and activities of key subsidiaries,
- supported by the Nomination Committee, to further formalize the evaluation process of senior executives,
- supported by the Remuneration Committee to reflect on an approach to attract and retain talent, while complying with regulatory constraints on compensation,
- to establish tailored continuous development (training) for individual Board members and the Board as a whole.

Regarding the suggested areas of improvement, the Board has approved an action plan as proposed by the Nomination Committee.

3. Board Committees

The Board is assisted in carrying out its duties by Board Committees. The Board delegates some of its responsibilities to such Board Committees and approves their mandate and composition, save for the composition of the Audit Committee whose members are appointed by the General Meeting. The Board receives regular and ad hoc reports from the Audit Committee, Board Risk Committee, Nomination Committee, Remuneration Committee and Strategic Planning Committee, and assesses their performance as per the provisions of the Bank's Board and Board Committees Evaluation Policy. According to the RFA, the HFSF appoints its Representative as well its Observer (who has no voting rights in the Board's Committees) or replaces them with a written request addressed to the Chairperson of the Board and their appointment is completed immediately from the receipt by the Bank of the HSFS's written request and no further procedures are required. HFSF provided its consent to the Bank's request to exclude the Strategic Planning Committee from RFA provisions regarding the appointment of its representative and observer to all Board Committees. Pursuant to the RFA, the HFSF Representative has the right to participate in, request the convocation of, and include items on the agendas of, the Audit Committee, Board Risk Committee, Remuneration Committee and Nomination Committee. In addition, HFSF is entitled to the assistance by an independent consultant of international reputation and established experience and expertise, to perform its own evaluation of the Board Committees, in accordance with the article 10 of L. 3864/2010 as in force.

According to the RFA provisions, the members of the Audit, Board Risk, Remuneration and Nomination Committees should be at least three (3) and should not exceed 40% (rounded to the nearest integer) of the total number of Board members, excluding the representatives of the HFSF and of the Greek State. The Committees' Chairpersons should be independent non-executive members and shall meet the requirements provided for in Law 3864/2010. The Committees' members should be non-executives with the majority of them, excluding the representatives of the HFSF and of the Greek State, independent non-executives, except for the Audit and Board Risk Committees where 75% and 1/3, respectively, of their members (excluding the representatives of the HFSF and of the Greek State and rounded to the nearest integer) should be independent non-executives. For any deviations from the RFA provisions, the prior consent of HFSF should be received.

3.1 Audit Committee[2]

The primary function of the Audit Committee (AC) is to assist the Board in discharging its oversight responsibilities primarily relating to:

- the review of the adequacy of the Internal Control and Risk Management systems and the compliance with rules and regulations monitoring process,
- the review of the financial reporting process and satisfaction as to the integrity of the Bank's Financial Statements,
- the External Auditors' selection, performance and independence,
- the effectiveness and performance of the Internal Audit and of the Compliance function.

The General Meeting following a proposal by the Board appoints the Audit Committee members, among the members of the Board, for a term of three (3) years with the option to renew their appointment for four (4) more terms. The current Audit Committee consists of five (5) non-executive Directors, four (4) of whom are independent. One (1) of the Audit Committee members is the HFSF Representative. The HFSF appointed an Observer in the Audit Committee, in line with the requirements of the RFA.

The Chairman of the Audit Committee, Mr. Mirza (an independent non-executive Director) and two (2) members Mr. Boucher (an independent non-executive Director) and Mr. Prince – Wright (a non-executive Director), are the appointed financial/audit/risk expert members. The Audit Committee as a whole possesses the necessary skills and experience to carry out its duties.

The Audit Committee meets at least eight (8) times per year or more frequently, as circumstances require, reports to the Board on a quarterly basis on its activities, submits the minutes of its meetings to the Board and submits annually an Activity Report of the Audit Committee to the Board (submitted in March 2016). The Audit Committee's meeting is effective when the majority of the members are present or represented, provided that at least two (2) members are in attendance. The Chairperson or the Vice Chairperson must be one (1) of the participating members. Each member of the Committee may validly represent only one of the other Committee members. Representation in the Committee may not be entrusted to persons other than the members thereof. The Audit Committee resolutions require a majority vote. In case of a tie of votes, the Chairperson has the casting vote. The Board is informed whenever a decision of the Audit Committee is not reached unanimously. During 2016 the Audit Committee held twenty (20) meetings (2015: 11) and the average ratio of attendance was 94.3% (2015: 98%).

The Audit Committee appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee and the Group Chief Audit Executive as well as the Head of Group Compliance. The Secretary is responsible to minute the proceedings and resolutions of all Audit Committees' meetings, including the action plans and follow ups for assignments.

The Audit Committee's Terms of Reference (ToR) are reviewed every three (3) years and revised if necessary, unless significant changes necessitate earlier revision (last review performed in September 2015). The ToR are approved by the Board. The Committee's performance is evaluated annually according to the provisions of the Board and Board Committees Evaluation Policy of the Bank. According to the Committee's self-assessment it was determined that it has operated in line with its ToR and rated its overall performance as strong recognizing as an issue for consideration the appropriateness of having joint sessions with the Board Risk Committee to discuss provisioning issues across annual financial statements..

In discharging its responsibilities for 2016 the Audit Committee has, amongst others:

- reviewed and discussed reports with information relating to the System of Internal Controls, including quarterly reports from Internal Audit Group, Compliance, Operational Risk Sector, Clients Relations Office, etc.,
- ensured that an annual evaluation of the System of Internal Controls has been performed, by the Internal Audit Group for the year 2015. Results are documented in the latter's report of the System of Internal Controls. The Audit Committee has prepared its own assessment report on Internal Audit Group's evaluation. Both reports were submitted to the Board in March and in June 2016 respectively, and subsequently to the BoG in line with the BoG Act 2577 requirements,
- reviewed the Group Compliance Sector report over Anti-Money Laundering and other compliance policies of the Bank for the year 2015, and prepared its own assessment report thereon. Both reports were submitted to the Board and the BoG in March and in June 2016, in line with the BoG Governors Act 2577 and Decision 281/2009 requirements,
- discussed with Management, Internal Audit, Countries Audit Committee Chairpersons and with External Auditors issues relating to the quarterly results, the mid-year and the year-end financial statements,
- reviewed and cleared the financial statements and other financial reports and trading updates prior to their release,
- discussed with Management the implementation of corrective actions to recommendations made by Internal and External Auditors, Monitoring Trustee as well as Regulatory Authorities,
- assessed the effectiveness of the External Auditors, their objectivity and independence, discussed results with Management and Internal Audit and communicated final results to the Board and to the External Auditors,

[2] Information regarding the Committee's main duties and responsibilities are included in the Bank's Code. Additionally, information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).

- discussed the Internal Audit reports regarding the large denounced exposures,
- initiated the assessment of the performance of the Head of Internal Audit and the Head of Group Compliance Sector,
- approved the remuneration of External Auditors and approved in line with the External Auditor's Independence Policy non-audit services provided in 2016,
- approved the annual Plans of Internal Audit Group and of Group Compliance and monitored their progress,
- approved changes to the memberships of the Audit Committees of the subsidiaries and reviewed their Activity Reports and Self Assessments,
- received updates on the progress of the Restructuring Plan,
- in accordance with the provisions of Law 2533/1997, the Audit Committee reviewed reports on substantial stock transactions performed by the Bank's Directors and General Managers which meet the criteria set in Law 2533/1997 and notified the Board.
- initiated the tender process for the Bank's statutory auditor for the five (5) years period of 2018-2022, which has been concluded in early 2017.

3.2 Board Risk Committee[3]

The Board Risk Committee's (BRC) purpose is to assist the Board in the following risk-related issues:

- to ensure that the Group has a well-defined risk strategy and risk appetite in line with its business/restructuring plan, and that the risk appetite is articulated in a set of qualitative and quantitative statements and risk tolerance levels for all relevant risks,
- to ensure that the Group has developed an appropriate risk management framework which is embedded in the decision making process (e.g. new products and services introduction, risk adjusted pricing, risk adjusted performance measures and capital allocation) throughout the Bank and its subsidiaries,
- to define the Group risk management principles and ensure that the Bank has the appropriate methodologies, modeling tools, data sources and sufficient and competent staff to identify, assess, monitor and mitigate risks,
- to review and assess the Bank's and Group's risk profile and effectiveness of its risk management policies and advise the Board accordingly (this review is supported by the Management Risk Committee (MRC) regular reporting, including aspects of operational risk i.e. conduct and cyber risks and reputational risk),
- to ensure that appropriate stress tests are performed, at least on an annual basis, in relation to all major Group risks,
- to assess, at least on an annual basis, compliance with the approved risk appetite and risk tolerance levels, the appropriateness of risk limits, the adequacy of provisions and, in general, the capital adequacy in relation to the risks undertaken by the Group, through, amongst others, the annual report prepared by the Group Risk Management General Division and relevant extract of the report prepared by the Internal Audit Division,
- to keep the Board and Audit Committee updated on relevant risk matters and recommend to the Board the future risk strategy.

The BRC members, including the Chairperson and the Vice Chairperson, are appointed by the Board in accordance with the legal and regulatory framework where applicable. Their tenure coincides with the tenure of the Board, with the option to renew their appointment, but in any case the service in the BRC should not be more that twelve (12) years in total. The current BRC consists of six (6) non-executive Directors, including the HFSF's representative, three (3) of whom are also independent Directors.

The Chairperson of the BRC is independent non-executive with a solid experience in commercial banking and risk and Non-Performing Loans management, and is familiar with european as well as international regulatory framework. Following HFSF's consent and relevant communication and in the context of the Bank's Board restructuring under the HFSF Law provisions which was concluded on 12.01.2017, the Board appointed as BRC Chairman an independent non-executive director who also meets the relevant criteria of the HFSF Law.

The BRC meets at least on a monthly basis and reports to the Board, on a quarterly basis. Quorum requires the majority of members (half plus one) to be present or represented, provided that no less than three (3) Committee members are present. Each member of the Committee may validly represent only one of the other Committee members. Representation in the Committee may not be entrusted to persons other than the members thereof. The Chairperson or the Vice Chairperson must be one of the participating members. In determining the number of members for the quorum, fractions, if any, will not be counted.The BRC resolutions require a majority vote of the members who are present or represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson has the casting vote. The Board is informed whenever a decision of the BRC is not reached unanimously. The Chairperson of the BRC may invite to the meetings other executives of the Group or outside advisors or experts, as deemed appropriate. During 2016 the BRC held thirteen (13) meetings (2015: 10) with 90.0% attendance (2015: 93.8%).

The BRC appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee and the Group Chief Risk Officer ("GCRO"). The Secretary is responsible to minute the proceedings and resolutions of all BRC meetings, including the action plans and follow ups for assignments.

BRC Terms of Reference (ToR) are reviewed at least every three (3) years (last review performed in December 2016) and revised if necessary, unless significant changes in the role, responsibilities, organization and/or regulatory requirements

[3] Information regarding the Committee's main duties and responsibilities are included in the Bank's Code. Additionally, information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).

necessitate earlier revision. The ToR are approved by the Board. The Committee's performance is evaluated annually according to the provisions of the Board and Board Committees Evaluation Policy of the Bank. According to the Committee's self-assessment its performance was strong recognizing as an issue for consideration the appropriateness of having joint sessions with the Audit Committee to discuss provisioning issues across annual financial statements as well as to cooperate with GCRO to sustain the momentum in Risk presentations.

In discharging its responsibilities for 2016 the BRC has, amongst others:

- monitored qualitative and quantitative aspects of credit, market, liquidity and operational risks,
- updated the Board on the adequacy of the risk management framework,
- recognized to the material risks, including the aforementioned risks,
- approved the: Bank's annual Risk Appetite Framework, the 2016 reports for the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP), the Pillar 3 report, GCRO's Risk report 2015, Write-off & Debt Forgiveness Policy, Group Impairment Policy for Debt Securities, Subsidiaries Sovereign Limit Policy, Recovery Plan, SSM – Eurobank NPE Strategy & Operational Targets, Risk Appetite Framework – Financial Counterparty concentration thresholds, Operational Risk – RCSA report, Risk & Capital Strategy, Stress Testing Policy, Group Market & Counterparty Risk Policy.

3.3 Remuneration Committee[4]

The Board has delegated to the Remuneration Committee the responsibilities (a) to provide specialized and independent advice for matters relating to remuneration policy and its implementation at Bank and Group level and for the incentives created while managing risks, capital and liquidity, (b) to safeguard the proper exercise of its duties and responsibilities, the efficient alignment of the personnel's remuneration with the risks the Bank undertakes and manages and the required alignment between the Bank and the Group, and (c) to approve or propose for approval all exposures of key management personnel. The Non-Executive Directors have the responsibility to approve and periodically review Bank's remuneration policy and oversee its implementation both at Bank and Group level.

The implementation of the remuneration policy is also in line with the provisions of Laws 3723/2008, 3864/2010, 4261/2014 and Bank of Greece Governor's Act 2650/2012.

The Remuneration Committee members are appointed by the Board. The tenure of the Committee members coincides with the tenure of the Board, with the option to renew their appointment, but in any case the service in the Committee should not be more that twelve (12) years in total. The current Remuneration Committee consists of five (5) Directors, two (2) non-executives out of whom one (1) is the Representative of the HFSF and three (3) independent non-executives out of whom one (1) is its Chairperson.

The Committee meets at least twice a year and minutes are kept. The Committee is in quorum and meets validly when half of its members plus one (1) are present or represented (fractions, if any, are not counted), provided that no less than three (3) members, including the Chairperson or the Vice Chairperson are present. Each member of the Committee may validly represent only one of the other Committee members. Representation in the Committee may not be entrusted to persons other than the members thereof. The Committee's resolutions require an absolute majority of the members who are present or represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson of the Committee shall have the casting vote. During 2016 the Remuneration Committee held eleven (11) meetings (2015: 13) and the ratio of attendance was 89.7% (2015: 89.7%).

The Remuneration Committee appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee and the Group Human Resources General Manager. The Secretary is responsible to minute the proceedings and resolutions of all Remuneration Committee's meetings, including the action plans and follow ups for assignments.

The Remuneration Committee's Terms of Reference (ToR) are reviewed at least every two (2) years (last review performed in September 2016) and revised if necessary, unless significant changes in the role, responsibilities, organization and/or regulatory requirements necessitate earlier revision. The ToR are approved by the Board. The Committee's performance is evaluated annually according to the provisions of the Board and Board Committees Evaluation Policy of the Bank. According to the Committee's self-assessment, its performance was strong recognizing as an issue for further improvement that the Committee should support the Board to reflect on an approach to attract and retain talent, while complying with regulatory constraints on compensation.

In discharging its responsibilities for 2016 the Remuneration Committee, amongst others:

- proposed to the Non-Executive Directors fixed remuneration adjustments for Top Management executives,
- proposed to the Directors the Board and Board Committee fees matrix for the Bank,
- proposed to the Non-Executive Directors the Board and Board Committee fees matrix for the Group's subsidiaries,
- approved the Remuneration Disclosures,
- approved borrowing requests for key management personnel,

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[4] Information regarding the Committee's main duties and responsibilities are included in the Bank's Code. Additionally, information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).

- reviewed the Internal Audit findings regarding the implementation of the Remuneration Policy,
- reviewed the remuneration policy implementation at Group level.

3.4 Nomination Committee[5]

The Board has delegated to the Nomination Committee (the Committee) the responsibilities (a) to lead the process for Board and Board Committee appointments, (b) to identify, nominate and recommend candidates for appointment to the Board and (c) to consider matters related to the Board's adequacy, efficiency and effectiveness[6], and to the appointment of all executives of the Bank at the level of General Manager and above, as well as Heads of General Divisions.

The Nomination Committee members are appointed by the Board. The tenure of the Committee members coincides with the tenure of the Board, with the option to renew their appointment, but in any case the service in the Committee should not be more that twelve (12) years in total. The current Nomination Committee consists of seven (7) Directors, four (4) of whom are independent non-executive, and the other three (3) are non-executive, out of whom one (1) is the representative of the HFSF. Until the Bank's Annual General Meeting in June 2016 and following HFSF's relevant consent for an exception, the Nomination Committee consisted of five (5) members instead of four (4) (excluding the HFSF Representative) as provided for in the relevant RFA's provisions.

The Committee meets at least twice a year and minutes are kept. The Committee is in quorum and meets validly when half of its members plus one (1) are present or represented (fractions, if any, are not counted), provided that no less than three (3) members, including the Chairperson or the Vice Chairperson are present. Each member of the Committee may validly represent only one of the other Committee members. Representation in the Committee may not be entrusted to persons other than the members thereof. The Committee's resolutions require an absolute majority of the members who are present or represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson of the Committee shall have the casting vote. During 2016 the Nomination Committee held eleven (11) meetings (2015: 12) and the average ratio of attendance was 87.5% (2015: 90.0%).

The Nomination Committee appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee and the Group Human Resources General Manager. The Secretary is responsible to minute the proceedings and resolutions of all Nomination Committee's meetings, including the action plans and follow ups for assignments.

The Nomination Committee's Terms of Reference (ToR) are reviewed at least every two (2) years (last review performed in September 2016) and revised if necessary, unless significant changes in the role, responsibilities, organization and/or regulatory requirements necessitate earlier revision. The ToR are approved by the Board. The Committee's performance is evaluated annually according to the provisions of the Board and Board Committees Evaluation Policy of the Bank. According to the Committee's self-assessment its performance was highly satisfactory recognizing as an issue for further improvement that the Committee should support the Board for the adoption of a more formal process for evaluating the performance of senior executives.

In discharging its responsibilities for 2016 the Nomination Committee, has amongst others:
- proposed to the Board for approval the appointment of new Board members,
- approved the appointments of top executives in the Bank and in its subsidiary companies,
- reviewed and proposed to the Board for approval the Board Nomination Policy and Board and Board Committees Evaluation Policy,
- reviewed the independence of the Non-Executive directors,
- reviewed the attendance of Directors to the Board and its Committees,
- reviewed and proposed to the Board the approval of the Board of Directors Diversity Policy.

<u>Board of Directors Diversity Policy</u>

The Board of Directors Diversity Policy ("Policy") sets out the approach to diversity on the Board and it is in accordance with international best practices and the EU and Greek banking law provisions[7].

As declared in the Policy, the Board's diversity is one of the factors which, according to the Board Nomination Policy, the Committee shall consider when examining composition and structure of the Board.

The Committee will discuss and agree all measurable objectives for achieving diversity on the Board during the review process of the Board profile matrix according to the Board Nomination Policy and for proposing the (re)appointment/succession planning of individual Board members according to the Board and Board Committees

[5] Information regarding the Committee's main duties and responsibilities are included in the Bank's Code. Additionally, information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).
[6] Regarding the Nomination Committee's responsibility for the annual assessment of the structure, size, composition and performance of the Board, please refer to section "2.12 Evaluation of the Board's structure, size, composition and performance".
[7] The Board of Directors Diversity Policy may be found at the bank's website (https://www.eurobank.gr/Uploads/pdf/Diversity_Policy.pdf).

Evaluation Policy. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

At the date of adoption of the Policy (end 2015) the Board had every intention in increasing the number of the female members which at that time stood approximately at 10% of the Board members. As of March 2017 the percentage of the female members in the Board stood to 14.3%.

Revisiting the Policy, the Committee's priority is to ensure that the Board continues to have strong leadership and the right mix of skills to deliver the business strategy. Within this context and in regard to the less represented gender in the Board, the Committee's aim is that the percentage of the female gender representation in Eurobank's Board becomes at least 20% in the next 3 years, also considering industry trends and best practices.

Individual Directors' assessment

In accordance with the respective legal framework and as dictated by the Board and Board Committees Evaluation Policy, the Board Chair conducted an assessment of the knowledge, skills and experience and contribution of individual Board members for 2016 and presented the results to the Nomination Committee.

Taking into consideration the relevant requirements, specific focus areas were applied as follows:
- contribution to overall Board profile skillset,
- Board participation and quality of contributions to Board deliberations,
- punctuality and attendance,
- team spirit and demeanour,
- independent thinking and constructive challenge.

The overall assessment demonstrated quite positive results across all focus areas and has confirmed that the assessed Non-Executive Board Members adequately meet expectations for effectively accomplishing their role as Directors of the Bank.

Board Nomination Policy

The Board Nomination Policy sets out the guidelines and formal process for the identification, selection and nomination of candidates for the Board of the Bank. The Policy ensures that such appointments are made: (a) in accordance with legal and regulatory requirements; (b) with due regard to the expectations of the Bank's major shareholders, (c) in line with the Bank's contractual obligations with the HFSF and (d) on the basis of individual merit and ability, following a best practice process.

The Board supported by the Nomination Committee shall nominate candidates who meet the following nomination criteria:

- Fit and proper requirements
  a) Demonstration of the highest standards of ethics, honesty, integrity, fairness, and personal discipline, through personal history, professional track record or other public commitments
  b) Excellent reputation, high social esteem and adherence to the EBA's reputation criteria (EBA/GL/2012/06)

- General suitability requirements
  a) Relevant knowledge and experience for the development of a proper understanding of the business, culture, supervisory and regulatory context, product and geographic markets of operations, and stakeholders of the Bank and its subsidiaries
  b) Several years of experience in a generally recognised position of leadership in the candidate's field of endeavour
  c) Ability of forming and expressing an independent judgement on all matters that reach the Board and candour to challenge proposals and views on these matters by management and other candidates
  d) Ability to contribute constructively and productively to Board discussions and decision making along with ability of leading such discussions as chair or vice-chair
  e) Proven, through current and previous executive positions, knowledge, skills, experience and character to lead the Bank and the Group in the achievement of strategic objectives, along with willingness to enter into full time employment with the Bank.

- No systemic conflict of interest
  In accordance with Eurobank's Conflict of Interest Policy, the Nomination Committee examines the personal, business or professional interests and affiliations of candidates, ensuring that the candidates neither have nor appear to have a systematic conflict of interest that would impair their ability to represent the interests of all shareholders of the Bank and fulfil their responsibilities as Directors

  In particular, in accordance with HFSF requirements the Committee will ensure that candidates are not linked to borrowers of the Bank with an exposure above EUR 1 million or any exposures in arrears. The Committee shall also examine relevant direct and indirect monetary interests and non-monetary interests, including those arising from affiliations with and membership of other organisations.

- Time commitment
  The Nomination Committee ensures that all nominees are able to commit the time necessary to effectively discharge their responsibilities as Directors, including regularly attending and participating in meetings of the Board and its Committees.

- Fitness for the Target Board Profile Matrix which is updated in accordance with the goals of the Bank.

The Board Nomination Policy is approved by the Board and reviewed at least annually by the Nomination Committee.

3.5 Strategic Planning Committee[8]

The Board at its meeting held on 16 February 2015 decided the establishment of the Strategic Planning Committee (SPC). The SPC's purpose is to:
a) assist the Board's Executive Officers in planning, developing and implementing the Group's Strategy,
b) recommend to the Board certain initiatives in relation to the Group's Strategy

The key tasks and responsibilities of the SPC are:

- to ensure that the Group develops a well-defined planned medium term strategy in line with the Board's guidance and its approved business and restructuring plan,
- within the framework of which the Executive Board draws up the annual budget, the business plan and the restructuring plan, to review the key objectives and goals contained therein and review major business initiatives, before their submission for approval to the Board. To review, analyze and deliberate issues concerning the Group's strategic choices (e.g. strategic partnerships, share capital increase, issuing convertibles and/or launching debt issuance programs, mergers, acquisitions or disposals, the formation of joint ventures, creation or dissolution of special purpose vehicles, dividend distribution and all other major investments or disinvestments by the Group etc.), ensuring these being in line with the approved Group's strategy. The SPC shall formulate relevant proposals to the Board, if:
  a) the issue under discussion exceeds € 40 million, while for lower amounts approval will be provided by the Executive Board;
  b) a decision of the Board is obligatory by Law or by the Bank's contractual commitments;
  c) it is deemed necessary by the SPC, taking into account the complexity and nature of the strategic choices under discussion.
- to maintain and take all necessary actions on regulatory and internal capital required to cover all types of risks (incl. strategic and reputational risks, as well as other non-quantifiable risks) and to ensure that capital requirements are met at all times,
- to review and evaluate all major Group's initiatives aiming at transforming the business and operating model,
- to monitor on a regular basis the strategic and the key performance indicators of the Group, including the segmental view,
- to review and, as needed, make proposals to the Board on all other issues of strategic importance to the Group.

The SPC members are appointed by the Board, on the recommendation of its Chairperson, following the proposal by the Nomination Committee. The Committee's members are appointed for a term of three (3) years that can be renewed up to three (3) times.

The Committee is chaired by the Chairperson of the Board and in case of absence or impediment of the Chairperson by the CEO, is composed of at least five (5) members who may be, besides the Chairperson and the CEO either Board's Executive Members or Senior Executive Officers. Each member of the Committee may validly represent only one of the other Committee members. Representation in the Committee may not be entrusted to persons other than the members thereof. The Committee may delegate specific responsibilities and authorities within the purview of its responsibilities and authorities to one (1) or more individual Committee members.

The SPC meets biweekly or ad hoc when necessary, keeps minutes of its meetings and reports to the Board on a quarterly basis and as required. During 2016 the SPC held forty two (42) meetings (2015: 36) and the ratio of attendance was 87.8% (2015: 93.4%).The Committee has a quorum and duly convenes if half of its members plus one (including the Chairperson or the CEO) are present. Decisions shall be validly taken by simple majority vote of members present. In case of a tie of votes the Chairperson or in his absence the CEO has the casting vote. The Board shall be informed whenever a decision of the Committee is not reached unanimously. The opinion of the minority should be recorded in the meeting's minutes.

The SPC appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee. The Secretary is responsible to minute the proceedings and resolutions of all SPC meetings, including the action plans and follow ups for assignments.

[8] Information regarding the Committee's main duties and responsibilities are included in the Bank's Code. Additionally, information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).

The Committee may invite to its meetings any Board member, officer of the Bank or of a Group subsidiary, or such other person deemed appropriate to assist it in performing its responsibilities.

The Committee reviews and assesses the adequacy of its Terms of Reference and requests the approval of the Board for proposed amendments. The Terms of Reference will be reviewed at least once every three (3) years and revised if necessary, unless significant changes in the role, responsibilities, organization and/or regulatory requirements necessitate earlier revision (last review performed in December 2015). The Committee's performance is evaluated annually and results are presented and discussed at the Board.

4. Management Committees

The CEO establishes committees to assist him as required. The most important Committees established by the CEO are the Executive Board, the Management Risk Committee, the Group Asset and Liability Committee the Central Credit Committees (I & II) and the Troubled Assets Committee.

Executive Board[9]

The Executive Board (ExBo) manages the implementation of Group's strategy, as developed by the SPC, in line with the Board's guidance. The functioning of ExBo is subject to the provisions of the RFA. The ExBo is established by the CEO) and its members are appointed by the CEO. The ExBo meets on a weekly basis or ad hoc when necessary. Other executives of the Group, depending on the subject to be discussed, may be invited to attend.

The ExBo is in quorum and meets validly when half of its members plus one are present or represented. In determining the number of members for the quorum, fractions, if any, shall not be counted. The ExBo resolutions require a majority vote. The secretary prepares the minutes and circulates them to all ExBo members. The ExBo Terms of Reference (ToR) are approved by the CEO, and revised as appropriate.

The ExBo's key tasks and responsibilities are to:

- manage the implementation of Group's strategy as developed by the SPC and approved by the Board,
- draw up the annual budget, the business plan and the restructuring plan. The SPC reviews the key objectives and the goals contained therein, as well as the major business initiatives that submits to the Board for approval,
- to approve issues concerning the Group's strategic choices (e.g. partnerships, share capital increase, issuing convertibles and/or launching debt issuance programs, mergers, acquisitions or disposals, the formation of joint ventures, creation or dissolution of special purpose vehicles, dividend distribution and all other investments or disinvestments by the Group etc.), ensuring these being in line with the approved Group's strategy, if the issue under discussion is lower than €40 million or equal. In case though where:
  a) the issue under discussion exceeds € 40 million;
  b) a decision of the Board is obligatory by Law or by the Bank's contractual commitments;
  c) it is deemed necessary by the SPC, taking into account the complexity and nature of the strategic choices under discussion;

  the issues concerning the Group's strategic choices are approved by the Board following a relevant proposal by the SPC (as per its Terms of Reference),
- monitor the performance of each business unit and country against budget and ensure corrective measures are in place wherever required,
- decide on all major Group's initiatives aiming at transforming the business and operating model, enhancing the operating efficiency and cost rationalization, improving organizational and business structure,
- ensure that adequate systems of internal control are properly maintained,
- review and approve Bank's Policies and the Internal Governance Control Manual and proposes to the Board and Board Committees for approval, as required,
- review the performance of any Committee and /or individuals to whom it has delegated part of its responsibilities, as approved,
- to approve performing exposures higher than 10% of the bank's regulatory capital and non-performing exposures higher than 5% of the bank's regulatory capital,
- to approve write-offs (on a pool basis) higher than €10 million and lower than €50 million,
- to hire and retain external consulting firms in its sole judgment, and approve their compensation and terms of engagement in accordance with Bank's policies and procedures,
- to hire and retain investment banking advisors, in its sole judgment, and approve their compensation and terms of engagement, in accordance with Bank's policies and procedures.

Management Risk Committee[10]

The Management Risk Committee (MRC) was established in September of 2016, in line with the recommendations following the Bank's corporate governance framework assessment by an independent external expert on corporate

[9] Information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).
[10] Information regarding the Committee's current composition may be found at the Bank's website (www.eurobank.gr).

governance. The main responsibility of the MRC is to oversee the risk management framework of Eurobank Ergasias S.A. The MRC ensures that material risks are identified and promptly escalated to the BRC and that the necessary policies and procedures are in place to prudently manage risk and to comply with regulatory requirements.

As part of its mandate, the MRC reviews the Bank's and its subsidiaries risk profile vis-à-vis its declared risk appetite and examines any proposed modifications to the risk appetite. The MRC reviews and approves the methodology, the parameters and the results of the Bank's stress testing programme. Additionally, the MRC determines appropriate management actions which are discussed and presented to the ExBo for information and submitted to BRC for approval. The MRC maintains at all times a pro-active approach to Risk Management.

The MRC understands and evaluates risks, addresses escalated issues, provides oversight of the Group's risk management framework – including the implementation of risk policies – and informs the BRC of the Group's risk profile. Furthermore, the MRC assists the BRC in defining risk management principles and methodologies thereby ensuring that the Group's Risk Management Framework contains processes for identifying, measuring, monitoring, mitigating and reporting the current risk profile against its risk appetite, limits, and performance targets.

The MRC does not conflict with the GCRO or the Risk Management General Division's responsibilities for Risk governance as prescribed under the HFSF Relationship Framework Agreement or the Bank of Greece's Governor Act no. 2577/2006. The GCRO serves as the Chairperson of the MRC and has the responsibility to escalate material risks and issues to the BRC. The GCRO will update ExBo on material risks and issues on a periodical basis.

The MRC members should have the ability to identify, assess and manage the Group's risks. Selected attendees can be invited to the MRC meetings, when the topics for discussion fall under their remit or they have the requisite expertise to constructively participate.

The MRC is in quorum and meets validly when half of its members, including the Chairperson or the Vice-Chairperson, plus one are present or represented, by proxy to another member (fractions are excluded from the computation). MRC members' attendance to MRC meetings, whether with physical presence or with tele/video conference as the need may be, should be at a minimum level of 85% of meetings held. The finalized minutes are distributed to the BRC, SPC and EXBO members, as prepared by the committee's secretary and approved by its Chairperson. Abstracts of resolutions reached and actions to be taken are provided to Management, SPC and/or EXBO members, as necessary.

Changes to the ToR of the MRC are reviewed by the MRC on an annual basis and approved by the CEO. The MRC ToR are also submitted to the BRC for information.

<u>Group Asset and Liability Committee (G-ALCO)</u>[11]

G-ALCO's primary mandate is to formulate, implement and monitor as may be appropriate the Group's a) liquidity and funding strategies and policies, b) interest rate guidelines, c) Group's capital investments, as well as FX exposure and hedging strategy and d) Group's business initiatives and/or investments that meaningfully affect the bank's market and liquidity risk profile and to approve or recommend changes to these policies that conform to the Bank's risk appetite and levels of exposure as determined by the BRC & Management while complying with the framework established by regulatory and/or supervising bodies.

G-ALCO convenes once a month and/or whenever required. Other executives or managers of the Group, depending on the subject to be discussed, may be invited to attend.

Required quorum for meetings to be effective is six members. In order to have a quorum the presence of the Chairperson and a minimum of three (3) SPC members is required. Decisions on issues are taken by majority and communicated to the relevant / affected business areas, while meetings are minuted by the Committee's Secretary and distributed to G-ALCO members, CEO, Chairperson, Monitoring Trustee (MT) and Single Supervisory Mechanism (SSM).

<u>Central Credit Committees</u>[11]

Central Credit Committee I

The main objective of Central Credit Committee I (CCCI) is to ensure objective credit underwriting for all Greek corporate portfolio of performing customers as defined in the Credit Policy Manual -Performing Exposures, so that risk undertaking can be effected in a balanced way between satisfactory return on equity and credit quality.

The CCCI convenes at least once a week and all meetings are minuted. Decisions are taken unanimously. If unanimity is not achieved, the request is escalated by the Chairperson to the next approval level.

The main duty and responsibility of CCCI is to assess and approve all credit requests of the Greek wholesale performing portfolio for total exposure above €50mio and unsecured exposure above €35mio. For total exposure exceeding €75mio

[11] Information regarding the Committees' current composition may be found at the Bank's website (www.eurobank.gr).

and unsecured exposure exceeding €50mio, additional signature from GCRO is required, while for total exposure exceeding €150mio and unsecured exposure exceeding €100mio, additional signature from CEO is required. Furthermore, for exposures higher than 10% of the bank's regulatory capital the additional approval of ExBo is required.

Central Credit Committee II

The main objective of Central Credit Committee II (CCCII) is the same as for CCCI for lower levels of exposure.

The CCCII convenes at least once a week and all meetings are minuted. Decisions are taken unanimously. If unanimity is not achieved, the request is escalated by the Chairperson to the next approval level.

The main duty and responsibility of CCCII is to assess and approve all credit requests of the Greek wholesale performing portfolio for total exposure up to €50mio and unsecured exposure up to €35mio.

Troubled Assets Committee[11]

The Troubled Assets Committee (TAC) is established according to the provisions of the BoG Executive Committee Act No. 42/30.5.2014, as in force. TAC's main responsibility is to provide strategic guidance and monitor troubled assets management, ensuring independence from business and compliance with the requirements of BoG Act 42. The Deputy CEO of the Bank and Executive member of the Board of Directors is specifically entrusted with the close monitoring of the troubled assets management strategy. Its members are senior managers who possess the appropriate knowledge and experience in the Management of Troubled Assets and Risk Management. The number as well as the members of the Committee, who cannot be less than two, are defined by the CEO of the Bank. Decisions are taken by majority and minutes are kept and circulated as appropriate. In case of a tie of votes, the Chairperson has a casting vote.

The Committee meets at least once per month, while informs the Board and relevant committees on the results of its activities, at least quarterly. The Committee closely interacts with Group Risk Management General Division for the common understanding and development of the appropriate risk assessment methodology for each forbearance type and delinquency status by portfolio. Committee's propositions and reports to Board of Directors are also submitted to Group Chief Risk Officer, who expresses his opinion to the Board by submitting the relevant report to Board Risk Committee.

Main responsibilities of the Committee are, among others, the following:
- processes centrally all the internal reports regarding troubled assets management under the provisions of BoG Acts 42/30.05.2014, 47/09.02.2015 and 102/30.08.2016
- approves the available forbearance, resolution and closure solutions by loan sub-portfolio, and monitors their performance through suitable KPIs
- defines criteria to assess the sustainability of credit and collateral workout solutions (design and use of "decision trees")
- determines the parameters and the range of responsibilities of the bodies and officers involved in the assessment of viability and sustainability of the proposed modifications and the subsequent monitoring of their implementation
- designs, monitors and assesses pilot modification programs (in cooperation with other business units)
- evaluates proposals for the sale of the Bank's distressed assets portfolio, as well as for the potential provision of services of managing troubled assets of third parties
- supervises and provides guidance and know-how to the respective troubled assets units of the Bank's subsidiaries abroad.

5. Key Control Functions

As part of its overall system of internal controls the Bank has established a number of dedicated control functions whose main responsibility is to act as independent control mechanisms thus reinforcing the control structure of the Bank. The most important functions and their key responsibilities are described below.

5.1 Internal Audit

Internal Audit Group ("IAG") comprises the "Internal Audit Sector", the "Forensic Audit Division", the "International Audit Division" and the "Business Monitoring and Organisational Support Division". All IAG's officers are full time employees exclusively dedicated to the Internal Audit function. IAG is a group function responsible for the Bank and all of its subsidiaries.

In order to safeguard its independence, IAG reports directly to the Audit Committee, is independent of the Bank units with operational responsibilities and for administrative purposes reports to the CEO. The Board has delegated the responsibility for monitoring the activity of the IAG to the Audit Committee of the Bank. IAG is headed by the Group Chief Audit Executive (CAE) who is appointed by the Audit Committee. The latter also assesses the CAE's performance.

IAG follows a risk-based methodology which examines the existence and adequacy of controls that address specific control objectives. Its main duties and responsibilities indicatively include:
- provide reasonable assurance, in the form of an independent opinion, as to the adequacy and effectiveness of the internal control framework of the Bank and its subsidiaries. In order to form an opinion, IAG carries out audits based on

an audit plan submitted and approved by the Audit Committee. The required frequency of audits depends on the level of risk in each business unit,
- assist and advise Management on the prevention and detection of fraud and defalcation, unethical practices (code of conduct, insider dealing) and undertake such special projects as required,
- assist Management in enhancing the system of internal control by making recommendations to address weaknesses and improve existing policies and procedures,
- follow-up to ascertain that appropriate action is taken on reported audit findings within agreed deadlines.

5.2 Compliance

The Board has delegated responsibility for monitoring the activity of Group Compliance to the Audit Committee which appoints the Head of Group Compliance and assesses the latter's performance. The Head of Group Compliance reports directly to the Chairperson of the Board and to the Audit Committee, and for administrative purposes to the CEO. Group Compliance supervises the overall compliance function in the Group. Within this framework, it supervises, monitors, coordinates and evaluates the activity of Compliance Units and the respective Compliance Officers of the Group's Subsidiaries, both in Greece and abroad.

The main responsibilities of Group Compliance include:
- advising the Board of Directors and Senior Management on the bank's compliance with applicable laws, rules and standards and keeping them informed of developments in the area,
- issuing policies, procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines in order to provide guidance to staff on the appropriate implementation of applicable laws, rules and standards,
- ensuring that staff are adequately educated about compliance issues (e.g. Anti-Money Laundering (AML), Combat Financing of Terrorism (CFT), Code of Conduct and Data Protection issues) and acting as a contact point within the bank for compliance queries from staff members,
- reviewing staff accounts in order to monitor staff adherence to internal policies, procedures and the code of conduct and for indications of fraudulent activity,
- assisting Management and staff in identifying, monitoring and efficiently managing compliance risk,
- ensuring that regulatory reporting deadlines are met and that any delays and fines are reported to the Audit Committee.

The scope of activities of Group Compliance covers the following key areas:
- setting up a compliance and regulatory risk assessment framework for the Bank and appropriate monitoring,
- Audit Committee and Board of Directors reporting, along with frequent updating and reporting to Senior Management and the Regulatory Matters Committee,
- specialised IT projects, either regulatory at a Bank level or internal for Group Compliance Sector,
- Group Compliance Sector infrastructure and quality assurance (including establishing policies and procedures and implementing Sector's strategies, carrying out ad-hoc projects driven by management's requests and regulatory requirements, ensuring adequate Group Compliance Sector staff training),
- Financial Crime including laws and regulations on Anti Money Laundering (AML) and Combat Financing of Terrorism (CFT), as well as emphasis on reporting for Tax evasion (including FATCA/CRS & related issues). The scope includes the provision of timely and accurate responses to requests arising from regulatory and judicial authorities as well as the co-operation with them to facilitate their work. The Board appoints the Head of Group Compliance as Money Laundering Reporting Officer and his/her Deputy,
- transparency and consumer protection regulations including the Bank's adherence to the data protection laws and regulations and the handling of customer complaints that have reached the Regulators,
- regulatory reporting requirements and deadlines monitoring per responsible Bank Unit,
- provision of guidance and training to the "Compliance responsible officers / liaison officers" within the Bank's units,
- Market Integrity including laws and regulations on Market Manipulation and Insider Trading,
- internal codes of conduct, conflict of interest management, anti-bribery and corruption,
- reporting to Management on certain aspects of staff lending exposure,
- providing quality assurance on the information mandated by Regulations for the purposes of Deposit and Investments Guarantee Fund (TEKE),
- supervision and co-ordination of the local and international subsidiaries.

6. Principles of Internal Controls

The Group has established a System of Internal Controls that is based on international good practices and COSO terminology and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
- efficient and effective operations,
- reliability and completeness of financial and management information,
- compliance with applicable laws and regulations.

The key principles underlying the Group's system of internal controls are described below:

- **Control Environment:** The control environment is the foundation for all components of Internal Control System, providing discipline and structure and influencing the control consciousness of employees. Integrity and high ethical values stem from management's philosophy and operating style and appropriate recruitment and training policies ensure the competence of the Group's people. The Group's organisation structure is suitable for its size and complexity with clearly defined responsibilities and reporting lines and clearly specified delegation of authority.

- **Risk Management:** the Group acknowledges that taking risks is an integral part of its business. It therefore sets mechanisms to identify those risks and assess their potential impact on the achievement of the Group's objectives. Because economic, industry, regulatory and operating conditions will continue to change, risk management mechanisms in place shall be set (and evolve) in a manner that enables to identify and deal with the specific and new risks associated with changes.

- **Control Activities:** Internal control activities are documented in the policies and detailed procedures that are designed to ensure that operations are carried out safely and all transactions are recorded accurately in compliance with Management's directives and regulations. They occur throughout the organisation and business processes, at all levels and in all functions. One of the prime organisational measures to ensure control effectiveness in the Group is segregation of duties. Functions that shall be separated include those of approval (limits, limit excesses, specific transactions), dealing, administration (administrative input, settlement, confirmation checks, transaction approval check, documentation check, file keeping, custody) and controlling (reconciliation, limit monitoring, excess approval check, risk management, compliance checks, physical counts).

- **Information and Communication:** Information must be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities. The Group has set effective communication channels to ensure that information is communicated down, across and up within the organisation. Mechanisms are also in place to obtain appropriate external information as well as to communicate effectively with outside parties including regulators, shareholders and customers.

- **Monitoring:** the Group has established mechanisms for the ongoing monitoring of activities as part of the normal course of operations. These include regular management and supervisory activities and other actions personnel take in performing their duties that assess the performance of internal control systems. There are also independent evaluations of the internal control system by the Internal Audit function, the scope and frequency of which depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies are reported upstream, with serious matters reported to top management, the Audit Committee and the Board. Every three years the efficiency of the internal control system on a solo and consolidated basis is independently evaluated by a third auditing firm, other than the statutory auditor, as provided for in BoG Governor's Act 2577/2006. The evaluation report is submitted for assessment to the Bank's Audit Committee and acknowledgment of the Board and is further submitted to the BoG.

7. Shareholders' General Meeting

The Shareholders' General Meeting ("General Meeting") is the supreme body of the Bank, convened by the Board and entitled to resolve upon any matter concerning the Bank. All shareholders have the right to participate and vote at the General Meeting either in person or by their legal representatives according to the proposed legal procedure each time in force.

The General Meeting is entitled to resolve on any matter and is the only competent body to resolve on issues described in article 34 of Company Law 2190/1920 (such as amendments to the Articles of Association).

The General Meeting is in quorum and meets validly when the shareholders, present or represented, represent at least 20% (1/5) of the paid-in share capital that corresponds to the shares with voting rights ("share capital"). Resolutions are reached by absolute majority. Exceptionally, with regard to certain significant decisions such as most decisions related to share capital, mergers etc.(para 3, art. 29, Company Law 2190/1920), the General Meeting is in quorum and meets validly when the shareholders, present or represented, represent at least 66.67% (2/3) of the paid-in share capital. Resolutions on the aforementioned issues are reached by two-thirds (2/3) majority. If such quorum is not reached, the General Meeting is convened again in a repeat Meeting where lower quorum is required for all categories of resolutions.

The HFSF's Representative has the right to request the convocation of the Shareholder's General Meeting. Such right was not exercised during 2016.

Following the completion of the Bank's share capital increase during the second half of 2015, fully covered by institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 35.41% to 2.38%. As a result, in the context of Law 3864/2010 as in force, the HFSF exercises its voting rights in the General Meetings only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or reduction of the capital or the corresponding authorization to the Board, the mergers, divisions, conversions, revivals, extension of term or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring increased majority as provided for in Company Law 2190/1920.

The Annual General Meeting is held every year before the end of June. An Extraordinary General Meeting may be convened by the Board when it is considered necessary or when required by law.

The minutes of the General Meeting are signed by the Chairperson and the Secretary of the General Meeting.

All persons appearing as shareholders of ordinary shares of the Bank in the registry of the Dematerialized Securities System (DSS) managed by Hellenic Central Securities Depository S.A. on the Record Date, namely at the start of the fifth day before the General Meeting and in case of a repetitive General Meeting at the start of the fourth day prior to such Meeting, have the right to participate and vote in the General Meeting. For each General Meeting, the Board arranges for the detailed notice, including date, place, record date, issues on the agenda and related papers to be available to shareholders at least 20 days before the meeting, including the proposed resolution or commenting by the Board on each issue. The detailed notice also defines the procedure to be followed for voting by proxy, the minority shareholders rights and any available documentation relating to the General Meeting.

Standard minority rights, as described in Company Law 2190/1920, apply.

8. Preference Shareholders' Special Meeting

Shareholders of non-voting preference shares ("preference shareholders") hold their own Special Meeting to resolve on any issue affecting their rights and they do not participate in the Shareholders' General Meeting.

9. Other information required by Directive 2004/25/EU

- **Holders of securities with special control rights**

Greek Government's participation in the share capital of the Bank via the preference shares it holds provides it with special control rights which are referred to herein, under section 2.5 "Greek State's rights according to Law 3723/2008" and in section "Preference Share Capital" of the Directors' Report.

The HFSF's participation interest in the Bank's share capital through the ordinary shares it possesses confer to HFSF the rights according to legislation in force and the RFA that has been signed between the Bank and the HFSF, that are referred to in note 49 of the consolidated financial statements.

- **Treasury Shares**

Shareholders' General Meeting can authorize the Board, under article 16 of Company Law 2190/1920, to implement a program of acquisition of treasury shares. However, Law 3723/2008 prohibits credit institutions, participating in the Greek Government Liquidity Program of this Law, including the Bank, from acquiring treasury shares (note 39 of the consolidated accounts).

For other information required by Directive 2004/25/EU regarding the: a) Major shareholdings, b) Authority to issue new shares, and c) Restrictions of voting rights, please refer to the relevant sections of the Directors' Report.

III. Consolidated Financial Statements for the 2016 Financial Year (Auditor’s Report included)

EUROBANK ERGASIAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016

8 Othonos Street, Athens 105 57, Greece

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

General Commercial Registry No: 000223001000

Index to the Consolidated Financial Statements ...... Page

Notes to the Consolidated Financial Statements

Independent Auditor's Report

To the Shareholders of "Eurobank Ergasias S.A."

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Eurobank Ergasias S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of 31 December 2016 and the consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that could adversely affect the going concern assumption.

Report on Other Legal and Regulatory Requirements

Taking into consideration, that management is responsible for the preparation of the Board of Directors' report and Corporate Governance Statement that is included to this report according to provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we note the following:

a) In the Board of Directors' Report is included the Corporate Governance Statement that contains the information that is required by article 43bb of Codified Law 2190/1920.

b) In our opinion, the Board of Directors' report has been prepared in accordance with the legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended 31/12/2016.

c) Based on the knowledge we obtained from our audit for the Group and its environment, we have not identified any material misstatement to the Board of Directors report.

Athens, 30 March 2017

The Certified Auditor

PricewaterhouseCoopers S.A.

Certified Auditors

268 Kifissias Avenue

152 32 Halandri

Soel Reg. No 113

Marios Psaltis

Soel Reg. No 38081

Consolidated Balance Sheet

	Note	31 December 2016 € million	31 December 2015 € million
ASSETS			
Cash and balances with central banks	19	**1,477**	1,798
Due from credit institutions	21	**2,759**	2,808
Financial instruments at fair value through profit or loss	22	**71**	100
Derivative financial instruments	23	**1,980**	1,884
Loans and advances to customers	24	**39,058**	39,893
Investment securities	26	**12,463**	16,291
Property, plant and equipment	29	**638**	666
Investment property	30	**905**	925
Intangible assets	31	**145**	127
Deferred tax assets	16	**4,945**	4,859
Other assets	32	**1,952**	2,151
Assets of disposal groups classified as held for sale	17	**-**	2,051
Total assets		**66,393**	73,553
LIABILITIES			
Due to central banks	33	**13,906**	25,267
Due to credit institutions	34	**7,780**	4,516
Derivative financial instruments	23	**2,441**	2,359
Due to customers	35	**34,031**	31,446
Debt securities in issue	36	**102**	150
Other liabilities	37	**778**	742
Liabilities of disposal groups classified as held for sale	17	**-**	1,941
Total liabilities		**59,038**	66,421
EQUITY			
Ordinary share capital	39	**655**	656
Share premium	39	**8,055**	8,055
Reserves and retained earnings		**(2,988)**	(3,241)
Preference shares	40	**950**	950
Total equity attributable to shareholders of the Bank		**6,672**	6,420
Preferred securities	41	**43**	43
Non controlling interests		**640**	669
Total equity		**7,355**	7,132
Total equity and liabilities		**66,393**	73,553

Notes on pages 8 to 126 form an integral part of these consolidated financial statements

Consolidated Income Statement

	Note	Year ended 31 December 2016 € million	2015 € million
Interest income		**2,377**	2,586
Interest expense		**(829)**	(1,123)
Net interest income	8	**1,548**	1,463
Banking fee and commission income		**381**	370
Banking fee and commission expense		**(137)**	(178)
Net banking fee and commission income	9	**244**	192
Income from non banking services	10	**53**	52
Dividend income		**2**	2
Net trading income	11	**17**	28
Gains less losses from investment securities	11	**135**	15
Net other operating income	24,47	**63**	10
Operating income		**2,062**	1,762
Operating expenses	12	**(992)**	(1,017)
Profit from operations before impairments, provisions and restructuring costs		**1,070**	745
Impairment losses on loans and advances	25	**(775)**	(2,665)
Other impairment losses and provisions	14	**(65)**	(87)
Restructuring costs	14	**(66)**	(79)
Share of results of associated undertakings and joint ventures		**(4)**	0
Profit/(loss) before tax		**160**	(2,086)
Income tax	15	**49**	604
Tax adjustments	15	**31**	432
Net profit/(loss) from continuing operations		**240**	(1,050)
Net profit/(loss) from discontinued operations	17	**9**	(105)
Net profit/(loss)		**249**	(1,155)
Net profit/(loss) attributable to non controlling interests		**19**	26
Net profit/(loss) attributable to shareholders		**230**	(1,181)
		€	€
Earnings/(losses) per share			
-Basic earnings/(losses) per share	18	**0.11**	(4.02)
Earnings/(losses) per share from continuing operations			
-Basic earnings/(losses) per share	18	**0.10**	(3.68)

Notes on pages 8 to 126 form an integral part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

	Year ended 31 December			
	2016		2015	
	€ million		€ million	
Net profit/(loss)		**249**		(1,155)
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- changes in fair value, net of tax	**11**		32	
- transfer to net profit, net of tax	**(1)**	**10**	6	38
Available for sale securities				
- changes in fair value, net of tax	**76**		98	
- transfer to net profit, net of tax (note 26)	**(112)**	**(36)**	(10)	88
Foreign currency translation				
- changes in fair value, net of tax	**(19)**		(13)	
- transfer to net profit, net of tax	**69**	**50**	-	(13)
Associated undertakings and joint ventures				
- changes in the share of other comprehensive income, net of tax	**2**	**2**	-	-
		26		113
Items that will not be reclassified to profit or loss:				
- Actuarial gains/(losses) on post employment benefit obligations, net of tax	**(4)**	**(4)**	0	0
Other comprehensive income		**22**		113
Total comprehensive income attributable to:				
Shareholders				
- from continuing operations	**254**		(979)	
- from discontinued operations	**(2)**	**252**	(89)	(1,068)
Non controlling interests				
- from continuing operations	**19**		26	
- from discontinued operations	**0**	**19**	(0)	26
		271		(1,042)

Notes on pages 8 to 126 form an integral part of these consolidated financial statements

Consolidated 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)	-	-	-	(1,181)	-	-	26	(1,155)
Other comprehensive income	-	-	113	-	-	-	0	113
Total comprehensive income for the year ended 31 December 2015	-	-	113	(1,181)	-	-	26	(1,042)
Share capital increase, net of expenses (note 39)	612	1,374	-	(0)	-	-	-	1,986
Share capital decrease (note 39)	(4,368)	-	4,368	-	-	-	-	-
Effect due to change of the income tax rate on share capital increase expenses	-	-	-	5	-	-	-	5
Acquisition/changes in participating interests in subsidiary undertakings	-	-	-	(0)	-	-	(2)	(2)
(Purchase)/sale of preferred securities, net of tax (note 41)	-	-	-	(61)	-	(34)	-	(95)
(Purchase)/sale of treasury shares (note 39)	0	(1)	-	(0)	-	-	-	(1)
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(24)	(24)
Share-based payment:								-
- Value of employee services	-	-	0	-	-	-	1	1
Transfers between reserves	-	-	12	(12)	-	-	-	-
	(3,756)	1,373	4,380	(68)	-	(34)	(25)	1,870
Balance at 31 December 2015	656	8,055	7,786	(11,027)	950	43	669	7,132
Balance at 1 January 2016	**656**	**8,055**	**7,786**	**(11,027)**	**950**	**43**	**669**	**7,132**
Net profit/(loss)	-	-	-	230	-	-	19	**249**
Other comprehensive income	-	-	22	-	-	-	(0)	**22**
Total comprehensive income for the year ended 31 December 2016	**-**	**-**	**22**	**230**	**-**	**-**	**19**	**271**
Acquisition/changes in participating interests in subsidiary undertakings	-	-	-	1	-	-	(25)	**(24)**
(Purchase)/sale of treasury shares (note 39)	(1)	0	-	(0)	-	-	-	**(1)**
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(24)	**(24)**
Share-based payment:								
- Value of employee services	-	-	0	-	-	-	1	**1**
Transfers between reserves	**-**	**-**	(93)	93	**-**	**-**	**-**	**-**
	(1)	**0**	**(93)**	**94**	**-**	**-**	**(48)**	**(48)**
Balance at 31 December 2016	**655**	**8,055**	**7,715**	**(10,703)**	**950**	**43**	**640**	**7,355**
	Note 39	Note 39	Note 42		Note 40	Note 41		

Notes on pages 8 to 126 form an integral part of these consolidated financial statements

Consolidated Cash Flow Statement

	Note	Year ended 31 December 2016 € million	2015 € million
Cash flows from continuing operating activities			
Profit/(loss) before income tax from continuing operations		**160**	(2,086)
Adjustments for :			
Impairment losses on loans and advances		**775**	2,665
Other impairment losses, provisions and restructuring costs		**124**	159
Depreciation and amortisation		**80**	82
Other (income)/losses on investment securities	20	**(182)**	(100)
(Income)/losses on debt securities in issue		**(0)**	87
Other adjustments	20	**(42)**	16
		915	823
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**118**	297
Net (increase)/decrease in financial instruments at fair value through profit or loss		**30**	(39)
Net (increase)/decrease in due from credit institutions		**(7)**	334
Net (increase)/decrease in loans and advances to customers		**317**	(404)
Net (increase)/decrease in derivative financial instruments		**(35)**	181
Net (increase)/decrease in other assets		**276**	(194)
Net increase/(decrease) in due to central banks and credit institutions		**(8,246)**	6,917
Net increase/(decrease) in due to customers		**2,084**	(8,956)
Net increase/(decrease) in other liabilities		**(43)**	(22)
		(5,506)	(1,886)
Income tax paid		**(37)**	(47)
Net cash from/(used in) continuing operating activities		**(4,628)**	(1,110)
Cash flows from continuing investing activities			
Purchases of fixed and intangible assets		**(99)**	(129)
Proceeds from sale of fixed and intangible assets		**39**	23
(Purchases)/sales and redemptions of investment securities		**4,090**	255
Acquisition of Alpha Bank's Branch in Bulgaria, net of cash acquired	47	**37**	-
Acquisition of holdings in associated undertakings and joint ventures and participations in capital increases		**(12)**	-
Disposal of subsidiaries, net of cash disposed		**289**	6
Disposal/liquidation of holdings in associated undertakings and joint ventures		**2**	-
Dividends from investment securities, associated undertakings and joint ventures		**3**	2
Net cash from/(used in) continuing investing activities		**4,349**	157
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt securities in issue		**(153)**	(766)
Proceeds from share capital increase (SCI)		**-**	2,039
Expenses paid for SCI		**(6)**	(69)
Purchase of preferred securities		**-**	(17)
(Purchase)/sale of treasury shares		**(1)**	(1)
Net contribution by non-controlling interests (NCI)		**(33)**	(24)
Net cash from/(used in) continuing financing activities		**(193)**	1,162
Effect of exchange rate changes on cash and cash equivalents		**(4)**	(3)
Net increase/(decrease) in cash and cash equivalents from continuing operations		**(476)**	206
Net cash flows from discontinued operating activities		**(247)**	(64)
Net cash flows from discontinued investing activities		**219**	85
Net cash flows from discontinued financing activities		**(4)**	-
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**(32)**	21
Cash and cash equivalents at beginning of year	20	**2,205**	1,978
Cash and cash equivalents at end of year	20	**1,697**	2,205

Notes on pages 8 to 126 form an integral part of these consolidated 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 until early August 2016, 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 consolidated financial statements, which include the Appendix, were approved by the Board of Directors on 28 March 2017.

2. Principal accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below:

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as endorsed by the European Union (EU), and in particular with those IFRSs and IFRS Interpretation Committee's (IC) interpretations, issued and effective or issued and early adopted as at the time of preparing these statements.

Going concern considerations

The annual 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

In June 2016, Greece, after the completion of a number of key prior actions, has successfully concluded the first review of the Third Economic Adjustment Program (TEAP), which permitted the disbursement of € 10.3 bn from the second instalment of the European Stability Mechanism (ESM) loan in two sub-tranches. The first sub-tranche of € 7.5 bn was disbursed in late June 2016.The second sub-tranche of € 2.8 bn was disbursed in late October 2016 after a series of prerequisites was implemented. Both sub-tranches allowed 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), acknowledging the commitment of the Greek government to implementing the macroeconomic adjustment program, decided to reinstate 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. Furthermore, the conclusion of the first review led to a positive ESM decision regarding the implementation of the short-term debt relief measures from 20 January 2017 onwards. The latter measures aim to reduce the interest rate risk for Greece, and to ease the country's repayment burden.

The next key milestone for Greece is the timely and successful completion of the second review of the TEAP, currently in progress, which would help reinstating depositors' confidence and thus accelerate the return of deposits, it would facilitate the faster relaxation of capital controls and would allow for the participation in ECB's Quantitative Easing (QE) program, conditional on the decisions of the Institutions regarding the plan for the implementation of the medium-term debt relief measures. Moreover, the reduction of the short term uncertainty along with, the decisive implementation of the reforms agreed in the context of the ESM program and the mobilization of European Union (EU) funding to support domestic investment and job creation, would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a sustainable growth path.

The main risks and uncertainties stem from the current macroeconomic environment in Greece and the further delays in the conclusion of the second review of the TEAP. 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 TEAP, which in turn would lead to the delayed disbursement of the third instalment of the ESM loan of € 6.1 bn, (b) the impact on the level of economic activity from the uncertainty associated with the timing of the conclusion of the second review of the TEAP, (c) the impact on the level of economic activity from additional fiscal measures agreed under the first review of the TEAP, (d) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (e) the possible acceleration of the deposits outflows observed in the first two months of 2017, and/or possible delays in the effective management of non-performing loans as a result of the continuing macroeconomic uncertainty, (f) a possible deterioration of the refugee crisis and its impact on the domestic economy and (g) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy.

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 current 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 would further facilitate the deposits inflows in the banking system and the re-access to the markets for liquidity (note 7.2.3).

During 2016, the Bank has managed to reduce its dependence on Eurosystem funding amounting to € 13.9 bn at the end of December 2016 (2015: € 25.3 bn), mainly through the increase in repo transactions in the interbank market, the selective assets deleveraging, the deposit inflows and the utilization of a part of foreign subsidiaries' surplus liquidity (note 33). In the same context, following the positive developments mentioned above, 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 € 2.5 bn on 31 December 2016 (notes 4 and 36). On 28 February 2017 the Bank's Eurosystem funding stood at € 14.1 bn, while the deposits of the Group decreased by € 0.3 bn to € 33.7 bn.

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 in 2015 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 is the active management of non-performing exposures at an accelerated pace, with the aim to substantially reduce their stock in accordance with the Bank's operational targets and taking advantage of the Group's internal infrastructure, the external partnerships and the important legislative changes that have taken or are expected to take place. The Group's Common Equity Tier 1 (CET1) ratio stood at 17.6% at 31 December 2016 and the net profit attributable to shareholders amounted to € 230 million for the year ended 31 December 2016 (note 6).

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 completion of the second review of the Greece's current economic adjustment program, has been satisfied that the financial statements of the Group can be prepared on a going concern basis.

The policies set out below have been consistently applied to the years 2016 and 2015, except as described below. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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 that an entity need not provide in the financial statements, including the notes, a specific disclosure required by an IFRS if the information resulting from that disclosure is not material and also clarifies that additional disclosures may be necessary if the information required by IFRSs is not sufficient for an understanding of the impact of particular transactions and events on the entity's financial position and performance.

The line items listed in IAS 1 for the balance sheet and the statement of profit or loss should be disaggregated if this is relevant to an understanding of the entity's financial position and additional guidance on the use of subtotals is provided. In the statement of comprehensive income the share of the other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss and when determining a systematic approach to presenting notes, the entity should consider the understandability and comparability of its financial statements.

The adoption of the amendment had no impact on the Group's consolidated 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 for property plant and equipment 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 consolidated 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. Contributions which vary with the length of employee service, must be spread over the service period using the plan's contribution formula or on a straight line basis, consistent with the attribution method applied to the gross benefit in accordance with paragraph 70 of IAS 19.

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

IAS 27, Amendment-Equity Method in Separate Financial Statements

The 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 consolidated financial statements.

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

The amendment requires an investor to apply the principles of business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs, which do not conflict with IFRS 11, when it acquires an interest in a joint operation that constitutes a 'business' as defined in IFRS 3. The amendments, which also apply when an existing business is contributed to the joint operation on its formation, require the disclosure of information specified in IFRS 3 and other IFRSs for business combinations. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation while the joint operator retains joint control. However, a previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

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

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

The amendments clarify the application of the consolidation exception for the subsidiaries of investment entities.

The adoption of the amendments had no impact on the Group's consolidated 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:

- IFRS 2 'Share-based Payment': The terms 'performance condition' and 'service condition' are separately defined;
- IFRS 3 'Business Combinations': It is clarified that contingent consideration in a business acquisition that is not classified as equity, whether or not it falls within the scope of IAS 39 (or IFRS 9 once adopted), is subsequently measured at fair value at each reporting date, with changes in fair value recognized in profit or loss;
- IFRS 8 'Operating Segment': Disclosure of the judgments made by management in aggregating operating segments is required, including a description of the segments aggregated and the economic indicators assessed in determining that the aggregated

segments share similar economic characteristics. Furthermore, a reconciliation of segment assets to the entity's total assets is required if the reconciliation is reported to the chief operating decision maker;

- IFRS 13 'Fair Value Measurement': It is clarified that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial;
- IAS 16 'Property, Plant and Equipment': It is clarified how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model;
- IAS 24 'Related Party Disclosures': It is clarified that an entity that provides key management personnel services to the reporting entity or to its parent (the management entity) is a related party to the reporting entity and the amounts charged to it for services provided should be disclosed; and
- IAS 38 'Intangible Assets': It is clarified how the gross carrying amount and the accumulated amortization are treated where an entity uses the revaluation model.

The adoption of the amendments had no impact on the Group's consolidated 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:

- IFRS 5 'Non-current assets held for sale and discontinued operations': It is clarified 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. Therefore the asset (or disposal group) does not need to be reinstated in the financial statements, as if it had never been classified as 'held for sale' or 'held for distribution', simply because the manner of disposal has changed;
- IFRS 7 'Financial instruments': Specific guidance is added to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. It is also clarified 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 'Interim financial reporting';
- IAS 19 'Employee benefits': 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; and
- IAS 34 'Interim financial reporting': It is clarified that the reference in the standard to 'information disclosed elsewhere in the interim financial report' means some other statement (such as management commentary or risk report) that is available to users of the financial statements at the same time as the interim financial statements, requiring a cross-reference from the interim financial statements to the location of that information.

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

New standards, amendments to standards and interpretations not yet adopted by the Group

A number of new standards, amendments to existing standards and interpretations are effective after 2016, as they have not yet been endorsed by the European Union or have not been early applied by the Group. Those that may be relevant to the Group are set out below:

IAS 7, Amendment-Disclosure Initiative (effective 1 January 2017, not yet endorsed by EU)

The amendment requires disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The disclosure requirements also apply to changes in financial assets, such as assets that hedge liabilities arising from financing activities, if cash flows from those financial assets were or future cash flows will be, included in cash flows from financing activities.

The adoption of the amendment is not expected to impact the Group's consolidated financial statements.

IAS 12, Amendment-Recognition of Deferred Tax Assets for Unrealized Losses (effective 1 January 2017, not yet endorsed by EU)

The amendment clarifies that (a) unrealized losses on debt instruments measured at fair value in the financial statements and at cost for tax purposes may give rise to a deductible temporary difference irrespective of whether the entity expects to recover the carrying amount of the debt instrument by sale or use (b) estimates for future taxable profits exclude tax deductions resulting from the reversal of those deductible temporary differences (c) the estimate of probable future taxable profits may include the recovery of an asset for more than its carrying amount, if there is sufficient evidence that it is probable that this will be realized by the entity, and (d) a deferred tax asset is assessed in combination with all of the other deferred tax assets where the tax law does not restrict the sources of taxable profits against which the entity may make deductions on the reversal of that deductible temporary difference. Where restrictions apply, deferred tax assets are assessed in combination only with other deferred tax assets of the same type.

The adoption of the amendment is not expected to impact the Group's consolidated financial statements.

IAS 40, Amendment-Transfers of Investment Property (effective 1 January 2018, not yet endorsed by EU)

The amendment clarifies that a transfer of property, including property under construction or development, into or out of investment property should be made only when there has been a change in use of the property. Such a change in use occurs when the property meets, or ceases to meet, the definition of investment property and should be supported by evidence.

The adoption of the amendment is not expected to impact the Group's consolidated financial statements.

IFRS 2, Amendment-Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018, not yet endorsed by EU)

The amendment addresses (a) the measurement of cash-settled share-based payments, (b) the accounting for modifications of a share-based payment from cash-settled to equity-settled and c) the classification of share-based payments settled net of tax withholdings.

Specifically, the amendment clarifies that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments. It also clarifies that the liability of cash- settled share-based payment modified to equity-settled one is derecognized and the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted and any difference is recognized in profit or loss immediately.

Furthermore, a share-based payment net by withholding tax on the employee's behalf (a net settlement feature) is classified as equity settled in its entirety, provided it would have been classified as equity-settled had it not included the net settlement feature.

The adoption of the amendment is not expected to impact the Group's consolidated financial statements.

IFRS 4, Amendment-Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018, not yet endorsed by EU)

The amendment addresses the accounting consequences of the different effective dates of IFRS 9 'Financial Instruments' and the forthcoming new insurance contracts Standard. It introduces two options for entities that issue insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance, allowing them to continue to apply IAS 39 'Financial Instruments: Recognition and Measurement' while they defer the application of IFRS 9 until 1 January 2021 at the latest.

The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets, effectively resulting in IAS 39 accounting for those designated financial assets. This approach can be used provided that the entity applies IFRS 9 in conjunction with IFRS 4 and classifies financial assets as fair value through profit or loss in accordance with IFRS 9, when those assets were previously classified at amortized cost or as available-for-sale in accordance with IAS 39.

The amendment is not relevant to the Group's activities, other than through its associated undertaking Eurolife ERB Insurance Group holdings S.A.

IFRS 9, Financial Instruments (effective 1 January 2018)

In July 2014, the IASB published the final version of IFRS 9 'Financial Instruments' which replaces IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised requirements on the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

IFRS 9 applies a new classification and measurement approach for all types of financial assets that reflects the entity's business model for managing the assets and their contractual cash flow characteristics. IFRS 9 requires financial assets to be classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available for sale.

Financial assets will be measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principle and interest (SPPI). Financial assets will be measured at FVOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principle and interest. All other financial assets will be classified at FVTPL.

An entity may at initial recognition, designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. Furthermore, on initial recognition of an equity instrument that is not held for trading, an entity may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard are no longer bifurcated. Instead, the hybrid financial instrument is assessed for classification as a whole.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at FVTPL, gains or losses attributable to changes in own credit risk shall be presented in OCI and shall not be subsequently transferred to profit or loss unless such a presentation would create or enlarge an accounting mismatch. Under IAS 39, all fair value changes of liabilities designated at FVTPL are recognized in profit or loss unless this would create or enlarge an accounting mismatch.

Business model assessment

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect contractual cash flows from the asset, to realize cash flows from the sale of assets, or both to collect contractual cash flows and cash flows from the sale of assets. Financial assets that are held for trading or that are managed on a fair value basis will be measured at FVTPL.

The Group's approach is to perform the business model assessment consistently with its operating model and the information provided to key management personnel. In making the above assessment the Group will consider a number of factors including:

- the stated policies and objectives for each portfolio;
- how the performance of each portfolio is evaluated and reported;
- the risks associated with the performance of the business model and how those risks are managed;
- how managers are compensated; and
- past experience on how the cash flows from those portfolios were collected, expectations about future sales activity and how the Group's stated objective for managing the financial assets is achieved.

SPPI assessment

In assessing whether the contractual cash flows are solely payments of principle and interest, the Group will consider whether the contractual terms of the instrument are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin. This will include an assessment of whether a financial asset contains a contractual term that could change the amount or timing of contractual cash flows in a way that it would not be consistent with the above condition. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset will be measured at FVTPL.

Preliminary assessment of changes to the classification and measurement

The Group conducted a preliminary high-level assessment of possible changes to the classification and measurement of its portfolios based on its existing business models as at 31 December 2016. The Group's current expectation is that:

- loans and advances to banks and customers that are classified as loans and receivables and measured at amortized cost under IAS 39 would also be measured at amortized cost under IFRS 9;

- held-to-maturity investment securities measured at amortized cost under IAS 39 would in general also be measured at amortized cost under IFRS 9;

- debt securities classified as available-for-sale under IAS 39, may under IFRS 9 be measured at amortized cost or FVOCI depending on the business model within which they are held;

- assets in the debt securities lending portfolio (see note 26) that are measured at amortized cost under IAS 39, may under IFRS 9 be measured at amortized cost or FVOCI depending on the business model within which they are held;
- debt securities that are measured at FVTPL under IAS 39 would in general continue to be measured at FVTPL under IFRS 9;
- trading assets and derivative assets that are measured at FVTPL under IAS 39 would also be measured at FVTPL under IFRS 9; and
- equity securities classified as available-for-sale under IAS 39 would generally be measured at FVTPL under IFRS 9.

The above classification and measurement assessment may not be fully representative of the impact on the Group's financial statements as at 1 January 2018 because IFRS 9 requires the business model assessment to be made based on the facts and circumstances that exist at the date of initial application. Moreover, the Group's preliminary assessment has not included a detailed review of the contractual terms of all the financial assets which is in progress.

The final impact will depend on the structure of the Group's portfolios on initial application, which may not be the same as at 31 December 2016.

Impairment of financial assets

IFRS 9 introduces an expected credit loss (ECL) model that replaces the incurred loss model in IAS 39. The new requirements eliminate the threshold in IAS 39 that required a credit event to have occurred before credit losses were recognized and will apply to a broader population of financial instruments compared to IAS 39. The measurement of ECL will require the use of complex models and significant judgment about future economic conditions and credit behavior.

The new impairment model will apply to financial assets that are not measured at FVTPL, including loans, lease receivables, debt securities, financial guarantee contracts and loan commitments issued. No impairment loss will be recognized on equity investments.

The new standard uses a 'three stage approach' that will reflect changes in credit quality since initial recognition. At each reporting date, a loss allowance equal to 12-month ECL will be recognized for debt investment securities that are determined to have a low credit risk at the reporting date, and for all other financial assets for which there is no significant increase in credit risk since initial recognition. 12-month ECL are the portion of ECL that result from default events that are possible within the next 12 months after the reporting date. For financial assets that have experienced a significant increase in credit risk since initial recognition where no specific loss event has been identified, a loss allowance equal to lifetime expected credit losses will be recognized. The loss allowance for purchased or originated credit impaired financial assets will always be measured at an amount equal to lifetime ECL. Financial assets where 12-month ECL are recognized are considered to be in 'stage-1'; financial assets which have experienced a significant increase in credit risk are in 'stage-2' and financial assets that are credit impaired are in 'stage-3'.

The measurement of expected credit losses will be a probability-weighted average amount that will reflect the time value of money. In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions should be considered. The new impairment model is expected to result in a higher loss allowance for the Group compared to IAS 39.

Hedge accounting

IFRS 9 includes a new general hedge accounting model which aligns hedge accounting more closely with risk management. Under the new model, more hedging strategies may qualify for hedge accounting, new hedge effectiveness requirements apply and discontinuation of hedge accounting will be allowed only under specific circumstances. The IASB currently has a separate project for the accounting of macro hedging activities. Until the above project is completed, entities have an accounting policy choice to continue applying the hedge accounting requirements in IAS 39.

The Group intends to elect to continue applying IAS 39. However, the Group will provide the expanded disclosures required by the related amendments to IFRS 7 'Financial Instruments: Disclosures'.

IFRS 9 Implementation Program

A Group-wide IFRS 9 Program, led jointly by Group Risk and Group Finance, was initiated in 2015 to ensure a high quality implementation in compliance with the Standard and additional published regulatory guidance.

Overall governance is through a central Program Management Office (PMO) that coordinates the implementation of the Program among the various stakeholders and is responsible for the day-to-day management tasks, as well as two Management Committees, namely the Steering Committee and the Technical Committee. The Steering Committee, which comprises senior staff from all the main functions of the Group, is mandated to oversee the implementation in accordance with the Standard, monitors timelines and the quality of the Program's deliverables, and regularly informs the Executive Board, the Board Risk Committee, the Audit Committee and the Board of Directors of the Program's implementation progress. The Technical Committee is composed of Subject Matter Experts responsible for evaluating key technical issues and analyzing proposed changes in accounting policies and risk management methodologies for the Steering Committee before they are submitted and approved by the competent bodies of the Bank.

Reflecting the scale and complexity of the implementation plan, the Program is structured with various project teams (Group Finance, Group Risk Management, Information Systems, Lending Business Units, Troubled Assets Group, Operations and International General Division) dedicated to the various elements associated with the implementation of the Standard. These teams are supported by two external consultancy firms.

The implementation for the Group's foreign subsidiaries is managed locally with the establishment of local PMOs and Steering Committees. Progress is monitored by the central PMO with Head Office providing support and guidance to ensure consistent implementation within the Group.

Up to date, the Group has performed a gap analysis on data and processes and has completed the design phase of the Program. As part of the design phase of the implementation plan, program activities were focused on the definition of functional and technical requirements of the impairment model, setting out the business specifications for classification and measurement, and the designing of accounting policy changes. Educational workshops to the involved stakeholders across the Group are being continuously conducted on the impact of IFRS 9 in order to ensure that the new requirements are well understood.

The Program has now progressed to the build phase with its focus on the development of IFRS 9 methodologies and accounting policy decisions in key areas. On conclusion of the build phase, the Group intends to undertake a parallel run of IAS 39 and IFRS 9 in order to ensure a seamless transition to the new standard on the required effective date, while testing, model validation and refinement activities will continue up to the end of 2017.

The Group participates in the IFRS 9 thematic review conducted by the European Central Bank on the evaluation of the Group's preparedness, the impact of the new accounting rules on processes, infrastructure and regulatory capital. The Group has also carried out a preliminary impact assessment both for the classification and measurement and the impairment requirements within the context of the European Banking Authority's impact assessment on IFRS 9. The assessment was performed with reference date 31 December 2016 using information available as of that date as well as a number of assumptions on key policy choices that are yet to be determined since they are still being analyzed by Management and their formulation is in progress.

The most significant impact on the Group's financial statements from the implementation of IFRS 9 is expected to result from the new impairment requirements. However, management is not yet in a position to estimate reliably the expected impact, since the Group is in the process of building models, assembling data and calibrating the impairment stage transfer criteria. Furthermore, potential changes to the prudential treatment of accounting provisions due to IFRS 9 that may affect regulatory capital, are yet to be determined. The impact is also dependent on finalizing the classification assessment and the facts and circumstances from the date of initial application.

Management expects that this information will be disclosed no later than in the 2017 Annual Report.

Transition

The new requirements of IFRS 9 will be applied retrospectively by adjusting the Group's balance sheet on the date of transition on 1 January 2018. The Group intends to apply the exemption not to restate comparative figures for prior periods, therefore the Group's 2017 comparatives will be presented on an IAS 39 basis.

Moreover, the following assessments will have to be made on the basis of facts and circumstances that exist at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designations of certain financial assets and liabilities as measured at FVTPL; and
- the designation of certain investments in equity instruments not held-for-trading as at FVOCI.

IFRS 15, Revenue from Contracts with Customers (effective 1 January 2018) and IFRS 15 Amendments (effective 1 January 2018, not yet endorsed by EU)

IFRS 15 establishes a single, comprehensive revenue recognition model for determining when and how much revenue to recognize and replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'.

IFRS 15 applies to all contracts with customers, except those in the scope of other standards such as:

- Financial instruments and other contractual rights or obligations within the scope of IFRS 9 'Financial Instruments' or IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures';
- Lease contracts within the scope of IAS 17 'Leases' (or IFRS 16 'Leases'); and
- Insurance contracts within the scope of IFRS 4 'Insurance Contracts'.

Therefore, interest and fee income integral to financial instruments will continue to fall outside the scope of IFRS 15.

IFRS 15 specifies that revenue should be recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services. It introduces the concept of recognizing revenue for performance obligations as they are satisfied and the control of a good or service (i.e. the ability to direct the use of and obtain the benefits from them), is obtained by the customer.
Extensive disclosures will be required in relation to revenue recognized and expected from existing contracts.

IFRS 15 was amended in April 2016 to provide several clarifications, including that in relation to the identification of the performance obligations within a contract.

The Group, is currently assessing the effect of IFRS 15, however the adoption of the standard is not expected to have a significant impact on the Group's consolidated financial statements.

IFRS 16, Leases (effective 1 January 2019, not yet endorsed by EU)

IFRS 16, which supersedes IAS 17 'Leases' and related interpretations, introduces a single, on-balance sheet lease accounting model for lessees, under which the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17. The new standard provides for the recognition of a 'right-of-use-asset' and a 'lease liability' upon lease commencement in case that there is a contract, or part of a contract, that conveys to the lessee the right to use an asset for a period of time in exchange for a consideration.

The right-of-use-asset is, initially, measured at cost, consisting of the amount of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee and, subsequently, at cost less accumulated depreciation and impairment. The lease liability is initially recognized at an amount equal to the present value of the lease payments during the lease term that are not yet paid.

Accordingly, the typical straight line operating lease expense of operating leases under IAS 17 is replaced by the depreciation charge of the 'right-of-use-asset' and the interest expense on the 'lease liability'. The recognition of assets and liabilities by lessees, as described above, is not required for certain short term leases and leases of low value assets. Additionally, the accounting treatment for lessors is not substantially affected by the requirements of IFRS 16.

The Group is currently assessing the impact of IFRS 16 on its consolidated financial statements, which is impracticable to quantify as at the date of the publication of these consolidated financial statements. Operating lease commitments currently in place are set out in note 44.

Annual Improvements to IFRSs 2014-2016 Cycle (effective 1 January 2017 and 1 January 2018, not yet endorsed by EU)

The amendments introduce key changes to two IFRSs following the publication of the results of the IASB's 2014-16 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- IFRS 12 'Disclosure of Interests in Other Entities': It is clarified that the disclosure requirements in IFRS 12 apply to an entity's interest in a subsidiary, a joint venture or an associate classified as held for sale except for the requirement for summarized financial information. The amendment applies for annual periods beginning on or after 1 January 2017; and
- IAS 28 'Investments in Associates and Joint Ventures': It is clarified that venture capital organizations, mutual funds, unit trusts and similar entities are allowed to elect measuring their investments in associates or joint ventures at fair value through profit or loss. The amendment applies for annual periods beginning on or after 1 January 2018.

The adoption of the amendments is not expected to impact the Group's consolidated financial statements.

IFRIC 22, Foreign Currency Transactions and Advance Consideration (effective 1 January 2018, not yet endorsed by EU)

IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions that involve an advance payment or receipt. The interpretation clarifies that in this case, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date of the advance consideration, i.e. when the entity initially recognized the non-monetary asset (prepayment asset) or non-monetary liability (deferred income liability) arising from the advance consideration. If there are multiple payments or receipts in advance, the entity must determine a date of transaction for each payment or receipt.

The adoption of the interpretation is not expected to impact the Group's consolidated financial statements.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and of financial assets and financial liabilities (including derivative instruments) at fair-value-through-profit-or-loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Group's presentation currency is the Euro (€) being the functional currency of the parent company. Except as indicated, financial information presented in Euro has been rounded to the nearest million.

2.2 Consolidation

(i) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The Group consolidates an entity only when all the above three elements of control are present.

Power is considered to exist when the Group's existing rights give it the current ability to direct the relevant activities of the entity, i.e. the activities that significantly affect the entity's returns, and the Group has the practical ability to exercise those rights. Power over the entity may arise from voting rights granted by equity instruments such as shares or, in other cases, may result from contractual arrangements.

Where voting rights are relevant, the Group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity, unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities.

The Group may have power, even when it holds less than a majority of the voting rights of the entity, through a contractual arrangement with other vote holders, rights arising from other contractual arrangements, substantive potential voting rights, ownership of the largest block of voting rights in a situation where the remaining rights are widely dispersed ('de facto power'), or a combination of the above. In assessing whether the Group has de facto power, it considers all relevant facts and circumstances including the relative size of the Group's holding of voting rights and dispersions of holdings of other vote holders to determine whether the Group has the practical ability to direct the relevant activities.

The Group is exposed or has rights to variable returns from its involvement with an entity when these returns have the potential to vary as a result of the entity's performance.

In assessing whether the Group has the ability to use its power to affect the amount of returns from its involvement with an entity, the Group determines whether in exercising its decision-making rights, it is acting as an agent or as a principal. The Group acts as an agent when it is engaged to act on behalf and for the benefit of another party, and as a result does not control an entity. Therefore, in such cases, the Group does not consolidate the entity. In making the above assessment, the Group considers the scope of its decision-making authority over the entity, the rights held by other parties, the remuneration to which the Group is entitled from its involvement, and its exposure to variability of returns from other interests in that entity.

The Group has interests in certain entities which are structured so that voting rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual rights. In determining whether the Group has control over such structured entities, it considers the following factors:

- The purpose and design of the entity;
- Whether the Group has certain rights that give it the ability to direct the relevant activities of the entity unilaterally;
- The existence of any special relationships with the entity; and
- The extent of the Group's exposure to variability of returns from its involvement with the entity and if the Group has the power to affect such variability.

Information about the Group's structured entities is set out in note 28.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more elements of control. This includes circumstances in which the rights held by the Group and intended to be protective in nature become substantive upon a breach of a covenant or default on payments in a borrowing arrangement, and lead to the Group having power over the investee.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in subsidiaries that do not result in a loss of control are recorded as equity transactions. Any difference between the consideration and the share of the new net assets acquired is recorded directly in equity. Gains or losses arising from disposals of ownership interests that do not result in a loss of control by the Group are also recorded directly in equity. For disposals of ownership interests that result in a loss of control, the Group derecognizes the assets and liabilities of the subsidiary and any related non-controlling interest and other components of equity, and recognizes gains and losses in the income statement. When the Group ceases to have control, any retained interest in the former subsidiary is remeasured to its fair value, with any changes in the carrying amount recognized in the income statement.

Intercompany transactions, balances and intragroup gains on transactions between Group entities are eliminated; intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

(ii) Business combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for an acquisition is measured at the fair value of the assets given, equity instruments issued or exchanged and liabilities undertaken at the date of acquisition, including the fair value of assets or liabilities resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. Any previously held interest in the acquiree is remeasured to fair value at the acquisition date with any gain or loss recognized in the income statement. The Group recognizes on an acquisition-by-acquisition basis any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If this is less than the fair value of the net assets of the acquiree, the difference is recognized directly in the income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which it occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period to reflect the new information obtained about the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. The measurement period adjustments, as mentioned above, affect accordingly the amount of goodwill that was initially recognized, while the 'measurement period' cannot exceed one year from the acquisition date.

Commitments to purchase non-controlling interests through derivative financial instruments with the non-controlling interests, as part of a business combination are accounted for as a financial liability, with no non-controlling interest recognized for reporting purposes. The financial liability is measured at fair value, using valuation techniques based on best estimates available to management. Any difference between the fair value of the financial liability upon initial recognition and the nominal non-controlling interest's share of net assets is recognized as part of goodwill. Subsequent revisions to the valuation of the derivatives are recognized in the income statement.

For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the consideration to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies of the Group.

A listing of the Bank's subsidiaries is set out in note 27.

(iii) Business combinations involving entities under common control

Pursuant to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', since business combinations between entities under common control are excluded from the scope of IFRS 3 'Business Combinations', such transactions are accounted for in the Group's financial statements by using the pooling of interests method (also known as merger accounting), with reference to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework and comply with the IFRS general principles, as well as accepted industry practices.

Under the pooling of interests method, the Group incorporates the assets and liabilities of the acquiree at their pre-combination carrying amounts from the highest level of common control, without any fair value adjustments. Any difference between the cost of the transaction and the carrying amount of the net assets acquired is recorded in Group's equity.

The Group accounts for the cost of such business combinations at the fair value of the consideration given, being the amount of cash or shares issued or if that cannot be reliably measured, the consideration received.

Formation of a new Group entity to effect a business combination

Common control transactions that involve the formation of a new Group entity to effect a business combination by bringing together two or more previously uncombined businesses under the new Group entity are also accounted for by using the pooling of interests method.

Other common control transactions that involve the acquisition of a single existing Group entity or a single group of businesses by a new entity formed for this purpose are accounted for as capital reorganizations, on the basis that there is no business combination and no substantive economic change in the Group. Under a capital reorganization, the acquiring entity incorporates the assets and liabilities of the acquired entity at their carrying amounts, as presented in the books of that acquired entity, rather than those from the highest level of common control. Any difference between the cost of the transaction and the carrying amount of the net assets acquired is recognized in the equity of the new entity. Capital reorganization transactions do not have any impact on the Group's consolidated financial statements.

(iv) Associates

Investments in associated undertakings are accounted for using the equity method of accounting in the consolidated financial statements. These are undertakings over which the Group exercises significant influence but which are not controlled.

Equity accounting involves recognizing in the income statement the Group's share of the associate's profit or loss for the year. The Group's interest in the associate is carried on the balance sheet at an amount that reflects its share of the net assets of the associate and any goodwill identified on acquisition net of any accumulated impairment losses. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses, unless it has incurred obligations or made payments on behalf of the associate. Where necessary the accounting policies used by the associates have been changed to ensure consistency with the policies of the Group.

When the Group obtains or ceases to have significant influence, any previously held or retained interest in the entity is remeasured to its fair value, with any change in the carrying amount recognized in the income statement, except in cases where an investment in associate becomes an investment in a joint venture where no remeasurement of the interest retained is performed and use of the equity method continues to apply.

(v) Joint arrangements

A joint arrangement is an arrangement under which the Group has joint control with one or more parties. Joint control is the contractually agreed sharing of control and exists only when decisions about relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint ventures whereby the parties who share control have rights to the net assets of the arrangement or joint operations where two or more parties have rights to the assets and obligations for the liabilities of the arrangement.

The Group evaluates the contractual terms of joint arrangements to determine whether a joint arrangement is a joint operation or a joint venture. All joint arrangements in which the Group has an interest are joint ventures.

As investments in associates, the Group's interest in joint ventures is accounted for by using the equity method of accounting. Therefore, the accounting policy described in note 2.2(iv) applies also for joint ventures. Where necessary the accounting policies used by the joint ventures have been changed to ensure consistency with the policies of the Group.

When the Group ceases to have joint control over an entity, it discontinues the use of the equity method. Any retained interest in the entity is remeasured to its fair value, with any change in the carrying amount recognized in the income statement, except in cases where an investment in a joint venture becomes an investment in an associate, where no remeasurement of the interest retained is performed and use of the equity method continues to apply.

A listing of the Group's associated undertakings and joint ventures is set out in note 32.

2.3 Foreign currencies

(i) Translation of foreign subsidiaries

Assets and liabilities of foreign subsidiaries are translated into the Group’s presentation currency at the exchange rates prevailing at each reporting date whereas income and expenses are translated at the average exchange rates for the period reported. Exchange differences arising from the translation of the net investment in a foreign subsidiary, including exchange differences of monetary items receivable or payable to the foreign subsidiary for which settlement is neither planned nor likely to occur that form part of the net investment in the foreign subsidiaries, are recognized in other comprehensive income.

Exchange differences from the Group’s foreign subsidiaries are released to the income statement on the disposal of the foreign subsidiary while for monetary items that form part of the net investment in the foreign subsidiary, on repayment or when settlement is expected to occur.

(ii) Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at each reporting date and exchange differences are recognized in the income statement, except when deferred in equity as qualifying cash flow or net investment hedges.

Non-monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at initial recognition, except for non-monetary items denominated in foreign currencies that are measured at fair value which are translated at the rate of exchange at the date the fair value is determined. The exchange differences relating to these items are treated as part of the change in fair value and are recognized in the income statement or recorded directly in equity depending on the classification of the non-monetary item.

2.4 Derivative financial instruments and hedging

Derivative financial instruments, including foreign exchange contracts, forward currency agreements and interest rate options (both written and purchased), currency and interest rate swaps, and other derivative financial instruments, are initially recognized in the balance sheet at fair value on the date on which a derivative contract is entered into and subsequently are re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Certain derivatives, embedded in other financial instruments, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

Fair values of derivatives are determined based on quoted market prices, including recent market transactions, or by using other valuation techniques, as appropriate. The principles for the fair value measurement of financial instruments, including derivative financial instruments, are described in notes 2.12 and 7.3. The Group designates certain derivatives as: (a) hedges of the exposure to changes in fair value of recognized assets or liabilities or unrecognized firm commitments (fair value hedge), (b) hedges of the exposure to variability in cash flows of recognized assets or liabilities or highly probable forecasted transactions (cash flow hedge) or, (c) hedges of the exposure to variability in the value of a net investment in a foreign operation which is associated with the translation of the investment's net assets in the Group's functional currency.

The Group applies hedge accounting for transactions that meet specified criteria. Accordingly, at the inception of the hedge accounting relationship, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group also documents its assessment, both at inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items and whether the actual results of each hedge are within a range of 80-125%. If a relationship does not meet the abovementioned hedge effectiveness criteria, the Group discontinues hedge accounting prospectively. Similarly, if the hedging derivative expires or is sold, terminated or exercised, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

In addition, the Group uses other derivatives, not designated in a qualifying hedge relationship, to manage its exposure primarily to interest rate and foreign currency risks. Non qualifying hedges are derivatives entered into as economic hedges of assets and liabilities for which hedge accounting was not applied. The said derivative instruments are classified along with those held for trading purposes.

The method of recognizing the resulting fair value gain or loss depends on whether the derivatives are designated and qualify as hedging instruments, and if so, the nature of the item being hedged.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with the changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item, for which the effective interest method is applied, is amortized to profit or loss over the period to maturity.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income whereas the ineffective portion is recognized in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction affects the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Net investment hedge

Hedges of net investments in foreign operations, including hedges of monetary items that form part of the net investments, are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity; the gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of as part of the gain or loss on the disposal.

(iv) Derivatives that are not designated as hedging instruments

Changes in the fair value of derivative financial instruments that are not designated as a hedging instrument or do not qualify for hedge accounting are recognized in the income statement.

The fair values of derivative instruments held for trading and hedging purposes are disclosed in note 23.

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.6 Income statement

(i) Interest income and expense

Interest income and expense is recognized in the income statement for all interest bearing financial instruments on an accrual basis, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Once a financial asset has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fees and commissions

Fees and commissions are generally recognized on an accruals basis. Commissions and fees relating to foreign exchange transactions, imports-exports, remittances, bank charges and brokerage activities are recognized on the completion of the underlying transaction.

2.7 Property, plant and equipment and Investment property

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is recognized in the asset's carrying amount only when it is probable that future economic benefits will flow to the Group and the cost of the asset can be measured reliably. All other repair and maintenance costs are recognized in the income statement as incurred.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:

- Land: no depreciation;
- Freehold buildings: 40-50 years;
- Leasehold improvements: over the lease term or the useful life of the asset if shorter;
- Computer hardware and software: 4-10 years;
- Other furniture and equipment: 4-20 years; and
- Motor vehicles: 5-7 years.

(ii) Investment property

Property held for rental yields and/or capital appreciation that is not occupied by the Group's entities is classified as investment property. Investment property is carried at cost less accumulated depreciation and accumulated impairment losses, therefore, the policy described above applies also to this category of assets.

Reclassifications between own used and investment properties may occur when there is a change in the use of such properties. Additionally, an investment property may be reclassified to 'non-current assets held for sale' category to the extent that the criteria described in note 2.25 are met.

2.8 Intangible assets

(i) Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest and the acquisition date fair value of any previously held equity interest in the acquiree over the fair value of the Group's share of net identifiable assets and contingent liabilities acquired. Goodwill on acquisitions of subsidiaries is included in 'intangible assets' and is measured at cost less accumulated impairment losses.

Goodwill arising on acquisitions of associates and jointly controlled entities is neither disclosed nor tested separately impairment, but instead is included in 'investments in associates' and 'investments in jointly controlled entities'.

(ii) Computer software

Costs associated with the maintenance of existing computer software programs are expensed as incurred. Development costs associated with the production of identifiable assets controlled by the Group are recognized as intangible assets when they are expected to generate economic benefits and can be measured reliably. Internally generated computer software assets are amortized using the straight-line method over 4 years, except for core systems whose useful life may extend up to 15 years. See also note 31.

(iii) Other intangible assets

Other intangible assets are assets that are separable or arise from contractual or other legal rights and are amortized over their estimated useful lives. These include intangible assets acquired in business combinations.

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

2.9 Impairment of non-financial assets

(i) Goodwill

Goodwill on the acquisition of subsidiaries is not amortized but tested for impairment annually or more frequently if there are any indications that impairment may have occurred. The Group's impairment test is performed each year end. The Group considers external information such as prevailing economic conditions, persistent slowdown in financial markets, volatility in markets and changes in levels of market and exchange risk, an unexpected decline in an asset's market value or market capitalization being below the book value of equity, together with a deterioration in internal performance indicators, in assessing whether there is any indication of impairment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each Cash Generating Unit (CGU) or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes. The Group monitors goodwill either at the separate legal entity level or group of legal entities consistent with the internal monitoring of operating segments.

The Group impairment model compares the carrying value of a CGU or group of CGUs with its recoverable amount. The carrying value of a CGU is based on the assets and liabilities of each CGU. The recoverable amount is determined on the basis of the value-in-use which is the present value of the future cash flows expected to be derived from the CGU or group of CGUs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU and the countries where the CGUs operate.

An impairment loss arises if the carrying amount of an asset or CGU exceeds its recoverable amount, and is recognized in the income statement. Impairment losses are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other non-financial assets

Other non- financial assets, including property, plant and equipment, investment property and other intangible assets, are assessed for indications of impairment at each reporting date. When events or changes in circumstances indicate that the carrying amount may not be recoverable, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, where applicable. Non-financial assets, other than goodwill, for which an impairment loss was recognized in prior reporting periods, are reviewed for possible reversal of such impairment at each reporting date.

Impairment losses arising from the Group's associated undertakings and joint ventures are determined in accordance with this accounting policy.

2.10 Financial assets

The Group classifies its financial assets in the following IAS 39 categories: financial assets at fair-value-through-profit-or-loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of selling or repurchasing in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective hedging instruments.

The Group designates certain financial assets upon initial recognition as at fair-value-through-profit-or-loss when any of the following apply:

(a) it eliminates or significantly reduces measurement or recognition inconsistencies; or
(b) financial assets share the same risks with financial liabilities and those risks are managed and evaluated on a fair value basis; or
(c) structured products containing embedded derivatives that could significantly modify the cash flows of the host contract.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group upon initial recognition designates at fair-value-through-profit-or-loss or as available-for-sale. Securities classified in this category are presented in Investment Securities under Debt Securities Lending portfolio.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Accounting treatment and calculation

Purchases and sales of financial assets are recognized on trade date, which is the date the Group commits to purchase or sell the assets. Loans originated by the Group are recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair-value-through-profit-or-loss.

Available-for-sale financial assets and financial assets at fair-value-through-profit-or-loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair-value-through-profit-or-loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity is recognized in profit or loss. However, interest calculated using the effective interest rate method is recognized in the income statement.

Dividends on equity instruments are recognized in the income statement when the entity's right to receive payment is established.

De-recognition of financial assets

The Group derecognizes a financial asset when its contractual cash flows expire, or the rights to receive those cash flows are transferred in an outright sale in which substantially all risks and rewards of ownership have been transferred. In addition, a financial asset is derecognized even if rights to receive cash flows are retained but at the same time the Group assumes an obligation to pay the received cash flows without a material delay (pass through agreement) or when substantially all the risks and rewards are neither transferred nor retained but the Group has transferred control of the asset. The control is considered to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to unrelated third party.

2.11 Financial liabilities

The Group classifies its financial liabilities in the following categories: financial liabilities measured at amortized cost and financial liabilities at fair-value-through-profit-or-loss. Financial liabilities at fair-value-through-profit-or-loss comprise two sub categories: financial liabilities held for trading and financial liabilities designated at fair-value-through-profit-or-loss upon initial recognition.

The Group designates financial liabilities at fair-value-through-profit-or-loss when any of the following apply:

(a) it eliminates or significantly reduces measurement or recognition inconsistencies; or
(b) financial liabilities share the same risks with financial assets and those risks are managed and evaluated on a fair value basis; or
(c) structured products containing embedded derivatives that could significantly modify the cash flows of the host contract.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability of the Group is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability and any difference arising is recognized in the income statement.

The Group considers the terms to be substantially different, if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Similarly, when the Group repurchases any debt instruments issued by the Group, it accounts for such transactions as an extinguishment of debt.

2.12 Fair value measurement of financial instruments

Fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses other valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group has elected to use mid-market pricing as a practical expedient for fair value measurements within a bid-ask spread.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received unless the Group determines that the fair value at initial recognition differs from the transaction price. In this case, if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets, a day one gain or loss is recognized in the income statement. On the other hand, if the fair value is evidenced by a valuation technique that uses unobservable inputs, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price (day one gain or loss). Subsequently the deferred gain or loss is amortized on an appropriate basis over the life of the instrument or released earlier if a quoted price in an active market or observable market data become available or the financial instrument is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole (note 7.3).

For assets and liabilities that are measured at fair value on a recurring basis, 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.

2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets, not carried at fair value through profit or loss, is impaired. A financial asset or a group of financial assets is impaired and an impairment loss is incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impairment indicators

For the Group's retail loan exposures, objective evidence that a loan or group of loans is impaired refers to observable data that comes to the attention of the Group about the following loss events:

- significant financial difficulty of the borrower, significant reduction of personal and/or family income or loss of job;
- a default or breach of contract;
- significant changes in the financial performance and behavior of the borrower (for example, a number of delayed contractual payments);
- measurable decrease in the estimated future cash flows of a group of loans through a negative payment pattern such as missed payments or a decrease in property prices;

- the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider, such as a reduction of the borrower's monthly installment for a specific period of time, or a temporary or permanent reduction of interest rate;
- it is becoming probable that the borrower will enter into bankruptcy status or other financial reorganization; and
- loss events that could affect the ability of the borrower to repay contractual obligations within the agreed time, such as serious illness, disability or death of the obligor or a family member.

For all other financial assets including wholesale loan exposures, the Group assesses on a case-by-case basis whether there is any objective evidence of impairment using the following criteria:

- significant financial difficulty of the issuer or borrower;
- a default of breach of contract;
- significant changes in the financial performance of the borrower that affect the borrower's ability to meet its debt obligations, such as:
  -operating losses;
  -working capital deficiencies; and
  -the borrower having a negative equity.
- other facts indicating a deterioration of the financial performance of the borrower, such as a breach of loan covenants or other terms, or a partial write-off of the borrower's obligations due to economic or legal reasons relating to his financial status;
- significant changes in the value of the collateral supporting the obligation;
- the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider, such as a reduction of the obligors monthly installment for a specific period of time, or a temporary or permanent reduction of interest rate;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant adverse changes in the borrower's industry or geographical area that could affect his ability to meet its debt obligations;
- any material facility at the debtor level failing beyond 90 days past due;
- market related information including the status of the borrower's other debt obligations; and
- a significant downgrade in the internal or external credit rating of the borrower's financial instruments when considered with other information.

(i) Assets carried at amortized cost

Impairment assessment

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and collectively for financial assets that are not individually significant. If there is no objective evidence of impairment for a financial asset, the Group includes it in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Impairment losses recognized for financial assets for which no objective evidence of impairment exists (incurred but not reported loss-IBNR), represent an interim step pending to the identification of impairment losses of individual assets in the group. As soon as information is available that specifically identifies losses on individually impaired assets in the group, those assets are removed from it.

Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

In determining whether a loan is individually significant for the purposes of assessing impairment, the Group considers a number of factors, including the importance of the individual loan relationship and how it is managed, the size of the loan, and the product line. Consequently, loans to wholesale customers and financial institutions, as well as investment securities are generally considered as individually significant. Retail lending portfolios are generally assessed for impairment on a collective basis as they consist of large homogenous portfolios; exposures that are managed on an individual basis are assessed individually for impairment.

The Group assesses at each reporting date whether there is objective evidence of impairment.

Impairment measurement

If there is objective evidence that an impairment loss on a financial asset carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring the impairment loss is the current effective interest rate determined under the contract. The carrying amount of the asset is reduced through the use of an allowance account for loans and advances or directly for all other financial assets, and the amount of the loss is recognized in the income statement. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For collective impairment purposes, the financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the borrowers' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows of a group of financial assets that is collectively assessed for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group.

Estimates of changes in the future cash flows for a group of financial assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). Historical loss experience is adjusted on the basis of current observable data to reflect the effects of conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating the future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

Reversals of impairment

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the borrower's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account or the asset's carrying amount, as appropriate. The amount of the reversal is recognized in the income statement.

Write-off of loans and advances

A loan and the associated impairment allowance are written off when there is no realistic prospect of recovery. The Group considers all relevant information including the occurrence of a significant change in the borrower's financial position to such extent that the borrower can no longer pay his obligation.

The timing of write-off is mainly dependent on whether there are any underlying collaterals, their foreclosure processes, as well as the Group's estimates of the collectible amounts. Especially for collateralized exposures, the timing of write-off is mainly dependent on local jurisdictions and consequently maybe delayed due to various legal impediments. The number of days past due is considered by the Group as an indicator, however it is not regarded as a determining factor.

Unpaid debt continues to be subject to enforcement activity even after it is written-off, except for cases where it is clearly stipulated in debt forgiveness programs.

Subsequent recoveries of amounts previously written off decrease the amount of the impairment losses for loans and advances in the income statement.

Loan modifications

Modifications of loans' contractual terms may arise due to various factors, such as changes in market conditions, customer retention and other factors, as well as potential deterioration of the borrower's financial condition. Forbearance occurs in the cases where the contractual payment terms of a loan have been modified due to the deterioration of the borrower's financial position and the Group has granted a concession by providing more favorable terms and conditions that it would not otherwise consider had the borrower not been in financial difficulties. Other renegotiations, more of a business nature, are not considered as forbearance measures.

Forbearance measures usually do not lead to de-recognition of the loan, unless, in accordance with accounting policy 2.10 'Financial assets', the contractual terms of the new loan contract are assessed to be substantially different from those under the original loan, representing the expiry of the rights to the cash flows of the original loan. In this case the initial loan is derecognized and a new loan is recognized at fair value with any difference between the carrying amount of the derecognized asset and the fair value of the new loan recognized in the Group's income statement.

Modifications that may not result in de-recognition include:

- reduced or interest-only payments;
- payment holidays, grace period;
- extended payment periods under which the original term of the loan is extended;
- capitalization of arrears whereby arrears are added to the principal balance; and
- reduction in interest rates.

If the assessment of the forborne loan's modified terms do not result in de-recognition, the loan is assessed for impairment as the forbearance measures represent a concession that the Group would not otherwise consider. The impairment loss is measured in accordance with the Group's impairment policy for forborne loans (note 7.2.1.2 (d)).

Modifications that may result in de-recognition include:

- when an uncollateralized loan becomes fully collateralized;
- debt consolidations, whereby existing loan balances of the borrower are combined in a single loan;
- the removal or addition of conversion features to the loan agreement;
- a change in currency of principal and/or interest denomination; and
- any other changes that cause the terms under the new contract to be considered substantially different from the original loan's terms.

In addition, the Group may occasionally enter, in the context of loans' modifications, into debt-for-equity transactions. Similarly, the modified loan is derecognized while the equity instruments received in exchange are recognized at their fair value, with any resulting gain or loss recognized in the Group's income statement.

(ii) Available-for-sale assets

The Group assesses at each reporting date whether there is objective evidence that an asset classified as available for sale is impaired. Particularly, in case of equity investments, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether the assets are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss-is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity investments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

2.14 Sale and repurchase agreements and securities lending

(i) Sale and repurchase agreements

Securities sold subject to repurchase agreements (repos) continue to be recorded in the Group's Balance Sheet as the Group retains substantially all risks and rewards of ownership, while the counterparty liability is included in amounts due to other banks or due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos) are recorded as loans and advances to other banks or customers, as appropriate. The difference between the sale and repurchase price in case of repos and the purchase and resale price in case of reverse repos is recognized as interest and accrued over the period of the repo or reverse repo agreements using the effective interest method.

(ii) Securities lending

Securities lent to counterparties are retained in the financial statements. Securities borrowed are not recognized in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability.

2.15 Leases

(i) Accounting for leases as lessee

Finance leases:
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized, at the inception of the lease term, at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate of interest on the liability outstanding. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases:
Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases under which the leased asset is not recognized on balance sheet. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Accounting for leases as lessor

Finance leases:
When assets are leased out under finance leases, the present value of the lease payments is recognized under loans and receivables. The difference between the gross receivable (gross investment) and the present value of minimum lease payments (net investment) is recognized as unearned future finance income and is deducted from loans and advances. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Finance lease receivables are assessed for impairment losses in accordance with Group's impairment policy for financial assets as describe in note 2.13.

Operating leases:
Assets leased out under operating leases are included in property, plant and equipment or investment property, as appropriate, in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

2.16 Income tax

Income tax consists of current and deferred tax.

(i) Current income tax

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognized as an expense in the period in which profits arise.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The principal temporary differences arise from loans' impairment, Private Sector Initiative (PSI+) tax related losses, depreciation of fixed assets, pension and other retirement benefit obligations, and revaluation of certain financial assets and liabilities, including derivative financial instruments.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax related to changes in fair values of available-for-sale investments and cash flow hedges which are recognized to other comprehensive income is also recognized to other comprehensive income, and is subsequently recognized in the income statement together with the deferred gain or loss.

The deferred tax asset on income tax losses carried forward is recognized as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

(iii) Uncertain tax positions

The Greek Group's sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, are required to obtain an 'Annual Tax Certificate' following a tax audit by the same statutory auditor or audit firm that audits the annual financial statements (see note 15).

The Group determines and assesses all material tax positions taken, including all, if any, significant uncertain positions, in all tax years that are still subject to assessment (or when the litigation is in progress) by relevant tax authorities. In evaluating tax positions in various states, local, and foreign jurisdictions, the Group examines all supporting evidence (Ministry of Finance circulars, individual rulings, case law, past administrative practices, ad hoc tax/legal opinions etc.) to the extent they are applicable to the facts and circumstances of the particular Group's case/ transaction.

In addition, judgments concerning the recognition of a provision against the possibility of losing some of the tax positions are highly dependent on advice received from internal/ external legal counselors. For uncertain tax positions with a high level of uncertainty, the Group recognizes, on a transaction by transaction basis using an expected value (probability-weighted average) (a) a provision against tax receivable which has been booked for the amount of income tax already paid but further pursued in courts or (b) a liability for the amount which is expected to be paid to the tax authorities.

2.17 Employee benefits

(i) Short term benefits

Short term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services and are expensed as these services are provided.

(ii) Pension obligations

The Group provides a number of defined contribution pension plans where annual contributions are invested and allocated to specific asset categories. Eligible employees are entitled to the overall performance of the investment. The Group's contributions are recognized as employee benefit expense in the year in which they are paid.

(iii) Standard legal staff retirement indemnity obligations (SLSRI) and termination benefits

The Group operates unfunded defined benefit plans in Greece, Bulgaria, Serbia, and Romania under broadly similar regulatory frameworks. In accordance with the local labor legislation, the Group provides for staff retirement indemnity obligation for employees which are entitled to a lump sum payment based on the number of years of service and the level of remuneration at the date of retirement, if they remain in the employment of the Group until normal retirement age. Provision has been made for the actuarial value of the lump sum payable on retirement (SLSRI) using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with the actuarial valuations which are performed every year.

The SLSRI obligation is calculated as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds. In countries where there is no deep market in such bonds, the yields on government bonds are used. The currency and term to maturity of the bonds used are consistent with the currency and estimated term of the retirement benefit obligations. Actuarial gains and losses that arise in calculating the Group's SLSRI obligations are recognized directly in other comprehensive income in the period in which they occur and are not reclassified to the income statement in subsequent periods.

Interest on the staff retirement indemnity obligations and service cost, consisting of current service cost, past service cost and gains or losses on settlement are recognized in the income statement. In calculating the SLSRI obligation, the Group also considers potential separations before normal retirement based on the terms of previous voluntary exit schemes.

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Performance-based cash payments

The Group's Management awards high performing employees with bonuses in cash, from time to time, on a discretionary basis. Cash payments requiring only Management approval are recognized as employee benefit expenses on an accrual basis. Cash payments requiring General Meeting approval as distribution of profits to staff are recognized as employee benefit expense in the accounting period that they are approved by the Group's shareholders.

(v) Performance-based share-based payments

The Group's Management awards employees with bonuses in the form of shares and share options on a discretionary basis. Non-performance related shares vest in the period granted. Share based payments that are contingent upon the achievement of a performance and service condition, vest only if both conditions are satisfied.

The fair value of the shares granted is recognized as an employee benefit expense with a corresponding increase in share capital (par value) and share premium.

The fair value of the options granted is recognized as an employee benefit expense with a corresponding increase in a non-distributable reserve over the vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (par value) and share premium when the options are exercised, with a transfer of the non distributable reserve to share premium.

2.18 Repossessed properties

Land and buildings repossessed through an auction process to recover impaired loans are, except where otherwise stated, included in 'Other Assets'. Assets acquired from an auction process are held temporarily for liquidation and are valued at the lower of cost and net realizable value, which is the estimated selling price, in the ordinary course of business, less costs necessary to make the sale.

In cases where the Group makes use of repossessed properties as part of its operations, they may be reclassified to own occupied or investment properties, as appropriate.

Any gains or losses on liquidation are included in the income statement.

2.19 Related party transactions

Related parties of the Group include:

(a) an entity that has control over the Group and entities controlled, jointly controlled or significantly influenced by this entity, as well as members of its key management personnel and their close family members;
(b) members of key management personnel of the Group, their close family members and entities controlled or jointly controlled by the abovementioned persons;
(c) associates and joint ventures of the Group; and
(d) fellow subsidiaries.
Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and are conducted on an arm's length basis.

2.20 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at each reporting date, taking into account the risks and uncertainties surrounding the amount of such expenditure.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If, subsequently, it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses within a particular economic environment. Operating segments are identified on the basis of internal reports, regarding operating results, of components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker has been identified as the Strategic Planning Committee (which replaced the Executive Board during 2015) that is responsible for strategic decision making. Segment revenue, segment expenses and segment performance include transfers between business segments. Such transfers are accounted for at competitive prices in line with charges to unaffiliated customers for similar services.

2.22 Share capital

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution on shares is recognized as a deduction in the Group’s equity when approved by the General Meeting of shareholders. Interim dividends are recognized as a deduction in the Group's equity when approved by the Board of Directors.

Where any Group entity purchases the Bank’s equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders’ equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders’ equity.

2.23 Preferred securities

Preferred securities issued by the Group are classified as equity when there is no contractual obligation to deliver to the holder cash or another financial asset.

Incremental costs directly attributable to the issue of new preferred securities are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution on preferred securities is recognized as a deduction in the Group’s equity on the date it is due.

Where preferred securities, issued by the Group, are repurchased, the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders’ equity. Where such securities are subsequently called or sold, any consideration received is included in shareholders’ equity.

2.24 Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are granted to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognized in the financial statements at fair value. Subsequent to initial recognition, the Group’s liabilities under such guarantees are measured at the higher of the initial measurement, less amortization calculated to recognize in the income statement the fee income earned on a straight line basis over the life of the guarantee, and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of losses, supplemented by management's judgment. Any increase in the liability relating to guarantees is taken to the income statement.

2.25 Non-current assets classified as held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For a non- current asset to be classified as held for sale, it is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets, and the sale is considered to be highly probable. In such cases, management is committed to the sale and actively markets the property for sale at a price that is reasonable in relation to the current fair value. The sale is also expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The Group presents discontinued operations in a separate line in the consolidated income statement if a Group entity or a component of a Group entity has been disposed of or is classified as held for sale and:

(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) Is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations includes the profit or loss before tax from discontinued operations, the gain or loss on disposal before tax or measurement to fair value less costs to sell and discontinued operations tax expense. Intercompany transactions between continuing and discontinued operations are presented on a gross basis in the income statement. Upon classification of a Group entity as a discontinued operation, the Group restates prior periods in the consolidated income statement.

2.26 Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than those that meet the definition of loans and receivables may be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables, out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2.27 Cash and cash equivalents

Cash and cash equivalents include cash in hand, unrestricted deposits with central banks, due from credit institutions and other short-term highly liquid investments with original maturities of three months or less.

2.28 Fiduciary activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties. This involves the Group making allocation, purchase and sale decisions in relation to a wide range of financial instruments. The Group receives fee income for providing these services. Those assets that are held in a fiduciary capacity are not assets of the Group and are not recognized in the financial statements. In addition, the Group does not guarantee these investments and as a result it is not exposed to any credit risk in relation to them.

3. Critical accounting estimates and judgments in applying accounting policies

In the process of applying the Group's accounting policies, the Group's Management makes various judgments, estimates and assumptions that may affect the reported amounts of assets and liabilities, revenues and expenses recognized in the financial statements within the next financial year and the accompanying disclosures. Estimates and judgments are continually evaluated and are based on current conditions, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant areas in which the Group makes judgments, estimates and assumptions in applying its accounting policies are set out below:

3.1 Impairment losses on loans and advances

The Group reviews its loan portfolios to assess whether there is objective evidence of impairment on an ongoing basis. This assessment is performed individually for loans and advances that are individually significant and collectively (a) for loans and advances that are not individually significant and (b) for those that are individually significant but were found not to be impaired following the individual assessment. Management is required to exercise judgment in making assumptions and estimates when calculating the present value of the cash flows expected to be received on both individually and collectively assessed loans and advances.

Individual impairment assessment

For loans assessed on an individual basis, mainly the Group's wholesale lending portfolio, management uses its best estimate to determine the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about the borrower's financial position and the net realizable value of any underlying collaterals. Expected recoveries from real estate collaterals may be affected from the downward trend in the properties' market value. A 5% decline in the estimated recovery values of all types of real estates' collaterals used for the measurement of the impairment allowance of the Group's wholesale lending portfolio, would give rise to an additional impairment loss in 2016 of approximately € 116 million (2015: € 118 million).

Each individually assessed loan for impairment is assessed on a case-by-case basis (in cooperation between Credit Risk Management function and the business units) and subsequently it is independently approved by the Credit Risk Management function.

Collective impairment assessment

Collective impairment allowance is established for (a) groups of non-impaired or impaired retail homogenous loans that are not considered individually significant and (b) groups of corporate or retail loans that are individually significant but that were not found to be individually impaired.

In determining whether an impairment loss should be recorded in the income statement, management makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of a loan portfolio before the decrease can be identified on an individual loan basis in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

In assessing the need for collective impairment, management considers factors such as credit quality, portfolio size, concentrations and economic factors. Management's estimates are based on historical loss experience for assets with similar credit risk characteristics to those in the loan portfolio under assessment when scheduling its future cash flows. Management also applies significant judgment to assess whether current economic and credit conditions are such that the actual level of impairment loss is likely to be greater or lower than that suggested by historical experience. In normal circumstances, historical loss experience provides objective and relevant information in order to assess the loss within each loan portfolio. In other circumstances, historical loss experience provides less relevant information, for example when recent trends in risk factors are not fully reflected in the historical information. Where changes in economic, regulatory and behavioral conditions result in most recent trends in portfolio risk factors not being fully reflected in the impairment calculation model used, the Group adjusts the impairment allowance derived from historical loss experience accordingly.

The uncertainty inherent in the estimation of impairment loss is increased in the current macroeconomic environment, and is sensitive to factors such as the political uncertainty, level of economic activity, bankruptcy rates, geographical concentrations, changes in laws and regulations, property prices and level of interest rates.

For the Group's mortgage portfolios, the recovery rates, which are calculated based on statistical models, reflect the management's best estimate regarding the net realizable value of residential properties held as collateral as well as the timing foreclosure is expected to occur, which in turn is impacted by the local legal framework. Both the amount and timing of expected cash flows have been affected by the reduction in the level of activity in the real estate market and the changes in the local tax and legal environment in Greece. A 3% decline in the estimated recovery rates used for the measurement of the impairment allowance of the

Group's mortgage portfolio, would give rise to an additional impairment loss in 2016 of approximately € 125 million (2015: € 122 million).

For the rest of retail portfolios, statistical analysis of historical loss experience is the primary tool used in order to determine future customer behavior and payment patterns. Due to the stressed macroeconomic environment during the last years, depending on the portfolio under examination, there is a level of uncertainty in terms of the level of future cash flows as well as the time that these cash flows will come. With regards to unsecured consumer and small business exposures, management exercises judgment to determine the assumptions underlying to the applicable recovery rates, which are calculated based on statistical models and affected by the existing economic conditions. A 5% decrease in the estimated recovery rates used for the measurement of the impairment allowance of the Group's unsecured consumer portfolio would give rise to an additional impairment loss in 2016 of approximately € 36 million (2015: € 45 million). The same decrease in the small business lending portfolio's recovery rates would give rise to an additional impairment loss of approximately € 65 million (2015: € 40 million).

3.2 Fair value of financial instruments

The fair value of financial instruments 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) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of financial instruments that are not quoted in an active market are determined by using other valuation techniques that include the use of valuation models. In addition, for financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using other valuation techniques.

The valuation models used include present value methods and other models based mainly on observable inputs and to a lesser extent to non-observable inputs, in order to maintain the reliability of the fair value measurement.

Valuation models are used mainly to value over-the-counter derivatives and securities measured at fair value.

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used, and are calibrated to ensure that outputs reflect actual data and comparative market prices. The main assumptions and estimates, considered by management when applying a valuation model include:

- the likelihood and expected timing of future cash flows;
- the selection of the appropriate discount rate, which is based on an assessment of what a market participant would regard as an appropriate spread of the rate over the risk-free rate; and
- judgment to determine what model to use in order to calculate fair value.

To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates to reflect uncertainties in fair values resulting from the lack of market data inputs. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available. However, in most cases there will be some historical data on which to base a fair value measurement and consequently even when unobservable inputs are used, fair values will use some market observable inputs.

Information in respect of the fair valuation of the Group's financial assets and liabilities is provided in note 7.3.

3.3 Impairment of available-for-sale equity investments

For available-for-sale equity investments, a significant or prolonged decline in the fair value below cost is an objective evidence of impairment. In order to determine what is significant or prolonged, the Group's management exercises judgment. In this respect, the Group regards a decline to be 'significant' when the fair value of quoted equities is below cost by more than 30% to 40% depending on the equity's index and 'prolonged' when the market price is below the cost price for a twelve- month period. The Group also evaluates among other factors, the historic volatility in the share price, the financial health of the investee, the industry and sector performance, changes in technology, and operational and financing cash-flows.

3.4 Assess control over investees

The management exercises judgment in order to assess if the Group has control over another entity based on the control elements set out in note 2.2 (i).

(a) Subsidiaries
The Group holds more than half of the voting rights in all subsidiaries, except from Grivalia Properties R.E.I.C. and its subsidiaries as well as Hellenic Post Credit S.A. Further information in respect of the control assessment of the above named subsidiaries is provided in note 27.

(b) Structured entities
As part of its funding activity, the Group sponsors certain securitization vehicles, the relevant activities of which have been predetermined as part of their initial design by the Group. The Group is exposed to variability of returns from these vehicles through the holding of debt securities issued by them or by providing credit enhancements in accordance with the respective contractual terms. In assessing whether it has control, the Group considers whether it manages the substantive decisions that could affect these vehicles' returns. As a result, the Group has concluded that it controls these vehicles.

Furthermore, the Group is involved in the initial design of various mutual funds in order to provide customers with investment opportunities. The Group primarily acts as an agent in exercising its decision making authority as it is predefined by the applicable regulated framework. As a result, the Group has concluded that it does not control these funds.

Further information in respect of the structured entities the Group is involved, either consolidated or not, is provided in note 28.

3.5 Income taxes

The Group is subject to income taxes in various jurisdictions and estimates are required in determining the provision for income taxes. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due or for anticipated tax disputes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In addition, the Group recognizes deferred tax assets to the extent that it is probable that sufficient taxable profit will be available against which unused tax losses and deductible temporary differences can be utilized. Recognition therefore involves judgment regarding the future financial performance of the particular Group legal entity in which the deferred tax asset has been recognized. Particularly, in order to determine the amount of deferred tax assets that can be recognized, significant management judgments are required regarding the likely timing and level of future taxable profits. In making this evaluation, the Group has considered all available evidence, including management's projections of future taxable income and the tax legislation in each jurisdiction.

The most significant judgment exercised by management relates to the recognition of deferred tax assets in respect of losses realized in Greece. In the event that, the Group assesses that it would not be able to recover any portion of the recognized deferred tax assets in the future, the unrecoverable portion would impact the deferred tax balances in the period in which such judgment is made.

As at 31 December 2016, the Group revisited its estimates regarding the level of future taxable profits against which the unused tax losses and the deductible temporary differences can be utilized and evaluated accordingly the recoverability of the recognized deferred tax assets based on its three- year Business Plan, which was approved by the Board of Directors in January 2017 and has been submitted to the Hellenic Financial Stability Fund (HFSF) and to the Single Supervisory Mechanism (SSM), providing outlook of its profitability and capital position for the period up to the end of 2019. The implementation of the abovementioned Business Plan largely depends on the macroeconomic environment in Greece and in the countries that the Group operates.

As at 31 December 2016, an amount of € 54 million has been recognized in respect to unused tax losses using the Group's best estimation and judgment as described above. Further information in respect of the recognized deferred tax assets and the Group's assessment for their recoverability is provided in note 16.

3.6 Retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, such as the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate used to calculate the present value of the estimated retirement obligations, at the end of each year based on interest rates of high quality corporate bonds. In countries where there is no deep market in such bonds, the yields on government bonds are used. The currency and term to maturity of the bonds used are consistent with the currency and estimated term to maturity of the retirement benefit obligations. The salary rate increase assumption is based on future inflation estimates reflecting also the Group's reward structure and expected market conditions.

Other assumptions for pension obligations, such as the inflation rate, are based in part on current market conditions.

For information in respect of the sensitivity analysis of the Group's retirement benefit obligations to reasonably possible, at the time of preparation of these financial statements, changes in the abovementioned key actuarial assumptions, refer to note 38.

3.7 Investment properties and repossessed collateral

The Group reviews its investment properties portfolio to assess whether there is an indication of impairment, such as a decline in the market prices and level of activity for properties of different nature and location, at each reporting date. If such an indication exists, management is required to exercise judgment in estimating the fair value less cost to sell of the investment properties. The fair values are determined by independent certified valuators, and the Group's subsidiary Eurobank Property Services S.A., which is specialized in the area of real estate valuations, utilizes internal or external independent qualified appraisers and is regulated by the Royal Institute of Chartered Surveyors. The main factors underlying the determination of fair value are related with the receipt of contractual rentals, future vacancy rates and periods, discount rates or rates of return, the terminal values as well as the level of future maintenance and other operating costs. Additionally, where the fair value less cost to sell is determined based on market prices of comparable transactions those prices are subject to appropriate adjustments, in order to reflect current economic conditions and the management's best estimate regarding the future trend of properties market.

The processes and underlying assumptions applicable for the determination of repossessed properties net realizable value are similar to those described above for investment properties.

Further information in respect of the fair valuation of the Group's investment properties is provided in note 30.

3.8 Provisions and contingent liabilities

The Group recognizes provisions when it has a present legal or constructive obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of its amount.

A provision is not recognized and a contingent liability is disclosed when it is not probable that an outflow of resources will be required to settle the obligation, when the amount of the obligation cannot be measured reliably or in case that the obligation is considered possible and is subject to the occurrence or non -occurrence of one or more uncertain future events.

Considering the subjectivity and uncertainty inherent in the determination of the probability and amount of the abovementioned outflows, the Group takes into account a number of factors such as legal advice, the stage of the matter and historical evidence from similar cases. In the case of an offer made within the context of the Group's voluntary exit scheme, the number of employees expected to accept the abovementioned offer along with their age cluster is a significant factor affecting the measurement of the outflow for the termination benefits.

Further information in relation to the Group's provisions and contingent liabilities is provided in note 37 and note 45.

3.9 Other significant accounting estimates and judgments

Information in respect of other estimates and judgments that are made by the Group is provided in notes 5, 15, 17, and 47.

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 40); and

(b) Second stream-bonds issued by the Bank and guaranteed by the Hellenic Republic
As at 31 December 2016, the government guaranteed bonds, of face value of € 2,500 million, were fully retained by the Bank. During the year ended 31 December 2016, the Bank proceeded with the redemption of government guaranteed bonds of face value of € 3,893 million, while bonds of face value of € 6,650 million matured, all of which were fully retained by the Bank (note 36).

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. Information on the rights of the Hellenic Republic's representative is provided in the Directors' Report and Corporate Governance statement of the Annual Financial Report for the year ended 31 December 2016.

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 31 December 2016, the total carrying value of Greek sovereign major exposures is as follows:

	2016 € million	2015 € million
Treasury bills	**1,289**	2,157
Greek government bonds	**1,970**	1,677
Derivatives with the Greek state	**1,070**	992
Exposure relating with Greek sovereign risk financial guarantee	**194**	208
Loans guaranteed by the Greek state	**140**	176
Loans to Greek local authorities and public organizations	**75**	86
Other receivables	**19**	17
Total	**4,757**	5,313

The adequacy of the impairment allowance for loans and receivables either guaranteed by the Greek state or granted to public related entities was evaluated in the context of the Group's impairment policy. 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 Greek sovereign exposures is provided in note 7.3.

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.

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 49).

Capital position

	2016 € million	2015 € million
Total equity attributable to shareholders of the Bank	**6,672**	6,420
Add: Regulatory non-controlling interests	**255**	401
Less: Other regulatory adjustments	**(156)**	(198)
Common Equity Tier I Capital	**6,771**	6,623
Add: Preferred securities	**26**	30
Less: Other regulatory adjustments	**(26)**	(30)
Total Tier I Capital	**6,771**	6,623
Tier II capital-subordinated debt	**4**	15
Add: Other regulatory adjustments	**119**	147
Total Regulatory Capital	**6,894**	6,785
Risk Weighted Assets	**38,511**	38,888
Ratios:	%	%
Common Equity Tier I	**17.6**	17.0
Tier I	**17.6**	17.0
Total Capital Adequacy Ratio	**17.9**	17.4

Note: The CET1 as at 31 December 2016, based on the full implementation of the Basel III rules in 2024, would have been 13.8% (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 three-year horizon.

To this direction, the Group 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 exposures 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.

Supervisory Review and Evaluation Process (SREP)

Based on Council Regulation 1024/2013, the European Central Bank (ECB) conducts annually a Supervisory Review and Evaluation Process (SREP), in order to define the prudential requirements of the institutions under its supervision, by defining a total SREP capital requirement.

The key purpose of SREP is to ensure that institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks, to which they are or might be exposed, including those revealed by stress testing and risks the institution may pose to the financial system.

According to the decision of the 2016 Supervisory Review and Evaluation Process performed by the ECB, starting from 1 January 2017 the Bank is required to meet on a consolidated basis a Common Equity Tier 1 ratio of at least 8.75% and a Total Capital Adequacy Ratio of at least 12.25%.

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. The principal commitments of the Hellenic Republic for the Bank's revised restructuring plan to be implemented by 31 December 2018 (or otherwise indicated below) as well as their status as at 31 December 2016 are disclosed below:

(a) the reduction of the total costs (excluding any contribution to a deposit guarantee or resolution fund) to a maximum amount of € 750 million and the number of branches for the Group's Greek activities to a maximum of 510 on 31 December 2017 (note 12);
(b) the decrease of the cost of deposits collected in Greece, according to the Bank's own projections incorporated into the plan;
(c) the sale of a minimum 80% shareholding in the Group's insurance activities by 31 December 2016; the disposal of the 80% of the shareholding in its insurance subsidiaries was completed in August 2016 (note 17);
(d) the deleveraging of the portfolio of equity investments exceeding € 5 million (subject to certain exceptions), subordinated and hybrid bonds to less than € 35 million by 30 June 2016;
(e) for the Group's Greek activities, the reduction of the number of employees to a maximum of 9,800 by 31 December 2017; significant progress has been made through the implementation of the Voluntary Exit Scheme (VES) that commenced in the second quarter of 2016 (note 38);
(f) the reduction of the net loans to deposits ratio for the Group's Greek banking activities to less than 115%; the deleveraging of loans and the increase in deposits during 2016 have improved the loans to deposits ratio (notes 24 and 35);
(g) the reduction of the portfolio of the Group's foreign assets (non-related to Greek clients) to a maximum amount of € 8.77 bn by 30 June 2018; in 2016 the Group completed the sale of Public J.S.C. Universal Bank, its banking subsidiary in Ukraine (note 17) and the selective sale of foreign loan portfolios and properties (notes 24 and 27). As at 31 December 2016, the portfolio of the Group's foreign assets, which are not related with Greek clients, amounted to € 9.9 bn;
(h) the sale of the 20% shareholding in its non-banking subsidiary Grivalia Properties REIC; and
(i) 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.

As at 31 December 2016, the Group has already met/ respected the commitments referring to items 'a' to 'd' and 'i', while it has almost reached the target for item 'e', one year earlier than set by the plan. In respect of the commitments referring to items 'f' to 'h', which should be implemented within 2018, the Group proceeds to all actions and initiatives required to meet them within the prescribed deadlines. Such actions have been reflected in the three-year Business Plan approved by the Board of Directors in January 2017.

The implementation of the restructuring plan streamlines the Group's operations and reduces the Group's costs thereby reaching the goal of returning to profitability. However, the implementation of the commitments may have an adverse effect on Group's business, operating results and financial position.

In case that a bank is unable to comply with the terms of the restructuring plan and any potential revisions thereto, it may cause the EC to initiate a procedure to investigate the misuse of aid. This procedure may result in the partial or entire recovery of state aid and/or the imposition of additional conditions, including limiting a bank's ability to support its foreign subsidiaries or introducing additional limitations on its ability to hold and manage its securities portfolio. Moreover, the assumptions underlying the restructuring plan, as may be revised, may prove inaccurate, making the objectives of the restructuring plan and any potential revisions thereto more difficult to achieve.

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.

Grant Thornton S.A. was appointed as the Bank's Monitoring Trustee (MT) on 22 February 2013, with the mandate of the MT been subsequently amended and extended on 29 May 2014. The MT monitors the compliance with the commitments on corporate governance and commercial operational practices and the implementation of the restructuring plan and reports to the European Commission.

7. Financial risk management and fair value

7.1 Use of financial instruments

By their nature the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers, at both fixed and floating rates, and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers within a range of credit standing. Such exposures include both on-balance sheet loans and advances and off-balance sheet guarantees and other commitments such as letters of credit.

The Group also trades in financial instruments where it takes positions in traded and over the counter financial instruments, including derivatives, to take advantage of short-term market movements in the equity and bond markets and in currency and interest rates.

7.2 Financial risk factors

Due to its activities, the Group is exposed to a number of financial risks, such as credit risk, market risk (including currency and interest rate risk), liquidity and operational risks. The Group's overall risk management strategy seeks to minimize any potential adverse effects on its financial performance, financial position and cash flows.

Risk Management

The Group acknowledges that taking risks is an integral part of its operations in order to achieve its business objectives. Therefore, the Group's management sets adequate mechanisms to identify those risks at an early stage and assesses their potential impact on the achievement of these objectives.

Due to the fact that economic, industry, regulatory and operating conditions will continue to change, risk management mechanisms are set (and evolve) in a manner that enables the Group to identify and deal with the risks associated with those changes. The Bank's structure, internal procedures and existing control mechanisms ensure both the independence principle and the exercise of sufficient supervision.

The Group's Management considers effective risk management as a top priority, as well as a major competitive advantage, for the organization. As such, the Group has allocated significant resources for upgrading its policies, methods and infrastructure, in order to ensure compliance with the requirements of the European Central Bank (ECB), the guidelines of the European Banking Authority (EBA) and of the Basel Committee for Banking Supervision and the best international banking practices. The Group implements a well-structured credit approval process, independent credit reviews and effective risk management policies for credit, market, liquidity and operational risk, both in Greece and in each country of its international operations. The risk management policies implemented by the Bank and its subsidiaries are reviewed annually.

The Board Risk Committee (BRC) ensures that the Group has a well-defined risk and capital strategy and risk appetite.

The Group Risk and Capital Strategy, which has been formally documented, outlines the Group's overall direction regarding risk and capital management issues, the risk management mission and objectives, risk definitions, risk management principles, risk appetite, risk governance framework, strategic objectives and key initiatives for the improvement of the risk management framework in place.

The maximum amount of risk which the Group is willing to assume in the pursuit of its strategic objectives is articulated via a set of quantitative and qualitative statements for specific risk types, including specific tolerance levels as described in the Group's Risk Appetite Framework. The objectives are to support the Group's business growth, balance a strong capital position with higher returns on equity through greater leverage, and to ensure the Group's adherence to regulatory requirements.

The BRC assesses the Group's risk profile, monitors compliance with the approved risk appetite and risk tolerance levels, and ensures that the Group has developed an appropriate risk management framework with appropriate methodologies, modelling tools, data sources and sufficient and competent staff to identify, assess, monitor and mitigate risks.

The BRC consists of six non-executive directors (five-member committee at 31 December 2016), meets at least on a monthly basis and reports to the BoD on a quarterly basis and on ad hoc instances.

In 2016, the Bank established the Management Risk Committee (MRC) as a consulting committee to the Board Risk Committee (BRC). The main responsibility of the MRC is to oversee the risk management framework of the Group. The MRC ensures that material risks are identified and promptly escalated to the BRC and that the necessary policies and procedures are in place to prudently manage risk and to comply with the regulatory requirements. As part of its mandate, the MRC reviews the Bank's and its subsidiaries risk profile vis-à-vis its declared risk appetite and examines any proposed modifications to the risk appetite. In addition, the MRC reviews and approves the methodology, the parameters and the results of the Bank's Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP) and stress testing programmes. Additionally, the MRC determines appropriate management actions which are discussed and presented to the Executive Board ('EXBO') for information and submitted to BRC for approval.

The Group's Risk Management General Division that is headed by the Group Chief Risk Officer (GCRO) operates independently from the business units and is responsible for the monitoring, measurement and management of credit risk, market risk, liquidity and operational risks. It comprises the Credit Sector, the International Credit Sector, the Group Market and Counterparty Risk Sector (GMCRS), the Group Credit Control Sector (GCCS), the Capital Adequacy Control (Credit Risk) and Regulatory Framework Sector and the Operational Risk Sector.

Non-Performing Exposures (NPEs) management

Following the publication of the Bank of Greece (BoG) Executive Committee's Act No.42/30.05.2014 as amended by Act No.47/9.2.2015 and Act No. 102/30.08.2016 that details the supervisory directives for the administration of exposures in arrears and non-performing loans, the Bank has responsibly 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 Troubled 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, which ensures transparency, flexibility, better prioritization and management accountability. TAG, which is headed by the Deputy Chief Executive Officer and Executive member of the BoD, is the overall responsible body for the management of the Group's troubled assets portfolio for the whole process, from the pre-delinquency status in case of high risk exposures up to legal workout. It comprises the Retail Remedial General Division, the Corporate Special Handling Sector, the Non-Performing Clients Sector, the TAG Business Planning Sector and the TAG Risk Management and Business Policies Sector.

The TAC with a direct reporting line to the BRC oversees and monitors the Group's troubled assets' management. In particular, the main competencies that have been delegated to TAC relate to the monitoring of loans in arrears and the management of non-performing loans, the determination and implementation of the troubled assets' management strategy, as well as approving and assessing the sustainability of the forbearance and closure procedure measures. The establishment of an independent body, both in terms of account management as well as credit approval process, ensures transparency, management flexibility and accountability, and shifts the management from bad debt minimization to bad debt value management, in line with the Group's risk appetite.

Operational targets for Non-Performing Exposures (NPEs)

In line with the national strategy for the reduction of NPEs, the BoG in cooperation with the supervisory arm of the European Central Bank (ECB), has designed an operational targets framework for NPEs management, supported by several key performance indicators. Pursuant to the said framework, the Greek banks submitted at the end of September 2016 a set of NPEs operational targets together with a detailed NPEs management strategy with a three-year time horizon, which were formed on the basis of key macroeconomic assumptions.

In accordance with the relevant BoG report issued in December 2016, Greek banks have set a target of a 38% reduction of NPEs for the period from June 2016 up to December 2019, corresponding to a decrease by € 40 bn of the total NPEs stock, i.e. from € 107 bn in June 2016 to € 67 bn in end 2019. The largest part of the NPEs reduction is projected for the years 2018-2019 and will be mainly driven by curing of loans and write-offs and to a lesser extent by liquidations, collections and sales of loans portfolios. The NPEs of the sector as a percentage of total loan exposure will gradually decelerate and reach 34% in end 2019.

In the above context, the Bank has developed strategic objectives and targets, together with a set of corresponding actions across client segments, and a timetable for implementation. The actions have been cascaded to a segment level for retail portfolio and to a borrower level for corporate portfolio together with corresponding targets and monitoring indicators. The Bank has developed a detailed NPEs forecasting model, the results of which have been used to calibrate both the targets and the monitoring indicators. The strategy and the objectives are based on a set of assumptions regarding the macro-economic outlook and the legal and tax framework in Greece. The planned actions and initiatives are not expected to require increases in currently planned provisioning levels and additional capital requirements. The key risks for potential deviation from the targets are primarily related with the delays in (a) the macroeconomic recovery and (b) the enactment of the necessary adjustments of the legal and administrative framework for NPLs resolution. To this direction, a significant step for lifting tax-related impediments was the amendment of Law 4172/2013 in March 2017 (note 16).

The Bank has fully embedded the NPEs strategy into its management processes and operational plan. The supervisory authority reviews the course to meeting the operational targets on a quarterly basis and might request additional corrective measures if deemed necessary.

7.2.1 Credit Risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to fulfill its payment obligations, when due.

The credit risk mainly arises from its wholesale and retail lending activities, which include any credit enhancements provided, such as financial guarantees and letters of credit of the Group, as well as from other activities, such as investments in debt securities, trading, capital markets and settlement activities. Since, the credit risk is the primary risk that the Group is exposed to, it is carefully and actively managed and monitored by centralized risk units that report to the GCRO.

(a) Credit Risk Management

The credit approval and credit review processes are centralized on a country level. The appropriate level of segregation of duties ensures independence among the executives responsible for the customer's relationship, the approval process and the loan's disbursement, as well as the monitoring of the loan during its lifecycle.

Credit Committees

The credit approval process in wholesale lending is centralized through the establishment of Credit Committees with escalating credit approval levels, in order to manage the corporate credit risk.

Main Committees of the Bank are the following:

- Credit Committees (Central and Local), authorized to approve new financing, renewals or amendments in the existing credit limits in accordance with their approval authority level, depending on total limit amount, and customer risk category (i.e. high, medium or low), as well as value and type of collaterals;
- Special Handling Credit Committees, authorized to approve credit requests and take actions for distressed clients;
- International Credit Committees (Regional and Country) established for credit underwriting to wholesale borrowers of the Group's international Bank subsidiaries, authorized to approve new limits, renewals or amendments to existing limits, in accordance with their approval authority level, depending on total customer exposure and customer risk category (i.e. high, medium or low), as well as the value and type of collateral; and
- International Special Handling Committees established for handling distressed wholesale borrowers of the Group's international Bank subsidiaries.

The Credit Committees convene on a weekly basis or more frequently, if needed.

Credit Sector

The main responsibilities of the Credit Sector of the Risk Management General Division are:

- Review and evaluation of credit requests of:
  (a) domestic large and medium scale corporate entities of every risk category;

  (b) specialized units, such as shipping and structured finance; and
  (c) retail sector's customers (small business and household lending) above a predetermined threshold.
- Issuance of an independent risk opinion for each credit request, which includes:
  (a) Assessment of the customer credit profile based on the risk factors identified (market, operations, structural and financial);
  (b) A focused sector analysis; and
  (c) Recommendations to structure a bankable, well-secured and well-controlled transaction.
- Confirmation of the ratings of each separate borrower, to reflect the risks acknowledged; and
- Participation with voting rights in all credit committees, as per the credit approval procedures (except for Special Handling Committee 1-no voting rights).

International Credit Sector

The International Credit Sector (ICS) is responsible to actively participate in the design, implementation and review of the credit underwriting function for the wholesale portfolio of the International Subsidiaries. Moreover, ICS advises and supports Risk Divisions of the International Subsidiaries. .

In this context, ICS is responsible for the implementation of the below activities:

- Participation with voting right in all International Committees (Regional, Country and Special Handling);
- Preparation of the secretariat work of the International Committees including arrangement of the agenda and submission/circulation of the minutes of the respective committees;
- Participation in the sessions of Monitoring Committee responsible to monitor and decide on the strategy of problematic corporate relationships with loan outstanding exceeding a certain threshold, that is jointly set by ICS and Country TAG;
- Chairmanship in Country Risk Committees (CRCs);
- Continuous support to the Credit Risk Units of international subsidiaries by means of providing advice on best practices and training;
- Preparation and periodic update of the International Credit Policy Manual (Wholesale Banking) of international subsidiaries; and
- Implementation of Group's credit related special projects.

In cooperation with Group Credit Control, conducting reviews of loan quality and specific loan segments (e.g. Real Estate portfolios and agribusiness).

Retail Banking approval process

The approval process for loans to small businesses (turnover up to € 2.5 million) is centralized, following specific guidelines for eligible collaterals. The assessment is based on the analysis of the borrower's financial position, as well as the use of statistical scorecards. The approval process for household lending is also centralized. It is supported by specialized credit scoring models and the application of credit criteria based on the payment behavior and financial position of the borrowers, the type and quality of collateral, the existence of real estate property, and other factors. The ongoing monitoring of portfolio quality and performance leads to adjustments of the credit policy and procedures, when deemed necessary.

The approval process of Retail Banking modifications requests is fully segregated from the originating units of new loan production through the independent Retail Credit Remedial Sector.

Group Market and Counterparty Risk Sector

The Group Market and Counterparty Risk Sector (GMCRS) is responsible for the measurement, monitoring and reporting of the Group's exposure to counterparty risk, which is the risk of loss due to the customer's failure to meet its contractual obligations in the context of treasury activities, such as securities, derivatives, repos, reverse repos, interbank placings, etc.

The Group sets limits on the level of counterparty risk that may be undertaken based mainly on the counterparty's credit rating, as provided by international rating agencies, and the product type (e.g. control limits on net open derivative positions by both amount and term, sovereign bonds exposure, asset backed securities). The utilization of the abovementioned limits, any excess of them, as well as the aggregate exposure per Group's entity, counterparty and product type are monitored by GMCRS on a daily basis. Risk mitigation contracts are taken into account for the calculation of the final exposure.

In case of uncollateralized derivative transactions, the Group measures the current exposure along with the potential future exposure (PFE) using financial models. The combined exposure is used for the monitoring of limit utilization.

The GMCRS's exposure measurement and reporting tool is also available to the Group's subsidiaries treasury divisions, thus providing them with the ability to monitor each counterparty's exposure and the limit availability.

(b) Credit risk monitoring

The Group Credit Control Sector (GCCS) monitors and assesses the quality of all of the Group's loan portfolios and operates independently from the business units of the Bank. The GCCS reports directly to the GCRO.

The main responsibilities of the GCCS are:

- to monitor and review the performance of all of the Group's loan portfolios;
- to conduct field reviews and prepare written reports to the Management on the quality of all of the Group's loan portfolios and adherence with EBA prevailing regulations;
- to supervise and control the foreign subsidiaries' credit risk management units;
- to supervise, support and maintain the Moody's Risk Advisor (MRA) used to assign ratings to wholesale lending customers;
- to develop, supervise and support the Transactional Rating (TR) application used to measure the overall risk of wholesale credit relationships, taking into account both the creditworthiness of the borrower and required collaterals;
- to monitor on a regular basis and report on a quarterly basis to the Board of Directors and the BRC of risk exposures, along with accompanying analyses;
- to formulate the provisioning policy and regularly monitor the adequacy of provisions of all of the Group's loan portfolios;
- to participate in the approval of new credit policies and new loan products;
- to participate in the Troubled Asset Committee; and
- to attend meetings of Credit Committees and Special Handling Committees, without voting right.

The main responsibilities of the Capital Adequacy Control (Credit Risk) and Regulatory Framework Sector are to develop and maintain the Internal Ratings Based (IRB) approach in accordance with the Basel framework and the Capital Requirements Directive (CRD), for the loans portfolio of the Group, to measure and monitor the loan portfolios' capital requirements, and to manage credit risk regulatory related issues, such as Asset Quality Reviews (AQR) and stress tests. The Sector reports to the GCRO.

The main activities of the Capital Adequacy Control (Credit Risk) and Regulatory Framework Sector are:

- to manage the external Asset Quality Reviews (Bank of Greece, ECB);
- to implement the IRB roll-out plan of the Group;
- to develop ,implement and validate the IRB models of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for evaluating credit risk;
- to measure, monitor and backtest the risk parameters (PD, LGD, EAD) for the purposes of capital adequacy calculations, as well as, for provisioning purposes;
- to prepare monthly capital adequacy calculations (Pillar I) and relevant management, as well as, regulatory reports (COREPs, SREP) on a quarterly basis;
- to perform stress tests, both internal and external (EBA/SSM), and to maintain the credit risk stress testing infrastructure;
- to develop and maintain the forecasting models linking macroeconomic factors of credit quality (PD, LGD) for the loan portfolios of the Group;
- to prepare the credit risk analyses for Internal Capital Adequacy Assessment (ICAAP)/ Pillar II purposes;
- to prepare the Basel Pillar III disclosures for credit risk;
- to participate in the preparation of the business plan, the restructuring plan and the recovery plan of the Group in relation to asset quality and capital requirements for the loan book (projected impairments and RWAs);
- to support the business units in the use of IRB models in business decisions and the development and usage of risk related metrics such as Risk Adjusted Return on Capital (RAROC) etc.;

- to monitor the regulatory framework in relation to the above, to perform impact assessment, to initiate and manage relevant projects;
- to guide, monitor and supervise the Basel/Capital Adequacy (Credit Risk) divisions of Romania and Bulgaria on modelling, credit stress testing and other credit risk related regulatory issues; and
- to regularly report to the GCRO, to the Management Risk Committee and to the Board Risk Committee on the following topics: risk models performance, risk parameters (PD, LGD, EAD), updates on regulatory changes and impact assessment, credit risk, stress testing and asset quality reviews.

The Group's international subsidiaries in Bulgaria, Romania, Serbia, Cyprus and Luxembourg apply the same credit risk management structure and control procedures as the Bank and report directly to the GCRO. Risk management policies and processes are approved and monitored by the credit risk divisions of the Bank ensuring that the Group guidelines are in place and credit risk strategy is uniformly applied across the Group.

The Troubled Assets Group General Division (TAG) has the overall responsibility for the management of the Group's troubled assets portfolio, including forborne loans, and ensures close monitoring, tight control and course adjustment taking into account the continuous developments in the macro environment, the regulatory and legal requirements, the international best practices and new or evolved internal requirements.

The TAG cooperates with Group Risk Management to reach a mutual understanding of the implemented practices and to develop appropriate methodologies for the assessment of risks that may be inherent in any type of forbearance and, generally, troubled assets strategy deployment for all portfolios managed. The TAG's recommendations and reports to the Board of Directors and its Committees are also submitted to the GCRO who expresses an opinion.

The key governing principles of the TAG are to:

- Preserve the clear demarcation line between business units and troubled assets management;
- Ensure direct top management involvement in troubled assets management and close monitoring of the respective portfolio;
- Deploy a sound credit workout strategy through innovative propositions that will lead to viable solutions, ensuring a consistent approach for managing troubled assets across portfolios;
- Engineer improvements in monitoring and offering targeted solutions by segmenting delinquent borrowers and tailoring the remedial and workout approach to specific segment;
- Ensure a consistent approach for managing troubled assets across portfolios;
- Prevent non performing loans formation through early intervention and clear definition of primary financial objectives of troubled assets;
- Monitor the loan delinquency statistics, as well as define targeted risk mitigating actions to ensure portfolio risk reduction;
- Target maximization of borrowers who return to current status through modifications or collections;
- Monitor losses related to troubled assets; and
- Define criteria to assess the sustainability of proposed forbearance or resolution and closure measures and design decision trees.

(c) Credit related commitments

The primary purpose of credit related commitments is to ensure that funds are available to a customer as agreed. Guarantees and standby letters of credit carry the same credit risk as loans since they represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are secured by the underlying shipment of goods to which they relate and therefore carry less risk than a loan. Commitments to extend credit represent contractual commitments to extend credit in the form of loans, guarantees or letters of credit for which the Group usually receives a commitment fee. Such commitments are irrevocable over the life of the facility or revocable only in response to a material adverse effect.

(d) Concentration risk

The Group structures the levels of credit risk it undertakes by placing exposure limits by borrower, or groups of borrowers, and by industry segments. The exposure to each borrower is further restricted by sub-limits covering on and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts.

Such risks are monitored on a revolving basis and are subject to an annual or more frequent review. Risk concentrations are monitored regularly and reported to the BRC. Such reports include the 25 largest exposures, major watchlist and problematic customers, industry analysis, analysis by rating/risk class, by delinquency bucket, and loan portfolios by country.

(e) Rating systems

Rating of wholesale lending exposures

The Bank has decided upon the differentiation of rating models for wholesale lending activities, in order to reflect appropriately the risks arising from customers with different characteristics. Hence, rating models are employed for a number of general as well as specific segments:

- traditional corporate lending: Moody's Risk Advisor (MRA); Internal Credit Rating (ICR) for those customers that cannot be rated by MRA; and
- specialized lending (shipping, real estate and project finance): slotting methodology.

The MRA aggregates quantitative and qualitative information of individual obligors in order to assess their creditworthiness and determine their credit rating. In particular, it takes into account the entity's financial performance and cash flows, the industry sector's trends, the peers' performance, a qualitative assessment of the entity's management, the entity's status, the market's and industry's structural factors. The MRA is used for the assessment of all legal entities with full accountancy tax books irrespective of their legal form, and is calibrated on the Greek corporate environment.

Certain types of entities cannot be analyzed with the MRA due to the special characteristics of their financial statements, such as insurance companies, state-owned organizations, brokerage firms, and start-ups. In such cases, the ICR is applied, which similarly to MRA, combines quantitative and qualitative assessment criteria, such as the entity's size, years in business, credit history, industry sector.

In addition, the Bank performs an overall assessment of corporate customers, based both on their rating (MRA or ICR) and the collaterals and guarantees referred to the respective approved credit relationship, using a 14-grade rating scale. Credit exposures are subject to detailed reviews by the appropriate Credit Committee based on the respective transactional rating (TR). Low risk corporate customers are reviewed at least once a year, whereas higher risk customers are reviewed either on a semi-annual or a quarterly basis. All high risk corporate customers with exposures over € 5 million are reviewed by the Special Watch List Committee periodically or upon occurrence of significant events.

For specialized lending portfolios, i.e. when the primary source of repayment of the obligation is the income generated by the asset(s), rather than the independent capacity of the commercial enterprise, the Bank utilizes the slotting method by adapting and refining the Capital Requirements Directive's criteria to the Bank's risk practices. Customers falling in the specialized lending category (shipping, real estate and project finance) are classified into five categories: strong, good, satisfactory, weak and default.

The rating systems described above are an integral part of the wholesale banking decision-making and risk management processes:

- the credit approval process, both at the origination and review process;
- the calculation of Economic Value Added (EVA) and risk-adjusted pricing; and
- the quality assessment of issuers of cheques prior to their pledge as collateral.

Rating of retail lending exposures

The Bank assigns credit scores to its retail customers using a number of statistically-based models both at the origination and on ongoing basis through behavioral scorecards. These models have been developed to predict, on the basis of available information, the probability of default, the loss given default and the exposure at default. They cover the entire spectrum of retail products (credit cards, consumer lending, unsecured revolving credits, car loans, personal loans, mortgages and small business loans).

The models were developed based on the Bank's historical data and credit bureau data. Behavioral scorecards are calculated automatically on a monthly basis, thus ensuring that the credit risk assessment is up to date.

The models are applied in the credit approval process, the credit limits management, as well as the collection process for the prioritization of the accounts in terms of handling. Furthermore, the models are often used for the risk segmentation of the customers and the risk based pricing of particular segments or new products introduced.

The rating systems employed by the Bank meets the requirements of the Basel III-Internal Ratings Based (IRB) approach. The Bank is IRB certified since 2008 for the Greek portfolios, both wholesale and retail (as detailed in Basel III, Pillar III disclosures available at the Bank's website).

The Capital Adequacy Control (Credit Risk) and Regulatory Framework Sector independently monitors the capacity of rating models and scoring systems to classify customers according to risk, as well as to predict the probability of default and loss given default and exposure at default. The Bank's validation policy follows a procedure that complies with international best practices and regulatory requirements. The Bank verifies the validity of the rating models and scoring systems on an annual basis and the validation includes both quantitative and qualitative aspects. The validation procedures are documented, and regularly reviewed and reported to the BRC. The Group's Internal Audit Division also independently reviews the validation process annually.

(f) Credit risk mitigation

A key component of the Group's business strategy is to reduce risk by utilizing various risk mitigating techniques. The most important risk mitigating means are collaterals' pledges, guarantees and master netting arrangements.

Types of collateral commonly accepted by the Group

The Group has internal policies in place which set out the following types of collateral that are usually accepted in a credit relationship:

- residential real estate, commercial real estate (offices, shopping malls, etc.), industrial buildings and land;
- receivables (trade debtors) and post dated cheques;
- securities, including listed shares and bonds;
- deposits;
- guarantees and letters of support;
- insurance policies; and
- equipment, mainly, vehicles and vessels.

A specific coverage ratio is pre-requisite, upon the credit relationship's approval and on ongoing basis, for each collateral type, as specified in the Group's credit policy.

For exposures, other than loans to customers (i.e. reverse repos, derivatives), the Group accepts as collateral only cash or liquid bonds.

Valuation principles of collaterals

In defining the maximum collateral ratio for loans, the Group considers all relevant information available, including the collaterals' specific characteristics, if market participants would take those into account when pricing the relevant assets. The valuation and hence eligibility is based on the following factors:

- the collateral's fair value, i.e. the exit price that would be received to sell the asset in an orderly transaction under current market conditions;
- the fair value reflects market participants' ability to generate economic benefits by using the asset in its highest and best use or by selling it;
- a reduction in the collateral's value is considered if the type, location or condition (such as deterioration and obsolescence) of the asset indicate so; and
- no collateral value is assigned if a pledge is not legally enforceable.

The real estate collaterals of all units are valued by Eurobank Property Services S.A., a subsidiary of the Group, which reports to the General Manager of Global Markets, Wealth Management and Group Real Estate Asset Management. Eurobank Property Services S.A. is regulated by the Royal Institute of Chartered Surveyors and employs internal or external qualified appraisers based on predefined criteria (qualifications and expertise). All appraisals take into account factors such as the region, age and marketability of the property, and are further reviewed and countersigned by experienced staff. The valuation methodology employed is based on International Valuation Standards (IVS), while quality controls are in place, such as reviewing mechanisms, independent sample reviews by independent well established valuation companies.

In 2006, the Bank initiated a project in collaboration with other major banks in Greece to develop a real estate property index for residential properties. The methodology, which was developed by an independent specialized statistical company, has been approved by the Bank of Greece, and its use enables a dynamic monitoring of residential properties' values and market trends, on an annual basis.

For commercial real estates, re-valuations are performed by qualified property valuers within a time horizon of two or three years. More frequent revaluations, either on site or desktop, are performed depending on the materiality level of the credit exposure and the classification of the borrower (risk category).

To ensure the quality of the post-dated cheques accepted as collateral, the Bank has developed a pre-screening system, which takes into account a number of criteria and risk parameters, so as to evaluate their eligibility. Furthermore, the post-dated cheques' valuation is monitored weekly through the use of advanced statistical reports and monthly through the review of detailed information regarding the recoverability of cheques, referrals and bounced cheques, per issuer broken down.

Collateral policy and documentation

For loans, the Group's instructions emphasize that practices and routines followed are timely and prudent, in order to ensure that collaterals are controlled by the Group's subsidiaries and that the loan and pledge agreement, as well as the collaterals are legally enforceable. Therefore, the Group's subsidiaries hold the right to liquidate collateral in the event of the obligor's financial distress and can claim and control cash proceeds from the liquidation process.

The Group uses to a large extent standard loan and pledge agreements, ensuring legal enforceability.

Guarantees

The guarantees used as credit risk mitigation by the Group are largely issued by central and regional governments in the countries in which it operates. The Public Fund for very small businesses (TEMPME) and similar funds, banks and insurance companies are also important guarantors of credit risk.

Management of repossessed properties

The objective of the repossessed assets' management is to minimize the time cycle of the asset's disposal and to maximize the recovery of the capital engaged.

To this end, the management of repossessed assets aims at improving rental and other income from the exploitation of such assets, and at the same time reducing the respective holding and maintenance costs. Additionally, the Group is actively engaged in identifying suitable potential buyers for its portfolio of repossessed assets (including specialized funds involved in acquiring specific portfolios of properties repossessed), both in Greece and abroad, in order to reduce its stock of properties with a time horizon of 3-5 years.

Repossessed assets are closely monitored based on technical and legal due diligence reports, so that their market value is accurately reported and updated in accordance with market trends.

Counterparty risk

The Group mitigates counterparty risk arising from treasury activities by entering into master netting arrangements and similar agreements, as well as collateral agreements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in the offset of balance sheet assets and liabilities, as the transactions are usually settled on a gross basis. However, the respective credit risk is reduced through a master netting agreement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

In the case of derivatives, the Group makes use of International Swaps and Derivatives Association (ISDA) contracts, which limit the exposure via the application of netting, and Credit Support Annex (CSAs), which further reduce the total exposure with the counterparty. Under these agreements, the total exposure with the counterparty is calculated on a daily basis taking into account any netting arrangements and collaterals.

The same process is applied in the case of repo transactions where standard Global Master Repurchase Agreements (GMRAs) are used. The exposure (the net difference between repo cash and the market value of the securities) is calculated on a daily basis and collateral is transferred between the counterparties thus minimizing the exposure.

Following the European Market Infrastructure Regulation (EMIR), the Bank initiated centrally cleared transactions for eligible derivative contracts through an EU authorized European central counterparty (CCP), recorded in trade repositories. The use of CCP increases market transparency and reduces counterparty credit and operational risks inherent in derivatives markets.

The Bank uses a comprehensive collateral management system for the monitoring of ISDA, CSAs and GMRAs, i.e. the daily valuation of the derivatives and the market value of the securities are used for the calculation of each counterparty's exposure. The collateral which should be posted or requested by the relevant counterparty is calculated daily.

With this system, the Bank monitors and controls the collateral flow in case of derivatives and repos, independently of the counterparty. The effect of any market movement that increases the Bank's exposure is reported and the Bank proceeds to collateral call without delay.

7.2.1.1 Maximum exposure to credit risk before collateral held

	2016	2015
	€ million	€ million
Credit risk exposures relating to on-balance sheet assets are as follows:		
Due from credit institutions	**2,759**	2,808
Financial instruments at fair value through profit or loss:		
- Debt securities	**59**	85
Derivative financial instruments	**1,980**	1,884
Loans and advances to customers:		
- Wholesale lending	**19,335**	19,606
- Mortgage lending	**17,844**	18,261
- Consumer lending	**6,328**	6,570
- Small business lending	**7,149**	7,246
Less: Impairment allowance	**(11,598)**	(11,790)
Investment securities:		
- Debt securities	**12,320**	16,156
Other assets	**1,445**	1,678
Credit risk exposures relating to off-balance sheet items (note 45)	**1,478**	1,431
Total	**59,099**	63,935

The above table represents the Group's maximum credit risk exposure as at 31 December 2016 and 31 December 2015 respectively, without taking account of any collateral held or other credit enhancements that do not qualify for offset in the Group's financial statements.

For on-balance sheet assets, the exposures set out above are based on the net carrying amounts as reported in the balance sheet. Off-balance sheet items mentioned above include letters of guarantee, standby letters of credit, commitments to extend credit and documentary credits.

7.2.1.2 Loans and advances to customers

The section below provides a detailed overview of the Group's exposure to credit risk arising from its customer lending portfolios in line with the guidelines set by the Hellenic Capital Markets Commission and the Bank of Greece (BoG) released on 30 September 2013. In addition, the types of the Group's forbearance programs are in line with the BoG's Executive Committee Act 102/30.08.2016. Comparative information for the Group's forbearance programs has been adjusted in order to conform with the information presented in 2016.

(a) Credit quality of loans and advances to customers

Loans and advances to customers are classified as 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Loans reported as 'neither past due nor impaired' include loans with no contractual payments in arrears and no other indications of impairment.

'Past due but not impaired' category includes loans with contractual payments overdue by at least one day but which are not impaired unless specific information indicates to the contrary. For retail exposures, this is typically when loans are in arrears less than 90 days while for wholesale exposures both the delinquency status and the internal rating, which reflects the borrower's overall financial condition and outlook, are assessed.

For loans in the above categories, although not considered impaired, the Group recognizes a collective impairment loss (as set out in note 2.13 'Impairment of financial assets').

'Impaired' loans that are individually assessed include all wholesale exposures as well as small business and mortgage loans which carry an individual impairment allowance. The rest of retail exposures are considered impaired when they are in arrears for more than 90 days or earlier in case there is an objective evidence of impairment and carry a collective impairment allowance. Furthermore, impaired retail loans under forbearance measures may include loans in arrears less than 90 days. As of 1 January 2016, mortgage loans of 90 to 180 days past due have been classified as 'impaired'. Such change did not have a significant impact on the Group's impairment allowance.

The evidence considered by the Group in determining whether there is objective evidence of impairment is set out in note 2.13.

'Non-performing exposures' as currently monitored and reported by the Group, in line with the guidelines set by the European Banking Authority (EBA Implementing Technical Standards), include exposures that are in arrears for more than 90 days or assessed as unlikely to pay, impaired exposures under individual or collective impairment assessment as well as exposures categorized as defaulted for regulatory purposes. As at 31 December 2016, the Group's non performing exposures amounted to € 22,888 million (2015: € 22,621 million).Correspondingly, 'Performing exposures' include exposures without arrears, those that are less than 90 days past due or are not assessed as unlikely to pay, non-impaired and non-defaulted exposures. As at 31 December 2016, the Group's performing exposures amounted to € 27,768 million (2015: € 29,062 million).

'Unlikely to pay' category refers to exposures where a borrower's ability to repay his credit obligations in full without realization of collateral is assessed as unlikely, regardless the existence of any past due amounts or the number of days past due.

The following tables present the total gross amount, representing the maximum exposure to credit risk gross of impairment allowance, of loans and advances that are classified as non-impaired (i.e. 'neither past due nor impaired' and 'past due but not impaired') and those classified as impaired. They also present the total impairment allowance recognized in respect of all loans and advances, analyzed into individually or collectively assessed, based on how the respective impairment allowance has been determined, the total net amount, as well as the value of collateral held to mitigate credit risk.

For credit risk management purposes, the Public Sector, which includes exposures to the central government, local authorities, state-linked companies and entities controlled and fully or partially owned by the state, is incorporated in wholesale lending.

In addition, the value of collateral presented in the tables below is capped to the respective gross loan amount.

	31 December 2016								
	Non impaired		Impaired			Impairment allowance			
	Neither past due nor impaired € million	Past due but not impaired € million	Individually assessed € million	Collectively assessed € million	Total gross amount € million	Individually assessed € million	Collectively assessed € million	Total net amount € million	Value of collateral € million
Retail Lending	**13,545**	**2,801**	**521**	**14,454**	**31,321**	**(194)**	**(6,895)**	**24,232**	**18,399**
- Mortgage	*9,172*	*1,913*	*330*	*6,429*	*17,844*	*(122)*	*(2,150)*	*15,572*	14,029
- Consumer	*1,596*	*339*	*2*	*2,740*	*4,677*	*(1)*	*(2,195)*	*2,481*	176
- Credit card	*847*	*63*	*0*	*741*	*1,651*	*(0)*	*(536)*	*1,115*	32
- Small business	*1,930*	*486*	*189*	*4,544*	*7,149*	*(71)*	*(2,014)*	*5,064*	4,162
Wholesale Lending	**9,758**	**1,010**	**7,908**	**1**	**18,677**	**(4,354)**	**(146)**	**14,177**	**10,555**
- Large corporate	*7,095*	*681*	*3,258*	-	*11,034*	*(1,936)*	*(75)*	*9,023*	6,330
- SMEs	*2,663*	*329*	*4,650*	*1*	*7,643*	*(2,418)*	*(71)*	*5,154*	4,225
Public Sector	**655**	**2**	**1**	**-**	**658**	**(1)**	**(8)**	**649**	**4**
- Greece	*634*	*0*	*1*	-	*635*	*(1)*	*(8)*	*626*	4
- Other countries	*21*	*2*	-	-	*23*	-	-	*23*	-
Total	**23,958**	**3,813**	**8,430**	**14,455**	**50,656**	**(4,549)**	**(7,049)**	**39,058**	**28,958**

	31 December 2015								
	Non impaired		Impaired			Impairment allowance			
	Neither past due nor impaired € million	Past due but not impaired € million	Individually assessed € million	Collectively assessed € million	Total gross amount € million	Individually assessed € million	Collectively assessed € million	Total net amount € million	Value of collateral € million
Retail Lending	14,399	3,606	369	13,703	32,077	(119)	(6,978)	24,980	19,341
- Mortgage	*10,011*	*2,434*	*156*	*5,660*	*18,261*	*(44)*	*(2,128)*	*16,089*	*14,892*
- Consumer	*1,580*	*453*	*3*	*2,774*	*4,810*	*(1)*	*(2,131)*	*2,678*	*142*
- Credit card	*847*	*85*	-	*828*	*1,760*	-	*(633)*	*1,127*	*34*
- Small business [(1)]	*1,961*	*634*	*210*	*4,441*	*7,246*	*(74)*	*(2,086)*	*5,086*	*4,273*
Wholesale Lending	8,637	1,799	8,339	3	18,778	(4,522)	(163)	14,093	10,486
- Large corporate	*6,541*	*1,416*	*5,429*	*0*	*13,386*	*(3,288)*	*(102)*	*9,996*	*7,414*
- SMEs	*2,096*	*383*	*2,910*	*3*	*5,392*	*(1,234)*	*(61)*	*4,097*	*3,072*
Public Sector	824	3	1	-	828	(1)	(7)	820	54
- Greece	*800*	*1*	*1*	-	*802*	*(1)*	*(7)*	*794*	*54*
- Other countries	*24*	*2*	-	-	*26*	-	-	*26*	-
Total	23,860	5,408	8,709	13,706	51,683	(4,642)	(7,148)	39,893	29,881

[(1)] *In respect of SBB category, the denounced loans and their respective impairment allowance have been classified within the collectively assessed portfolio. Comparative information has been adjusted accordingly; in particular, balances of denounced loans amounting to € 2,465 million and their respective impairment allowance amounting to € 1,330 million have been presented within the collectively assessed portfolio.*

Loans and advances neither past due nor impaired

The Group's internal rating systems monitor individually significant exposures based on a variety of quantitative and qualitative factors. For exposures classified as neither past due nor impaired, loans to wholesale customers are segregated into strong, satisfactory and watch list categories, while small business and mortgage loans that are assessed individually are generally segregated into satisfactory and watch list. The rest of the retail exposures that are not assessed individually, the credit quality of which is not rated but is based on their delinquency status, are classified as satisfactory.

The following tables present the risk classification of loans and advances that are neither past due nor impaired:

	31 December 2016				
	Strong € million	Satisfactory (risk) € million	Watch list (higher risk) € million	Total neither past due nor impaired € million	Value of collateral € million
Retail Lending	**40**	**13,505**	**-**	**13,545**	**9,420**
- Mortgage	-	*9,172*	-	*9,172*	*8,012*
- Consumer	-	*1,596*	-	*1,596*	*52*
- Credit card	-	*847*	-	*847*	*1*
- Small business	*40*	*1,890*	-	*1,930*	*1,355*
Wholesale Lending	**6,146**	**3,300**	**312**	**9,758**	**6,370**
- Large corporate	*4,602*	*2,299*	*194*	*7,095*	*4,546*
- SMEs	*1,544*	*1,001*	*118*	*2,663*	*1,824*
Public Sector	**511**	**144**	**-**	**655**	**4**
- Greece	*511*	*123*	-	*634*	*4*
- Other countries	*0*	*21*	-	*21*	-
Total	**6,697**	**16,949**	**312**	**23,958**	**15,794**

	31 December 2015				
	Strong € million	Satisfactory (risk) € million	Watch list (higher risk) € million	Total neither past due nor impaired € million	Value of collateral € million
Retail Lending	35	14,364	-	14,399	10,123
- Mortgage	-	*10,011*	-	*10,011*	*8,789*
- Consumer	-	*1,580*	-	*1,580*	*20*
- Credit card	-	*847*	-	*847*	*0*
- Small business	*35*	*1,926*	-	*1,961*	*1,314*
Wholesale Lending	5,415	2,958	264	8,637	5,501
- Large corporate	*4,187*	*2,197*	*157*	*6,541*	*4,144*
- SMEs	*1,228*	*761*	*107*	*2,096*	*1,357*
Public Sector	662	162	-	824	53
- Greece	*662*	*138*	-	*800*	*53*
- Other countries	*0*	*24*	-	*24*	-
Total	6,112	17,484	264	23,860	15,677

Loans and advances past due but not impaired

The following tables present the ageing analysis of past due but not impaired loans and advances by product line at their gross amounts before any impairment allowance:

	31 December 2016								
	Retail lending				Wholesale lending		Public sector		
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	Other countries € million	Total past due but not impaired € million
up to 29 days	1,520	277	45	351	472	152	0	2	2,819
30 to 59 days	288	46	12	77	57	111	-	-	591
60 to 89 days	105	16	6	58	152	66	-	0	403
Total	**1,913**	**339**	**63**	**486**	**681**	**329**	**0**	**2**	**3,813**
Value of collateral	**1,533**	**3**	**0**	**308**	**332**	**230**	**-**	**-**	**2,406**

	31 December 2015								
	Retail lending				Wholesale lending		Public sector		
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	Other countries € million	Total past due but not impaired € million
up to 29 days	1,761	342	59	364	768	212	0	1	3,507
30 to 59 days	341	69	16	150	138	52	-	1	767
60 to 89 days	193	42	10	120	510	119	1	-	995
90 to 179 days	139	-	-	-	-	-	-	-	139
Total	2,434	453	85	634	1,416	383	1	2	5,408
Value of collateral	1,980	3	0	411	885	231	1	-	3,511

Impaired loans and advances

The following tables present the movement of impaired loans and advances by product line:

	31 December 2016								
	Retail lending				Wholesale lending		Public sector		
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	Other countries € million	Total impaired € million
Balance at 31 December 2015	**5,816**	**2,777**	**828**	**4,651**	**5,429**	**2,913**	**1**	**-**	**22,415**
Transfers among product lines	-	(0)	-	0	(1,947)	1,947	(0)	-	**(0)**
Balance at 1 January	**5,816**	**2,777**	**828**	**4,651**	**3,482**	**4,860**	**1**	**-**	**22,415**
Impaired exposures for the year	1,333	306	26	477	298	167	0	-	**2,607**
Impaired exposures arising from acquisitions	23	4	0	3	7	4	-	-	**41**
Transferred to non-impaired	(394)	(154)	(38)	(316)	(184)	(75)	(0)	-	**(1,161)**
Repayments	(48)	(28)	(4)	(88)	(90)	(100)	(0)	-	**(358)**
Amounts written off	(29)	(119)	(57)	(27)	(142)	(219)	-	-	**(593)**
Disposals	-	(43)	(23)	(0)	(126)	(3)	-	-	**(195)**
Foreign exchange differences and other movements	58	(1)	9	33	13	17	0	-	**129**
Balance at 31 December	**6,759**	**2,742**	**741**	**4,733**	**3,258**	**4,651**	**1**	**-**	**22,885**
Cumulative impairment allowance	(2,105)	(2,097)	(515)	(2,041)	(1,926)	(2,418)	(1)	-	**(11,103)**
Net balance at 31 December	**4,654**	**645**	**226**	**2,692**	**1,332**	**2,233**	**0**	**-**	**11,782**

	31 December 2015								
	Retail lending				Wholesale lending		Public sector		
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	Other countries € million	Total impaired € million
Balance at 31 December 2014	4,502	2,493	786	4,253	5,477	2,509	-	-	20,020
Transfers among product lines	(0)	(0)	-	0	(19)	19	-	-	-
Balance at 1 January	4,502	2,493	786	4,253	5,458	2,528	-	-	20,020
Impaired exposures for the year	1,392	424	75	532	215	585	1	-	3,224
Transferred to non-impaired	(134)	(92)	(17)	(98)	(90)	(54)	-	-	(485)
Repayments	(42)	(42)	(15)	(81)	(89)	(57)	-	-	(326)
Amounts written off	(42)	(19)	(4)	(25)	(120)	(92)	(0)	-	(302)
Disposals	-	-	-	(0)	(0)	(10)	-	-	(10)
Foreign exchange differences and other movements	140	13	3	70	55	13	-	-	294
Balance at 31 December	5,816	2,777	828	4,651	5,429	2,913	1	-	22,415
Cumulative impairment allowance	(1,914)	(2,079)	(619)	(2,085)	(3,279)	(1,234)	(1)	-	(11,211)
Net balance at 31 December	3,902	698	209	2,566	2,150	1,679	0	-	11,204

The following tables present the ageing analysis of impaired loans and advances by product line at their amounts net of any impairment allowance, as well as the value of collaterals held to mitigate credit risk.

For legally denounced loans, the Group ceases to monitor the delinquency status and therefore the respective balances have been included in the 'over 360 days' time band, with the exception of consumer exposures which continue to be monitored up to 360 days past due.

	31 December 2016								
	Retail lending				Wholesale lending		Public sector		
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	Other countries € million	Total impaired € million
up to 29 days	**1,233**	**173**	**12**	**691**	**695**	**559**	**-**	**-**	**3,363**
30 to 59 days	**212**	**33**	**1**	**83**	**12**	**38**	**-**	**-**	**379**
60 to 89 days	**143**	**7**	**1**	**86**	**82**	**91**	**-**	**-**	**410**
90 to 179 days	**243**	**21**	**5**	**107**	**54**	**43**	**-**	**-**	**473**
180 to 360 days	**259**	**20**	**6**	**107**	**58**	**56**	**0**	**-**	**506**
more than 360 days	**2,564**	**391**	**201**	**1,618**	**431**	**1,446**	**0**	**-**	**6,651**
Total	**4,654**	**645**	**226**	**2,692**	**1,332**	**2,233**	**0**	**-**	**11,782**
Value of collateral	**4,484**	**121**	**31**	**2,499**	**1,452**	**2,171**	**0**	**-**	**10,758**

	31 December 2015								
	Retail lending				Wholesale lending		Public sector		
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	Other countries € million	Total impaired € million
up to 29 days	733	107	14	392	603	349	0	-	2,198
30 to 59 days	158	23	1	86	39	27	-	-	334
60 to 89 days	96	14	0	93	273	197	-	-	673
90 to 179 days	255	46	11	173	115	91	-	-	691
180 to 360 days	317	43	14	145	93	108	0	-	720
more than 360 days	2,343	465	169	1,677	1,027	907	0	-	6,588
Total	3,902	698	209	2,566	2,150	1,679	0	-	11,204
Value of collateral	4,123	119	34	2,548	2,385	1,484	0	-	10,693

(b) Collaterals and repossessed assets

Collaterals

The Loan-to-Value (LTV) ratio of the mortgage lending reflects the gross loan exposure at the balance sheet date over the market value of the property held as collateral.

The LTV ratio of the mortgage portfolio is presented below:

	2016 € million	2015 € million
Mortgages		
Less than 50%	**3,510**	4,042
50%-70%	**2,453**	2,730
71%-80%	**1,310**	1,385
81%-90%	**1,168**	1,261
91%-100%	**1,128**	1,215
101%-120%	**1,913**	2,031
121%-150%	**2,404**	2,367
Greater than 150%	**3,958**	3,230
Total exposure	**17,844**	18,261
Average LTV	**99.90%**	94.07%

The breakdown of collateral and guarantees is presented below:

	31 December 2016				
	Value of collateral received				Guarantees
	Real Estate	Financial	Other	Total	received
	€ million	€ million	€ million	€ million	€ million
Retail Lending	**17,868**	**269**	**262**	**18,399**	**186**
Wholesale Lending [1]	**5,359**	**1,647**	**3,549**	**10,555**	**199**
Public sector	**2**	**2**	**0**	**4**	**8**
Total	**23,229**	**1,918**	**3,811**	**28,958**	**393**

	31 December 2015				
	Value of collateral received				Guarantees
	Real Estate	Financial	Other	Total	Received
	€ million	€ million	€ million	€ million	€ million
Retail Lending	18,813	249	279	19,341	206
Wholesale Lending [1]	5,312	1,696	3,478	10,486	192
Public sector	-	53	1	54	18
Total	24,125	1,998	3,758	29,881	416

[1] *Other collaterals include assigned receivables, equipment, inventories, vessels, etc.*

Repossessed assets

The Group recognizes collateral assets on the balance sheet by taking possession usually through legal processes or by calling upon other credit enhancements. The main type of collateral that the Group repossesses against repayment or reduction of the outstanding loan is real estate, which is recognized within repossessed assets and carried at the lower of cost or net realizable value (see also notes 2.18 and 32). In cases where the Group makes use of repossessed properties as part of its operations, they are classified as own-used or investment properties, as appropriate (notes 2.7, 29 and 30).

The following tables present a summary of collaterals that the Group took possession, and were recognized as repossessed assets, as well as the net gains/ (losses) arising from the sale of such assets in the year:

	31 December 2016						
	Gross amount	Of which: added this year	Accumulated impairment	Of which: arising this year	Net amount	Net Sale Price	Net gain/(loss) on sale
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Real estate auction items	**563**	**20**	**(169)**	**(12)**	**394**	**41**	**(4)**
- Residential	*268*	*4*	*(63)*	*(5)*	*205*	*23*	*(1)*
- Commercial	*295*	*16*	*(106)*	*(7)*	*189*	*18*	*(3)*
Other collateral	**8**	**0**	**(3)**	**0**	**5**	**7**	**0**

	31 December 2015						
	Gross amount	Of which: added this year	Accumulated impairment	Of which: arising this year	Net amount	Net Sale Price	Net gain/(loss) on sale
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Real estate auction items	607	47	(156)	(69)	451	16	1
- Residential	*290*	*22*	*(58)*	*(24)*	*232*	*12*	*0*
- Commercial	*317*	*25*	*(98)*	*(45)*	*219*	*4*	*1*
Other collateral	8	4	(4)	(1)	4	1	(1)

Properties that have been classified as investment property or own used in 2016 as a result of repossession or transfer from repossessed properties category, amounted to € 25 million (2015: € 22 million).

(c) Geographical and industry concentrations of loans and advances to customers

As described above in note 7.2.1, the Group holds diversified portfolios across markets and countries and implements limits on concentrations arising from the geographical location or the activity of groups of borrowers that could be similarly affected by changes in economic or other conditions, in order to mitigate credit risk.

The following tables break down the Group's exposure into loans and advances to customers at their gross amounts, impaired loans and advances and impairment allowance by product line, industry and geographical region:

	31 December 2016								
	Greece			Rest of Europe			Other Countries		
	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million
Retail Lending	**27,796**	**14,163**	**(6,720)**	**3,510**	**812**	**(369)**	**15**	**0**	**(0)**
-Mortgage	*15,980*	*6,360*	*(2,132)*	*1,849*	*399*	*(140)*	*15*	-	*(0)*
-Consumer	*3,911*	*2,686*	*(2,156)*	*766*	*56*	*(40)*	*0*	*0*	*(0)*
-Credit card	*1,444*	*733*	*(528)*	*207*	*8*	*(8)*	*0*	*0*	*(0)*
-Small business	*6,461*	*4,384*	*(1,904)*	*688*	*349*	*(181)*	-	-	-
Wholesale Lending	**13,222**	**6,433**	**(3,535)**	**3,639**	**1,303**	**(832)**	**1,816**	**173**	**(133)**
-Commerce and services	*6,336*	*3,355*	*(2,143)*	*1,547*	*506*	*(345)*	*672*	*107*	*(100)*
-Manufacturing	*2,786*	*1,057*	*(497)*	*569*	*173*	*(128)*	*12*	-	*(0)*
-Shipping	*106*	*43*	*(18)*	*109*	*80*	*(63)*	*795*	*65*	*(32)*
-Construction	*2,071*	*1,270*	*(673)*	*1,068*	*499*	*(270)*	*89*	*1*	*(1)*
-Tourism	*1,429*	*686*	*(173)*	*115*	*15*	*(5)*	-	-	-
-Energy	*290*	*8*	*(10)*	*42*	*4*	*(5)*	*0*	-	-
-Other	*204*	*14*	*(21)*	*189*	*26*	*(16)*	*248*	-	*(0)*
Public Sector	**635**	**1**	**(9)**	**23**	**-**	**-**	**-**	**-**	**-**
Total	**41,653**	**20,597**	**(10,264)**	**7,172**	**2,115**	**(1,201)**	**1,831**	**173**	**(133)**

	31 December 2015								
	Greece			Rest of Europe			Other Countries		
	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million	Gross amount € million	Out of which: impaired amount € million	Impairment allowance € million
Retail Lending	28,417	13,078	(6,600)	3,637	994	(497)	23	0	(0)
-Mortgage	*16,449*	*5,470*	*(2,060)*	*1,790*	*346*	*(112)*	*22*	-	*(0)*
-Consumer	*3,965*	*2,576*	*(1,980)*	*844*	*201*	*(152)*	*1*	*0*	*(0)*
-Credit card	*1,475*	*753*	*(581)*	*285*	*75*	*(52)*	-	-	-
-Small business	*6,528*	*4,279*	*(1,979)*	*718*	*372*	*(181)*	-	-	-
Wholesale Lending	13,392	6,805	(3,720)	3,618	1,367	(836)	1,768	170	(129)
-Commerce and services	*6,182*	*3,411*	*(2,087)*	*1,696*	*627*	*(461)*	*673*	*139*	*(120)*
-Manufacturing	*3,209*	*1,318*	*(725)*	*518*	*162*	*(92)*	*16*	-	*(0)*
-Shipping	*118*	*51*	*(24)*	*37*	*12*	*(1)*	*619*	*28*	*(8)*
-Construction	*2,076*	*1,279*	*(664)*	*1,086*	*520*	*(262)*	*163*	*3*	*(1)*
-Tourism	*1,291*	*678*	*(165)*	*100*	*17*	*(6)*	-	-	-
-Energy	*267*	*12*	*(13)*	*34*	-	*(0)*	-	-	-
-Other	*249*	*56*	*(42)*	*147*	*29*	*(14)*	*297*	*0*	*(0)*
Public Sector	802	1	(8)	26	-	-	-	-	-
Total	42,611	19,884	(10,328)	7,281	2,361	(1,333)	1,791	170	(129)

(d) Forbearance practices on lending activities

Modifications of the loans' contractual terms may arise due to various factors, such as changes in market conditions, customer retention and other factors as well as due to the potential deterioration in the borrowers' financial condition. As a consequence of the current macroeconomic environment, the Group has employed a range of forbearance options in order to enhance the management of customer relationships and the effectiveness of collection efforts, as well as to improve the recoverability of cash flows and minimize losses for both retail and wholesale portfolios.

Forbearance practices' classification

Forbearance practices as monitored and reported by the Group, based on European Banking Authority Implementing Technical Standards (EBA ITS) guidelines, occur only in the cases where the contractual payment terms of a loan have been modified, as the borrower is considered unable to comply with the existing loan's terms due to apparent financial difficulties, and the Group grants a concession by providing more favorable terms and conditions that it would not otherwise consider had the borrower not been in financial difficulties.

All other types of modifications granted by the Group, where there is no apparent financial difficulty of the borrower and may be driven by factors of a business nature are not classified as forbearance measures.

Forborne loans are classified either as impaired or non-impaired by assessing their delinquency and credit quality status at the date when forbearance measures were granted as well as at each reporting date.

Impaired loans enter initially a probation period of one year where the borrowers' payment performance is closely monitored. If, at the end of the abovementioned period, the borrowers have complied with the terms of the program and there are no past due amounts and concerns regarding the loans' full repayment, the loans are then reported as non-impaired. In addition, non-impaired loans, including those that were previously classified as impaired and complied with the terms of the program, are monitored over a period of two years. If, at the end of that period, the borrowers have made regular payments of a significant amount, there are no past due amounts over 30 days and the loans are not impaired, the loans exit forborne status.

Particularly, the category of impaired loans includes those that (a) at the date when forbearance measures were granted, were more than 90 dpd or assessed as unlikely to pay, (b) at the end of the one year probation period met the criteria of entering the non impaired status and during the two years monitoring period new forbearance measures were extended or became more than 30 days past due, and (c) were initially classified as non impaired and during the two years monitoring period met the criteria for entering the impaired status.

Additionally, the non-impaired retail loans are classified as either 'neither past due nor impaired' or 'past due but not impaired' based on their delinquency status at the reporting date while for wholesale exposures' classification both the borrowers' rating and delinquency status are assessed.

Furthermore, forborne loans that fail to perform under the new modified terms and are subsequently denounced cease to be monitored as part of the Group's forbearance activities and are reported as denounced impaired loans consistently with the Group's management and monitoring of all denounced loans.

Forbearance programs

Forbearance programs are granted following an assessment of the borrower's ability and willingness to repay and can be of a short or longer term nature. The objective is to assist financially stressed borrowers by rearranging their repayment cash outflows into a sustainable modification, and at the same time, protect the Group from suffering credit losses. The Group deploys targeted segmentation strategies with the objective to tailor different short or long term and sustainable management solutions to selected groups of borrowers for addressing their specific financial needs.

The nature and type of forbearance options may include but is not necessarily limited to, one or more of the following:

- debt consolidations, whereby existing loan balances of the borrower are combined in a single loan;
- interest-only payments;
- grace period;
- capitalization of arrears whereby arrears are added to the principal balance;
- reduced payment plans;
- arrears repayment plan;
- loan term extensions;
- interest rate reduction;
- partial debt forgiveness;
- split balance (combination of forbearance options that mainly includes capitalization of arrears, loan term extensions and interest rate reduction); and
- debt to equity swaps.

Specifically for unsecured consumer loans (including credit cards), forbearance programs are applied mainly through debt consolidation whereby all existing consumer balances are pooled together. Debt consolidations are generally combined with other options (e.g. term extensions), to ensure a sufficient decrease on installment and a viable solution for the borrower. In selected cases, the debt consolidations may be combined with mortgage prenotations to convert unsecured lending exposures to secured ones.

In the case of mortgage loans, a decrease of installment may be achieved through forbearance measures such as extended payment periods, capitalization of arrears, split balance and reduced payment plans.

Wholesale exposures are subject to forbearance when there are indications of financial difficulties of the borrower, evidenced by a combination of factors including the deterioration of financials, credit rating downgrade, payment delays and other.

The Troubled Assets Group General Division (TAG) is the independent body, which has the overall responsibility for the management of the Group’s troubled assets portfolio, including forborne loans, in alignment with the Bank of Greece Executive Committee Act 42/30.05.2014 as amended by Act No.47/9.2.2015 and Act No. 102/30.08.2016. TAG ensures tight control and close monitoring of the effectiveness of the forbearance schemes and the performance of the portfolios under management. TAG also warrants the continuous improvement and adjustment of policies and procedures, by performing quality assurance reviews and by assessing and taking into account the macroeconomic developments, the regulatory and legal requirements and changes, international best practices, and any existing or new internal requirements.

TAG cooperates with Risk Management to reach a mutual understanding and develop an appropriate methodology for the evaluation of the risks inherent in every type of modification and delinquency bucket, per portfolio. Further information regarding TAG’s structure and main responsibilities are provided in notes 7.2 and 7.2.1.

Impairment assessment

Where forbearance measures are extended, the Group performs an assessment of the borrower’s financial condition and its ability to repay, under the Group’s impairment policies, as described in notes 2.13 and 7.2.1. Specifically, the retail loans are segregated from other loan portfolios and the collective impairment assessment reflects the risk of higher losses, resulting in higher provision charges/coverage relative to non-modified loans. The impairment assessment of the wholesale exposures is performed on an individual basis taking into consideration various risk aspects (such as borrower's rating, financial position, adherence to the forbearance program and level of collaterals) and the respective impairment charge is calculated.

Debt for equity swaps

In wholesale portfolios, the Group on occasion participates in debt for equity transactions as part of the businesses support process, as described in note 2.13. In 2016, as part of debt for equity forbearance measures, the Group acquired: (a) a shareholding of 50% of Singidunum-Buildings d.o.o. Beograd, amounting to € 10 million related with the debt restructuring for a corporate customer of the Group’s banking subsidiary in Serbia, Eurobank A.D. Serbia, and (b) a minority shareholding of 2.79% of Selonda Aquaculture S.A., amounting to € 0.1 million related with the debt restructuring for DIAS Aquaculture S.A. Similarly, in 2015, the Group acquired: (a) a minority shareholding of 10.39% of Selonda Aquaculture S.A., amounting to € 0.2 million and (b) a minority shareholding of 13.94% of Nireus Aquaculture S.A., amounting to € 2.8 million.

Loan derecognition

An existing loan whose terms have been modified may be derecognized and the forborne loan may be recognized as a new loan, when changes to the original contractual terms result in the forborne loan, being considered, as a whole, a substantially different financial asset. Examples of circumstances that will likely lead to de-recognition are described in note 2.13. Upon de-recognition, any difference between the old loan and the fair value of the new loan is recognized in the income statement. Impaired loans that are de-recognized as a result of forbearance measures continue to be classified as impaired until there is a sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and there are no other indicators of impairment.

The following table presents a summary of the types of the Group's forborne activities:

	2016 € million	2015 € million
Forbearance measures:		
Split balance	**2,747**	331
Loan term extension	**2,284**	1,744
Reduced payment below interest owed	**1,658**	2,277
Reduced payment above interest owed	**880**	1,158
Arrears capitalisation	**742**	1,406
Interest rate reduction	**549**	315
Arrears repayment plan	**259**	207
Interest only	**161**	262
Grace period	**139**	141
Debt/equity swaps	**55**	49
Partial debt forgiveness/Write-down	**34**	21
Operational restructuring	**6**	1
Other	**42**	42
Total net amount	**9,556**	7,954

The following table presents a summary of the credit quality of forborne loans and advances to customers:

	31 December 2016		
	Total loans & advances € million	**Forborne loans & advances € million**	**% of Forborne loans & advances**
Neither past due nor impaired	**23,958**	**3,536**	**14.8**
Past due but not impaired	**3,813**	**1,225**	**32.1**
Impaired	**22,885**	**7,184**	**31.4**
Total Gross Amount	**50,656**	**11,945**	**23.6**
Individual impairment allowance	**(4,549)**	**(789)**	
Collective impairment allowance	**(7,049)**	**(1,600)**	
Total Net amount	**39,058**	**9,556**	**24.5**
Collateral received	**28,958**	**8,244**	

	31 December 2015		
	Total loans & advances € million	Forborne loans & advances € million	% of Forborne loans & advances
Neither past due nor impaired	23,860	2,780	11.7
Past due but not impaired	5,408	1,358	25.1
Impaired	22,415	5,541	24.7
Total Gross Amount	51,683	9,679	18.7
Individual impairment allowance	(4,642)	(680)	
Collective impairment allowance	(7,148)	(1,045)	
Total Net amount	39,893	7,954	19.9
Collateral received	29,881	6,218	

The following table presents the movement of forborne loans and advances:

	2016 € million	2015 € million
Balance at 1 January	**7,954**	5,317
Forbearance measures in the year	2,287	3,239
Forbearance measures arising from acquisitions	23	-
Interest income	217	216
Repayment of loans (partial or total)	(316)	(207)
Loans & advances that exited forbearance status [1]	(222)	(265)
Impairment loss	(424)	(357)
Other	37	11
Balance at 31 December	**9,556**	**7,954**

[1] *A significant amount of loans and advances that exited forbearance status refers to denounced loans*

The following table presents the Group's exposure to forborne loans and advances by product line:

	2016 € million	2015 € million
Retail Lending	**7,668**	6,239
- Mortgage	*5,428*	*4,522*
- Consumer	*447*	*364*
- Credit card	*32*	*27*
- Small business	*1,761*	*1,326*
Wholesale Lending	**1,888**	1,715
-Large corporate	*872*	*1,004*
-SMEs	*1,016*	*711*
Total net amount	**9,556**	7,954

The following table presents the Group's exposure to forborne loans and advances by geographical region:

	2016 € million	2015 € million
Greece	**8,815**	7,175
Rest of Europe	**694**	769
Other countries	**47**	10
Total net amount	**9,556**	7,954

7.2.1.3 Debt Securities

The following tables presents an analysis of debt securities by rating agency designation at 31 December 2016 and 2015, based on Moody's ratings or their equivalent:

	31 December 2016				
	Trading securities € million	Available--for-sale securities € million	Debt securities lending portfolio € million	Held-to--maturity securities € million	Total € million
Aaa	-	116	-	117	233
Aa1 to Aa3	-	-	6,934	77	7,011
A1 to A3	-	34	113	36	183
Lower than A3	59	3,316	1,180	336	4,891
Unrated	0	61	-	0	61
Total	59	3,527	8,227	566	12,379

	31 December 2015				
	Trading securities € million	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Aaa	-	155	-	128	283
Aa1 to Aa3	-	-	10,129	85	10,214
A1 to A3	-	96	114	60	270
Lower than A3	85	3,863	1,148	345	5,441
Unrated	-	33	-	-	33
Total	85	4,147	11,391	618	16,241

Securities rated lower than A3 include: € 3,259 million related to Greek sovereign debt (2015: € 3,834 million), € 425 million related to Eurozone members sovereign debt (2015: € 407 million), of which € 302 million related to Cypriot sovereign debt (2015: € 307 million), and € 909 million related to sovereign debt issued mainly by European Union members and candidate members (2015: € 926 million).

The following tables present the Group's exposure in debt securities, as categorized by counterparty's geographical region and industry sector:

	31 December 2016			
	Greece € million	**Other European countries € million**	**Other countries € million**	**Total € million**
Sovereign	**3,259**	**8,492**	**14**	**11,765**
Banks	**0**	**126**	**-**	**126**
Corporate	**198**	**265**	**25**	**488**
Total	**3,457**	**8,883**	**39**	**12,379**

	31 December 2015			
	Greece € million	Other European countries € million	Other countries € million	Total € million
Sovereign	3,834	11,801	-	15,635
Banks	29	127	-	156
Corporate	190	237	23	450
Total	4,053	12,165	23	16,241

7.2.1.4 Offsetting of financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

(a) are offset in the Group's balance sheet according to IAS 32 'Financial Instruments: Presentation' criteria; or

(b) are subject to enforceable master netting arrangements or similar agreements that cover similar financial instruments, irrespective of whether they are offset in balance sheet.

Regarding the former, financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously (the offset criteria), as also set out in Group's accounting policy 2.5.

Regarding the latter, the International Swaps and Derivatives Association (ISDA) and similar master netting arrangements do not meet the criteria for offsetting in the balance sheet, as they create a right of set-off that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties may not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Similar agreements to ISDA include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, repos and reverse repos agreements and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not subject to this disclosure unless they are offset in the balance sheet.

The following tables present financial assets and financial liabilities that meet the criteria for offsetting and thus are reported on a net basis in the balance sheet, as well as amounts that are subject to enforceable master netting arrangements and similar agreements for which the offset criteria mentioned above are not satisfied. The latter amounts, which mainly relate to derivatives, repos and reverse repos, are not set off in the balance sheet. In respect of these transactions, the Group receives and provides collateral in the form of marketable securities and cash that are included in the tables below under columns 'financial instruments' and 'cash collateral' at their fair value.

	31 December 2016					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities offset in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral received € million	Net amount € million
Financial Assets						
Derivative financial instruments	1,953	-	1,953	(1,871)	(8)	74
Oher financial assets	82	(82)	-	-	-	-
Total	2,035	(82)	1,953	(1,871)	(8)	74

	31 December 2016					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial liabilities € million	Gross amounts of recognised financial assets offset in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral pledged € million	Net amount € million
Financial Liabilities						
Derivative financial instruments	2,433	-	2,433	(804)	(1,621)	8
Repurchase agreements with banks	7,228	-	7,228	(7,228)	-	-
Repurchase agreements with customers	53	-	53	(53)	-	-
Other financial liabilities	82	(82)	-	-	-	-
Total	9,796	(82)	9,714	(8,085)	(1,621)	8

	31 December 2015					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities offset in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral received € million	Net amount € million
Financial Assets						
Reverse repos with banks	29	-	29	(29)	-	-
Derivative financial instruments	1,846	-	1,846	(1,775)	(22)	49
Total	1,875	-	1,875	(1,804)	(22)	49

	31 December 2015					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial liabilities € million	Gross amounts of recognised financial assets offset in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral pledged € million	Net amount € million
Financial Liabilities						
Derivative financial instruments	2,349	-	2,349	(794)	(1,524)	31
Repurchase agreements with banks	3,969	-	3,969	(3,917)	(52)	-
Repurchase agreements with customers	53	-	53	(53)	-	-
Total	6,371	-	6,371	(4,764)	(1,576)	31

Financial assets and financial liabilities are disclosed in the above tables at their recognized amounts, either at fair value (derivative assets and liabilities) or amortized cost (all other financial instruments), depending on the type of financial instrument.

7.2.2 Market risk

The Group takes on exposure to market risk, which is the risk of potential financial loss due to an adverse change in market variables. Changes in interest rates, foreign exchange rates, credit spreads, equity prices and other relevant factors, such as the implied volatilities of the above, can affect the Group's income or the fair value of its financial instruments. Specifically, the market risks the Group is exposed to are the following:

(a) Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its cash flows and the fair value of its financial positions. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is further split into 'General' and 'Specific'. The former refers to changes in the fair valuation of positions due to the movements of benchmark interest rates, while the latter refers to changes in the fair valuation of positions due to the movements of specific issuer yields and credit spreads.

(b) Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

(c) Equity risk

Equity price risk is the risk of the decrease of fair values as a result of changes in the levels of equity indices and the value of individual stocks. The equity risk that the Group undertakes arises mainly from the investment portfolio.

(d) Implied volatilities

The Group carries limited implied volatility (vega) risk, mainly as a result of proprietary swaption positions.

The Board's Risk Committee sets limits on the level of exposure to market risks, which are monitored on a regular basis.

Market risk in Greece and Cyprus is managed and monitored using Value at Risk (VaR) methodology. Market risk in International operations is managed and monitored using mainly sensitivity analyses. Information from International operations is presented separately as it originates from significantly different economic environments with different risk characteristics.

(i) VaR summary for 2016 and 2015

VaR is a methodology used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The VaR that the Group measures is an estimate based upon a 99% confidence level and a holding period of 1 day and the methodology used for the calculation is Monte Carlo simulation (full re-pricing).

The VaR models are designed to measure market risk in a normal market environment. It is assumed that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to certain limitations. Given this, actual outcomes are monitored regularly, via back testing process, to test the validity of the assumptions and the parameters used in the VaR calculation.

Since VaR constitutes an integral part of the Group's market risk control regime, VaR limits have been established for all (trading and investment portfolios) operations and actual exposure is reviewed daily by management. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements.

Average VaR by risk type (Trading and Investment portfolios [(1)])-Greece and Cyprus

	2016	2015
	€ million	€ million
Interest Rate Risk	**17**	47
Foreign Exchange Risk	**1**	2
Equities Risk	**2**	4
Total VaR	**18**	49

[(1)] Interest rate volatility applied to all portfolios. Credit spread volatility applied to Trading and Available-for-sale positions.

The aggregate VaR of the interest rate, foreign exchange and equities VaR benefits from diversification effects.

Interest Rate VaR takes into account the changes to the fair valuation of all the Group's items that are attributable to movements in the interest rates. This includes loans and deposits (customers and interbank), Eurosystem funding and debt issued, as well as securities and derivatives held by the Group. Despite the large relative size of the loan and deposit portfolio, Eurosystem funding and debt issued, its timing and amount matching, combined with the current level of interest rates, mean that the incremental contribution of these items to the Interest Rate VaR is not material. The largest portion of the Group's Interest Rate VaR figures is attributable to the risk associated with interest rate sensitive securities and derivatives. Interest rate exposure for the Group's securities and derivatives portfolio can be analyzed into time bands as shown in the following tables:

	31 December 2016				
	less than 1 month	**1-3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
	€ million	**€ million**	**€ million**	**€ million**	**€ million**
Financial instruments at fair value through profit or loss	**-**	**1**	**25**	**25**	**8**
Fixed coupon bonds	**-**	**1**	**25**	**25**	**8**
Investment securities	**450**	**1,285**	**7,223**	**1,319**	**1,907**
Fixed coupon bonds	**270**	**862**	**391**	**1,319**	**1,907**
Variable coupon bonds	**180**	**423**	**6,832**	**-**	**-**
Derivatives[(1)]	**416**	**(562)**	**906**	**(332)**	**(632)**

	31 December 2015				
	less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years
	€ million	€ million	€ million	€ million	€ million
Financial instruments at fair value through profit or loss	1	-	25	35	9
Fixed coupon bonds	1	-	25	35	9
Investment securities	545	1,752	10,678	1,537	1,233
Fixed coupon bonds	421	1,298	691	1,537	1,233
Variable coupon bonds	124	454	9,987	-	-
Derivatives[(1)]	275	(833)	1,298	(288)	(640)

[(1)] For linear interest rate derivatives, notional amounts are shown in the appropriate time band, aggregated across all currencies. For non-linear interest rate derivatives, delta equivalent notional amounts are shown in the appropriate time band, aggregated across all currencies.

(ii) Sensitivity analysis for 2016 and 2015

Sensitivity analyzes used for monitoring market risk stemming from International operations, excluding Cyprus, do not represent worst case scenarios.

	31 December 2016		
	Sensitivity of income statement € million	Sensitivity of equity € million	Total sensitivity € million
Interest Rate: +100 bps parallel shift	**5**	**(19)**	**(14)**
Equities / Equity Indices / Mutual Funds: -10% decrease on prices	**(0)**	**(0)**	**(0)**
Foreign exchange: -10% depreciation of functional currency over foreign currencies	**10**	**(55)**	**(45)**

	31 December 2015		
	Sensitivity of income statement € million	Sensitivity of equity € million	Total sensitivity € million
Interest Rate: +100 bps parallel shift	(2)	(22)	(24)
Equities / Equity Indices / Mutual Funds: -10% decrease on prices	(0)	-	(0)
Foreign exchange: -10% depreciation of functional currency over foreign currencies	2	(50)	(48)

(iii) Foreign exchange risk concentration

The following table presents the Group's exposure to foreign currency exchange risk as at 31 December 2016 and 2015:

	31 December 2016							
	USD € million	CHF € million	RON € million	RSD € million	BGN € million	OTHER € million	EUR € million	Total € million
ASSETS								
Cash and balances with central banks	13	5	235	76	276	8	864	1,477
Due from credit institutions	673	18	1	6	0	109	1,952	2,759
Financial instruments at fair value through profit or loss	1	-	54	0	1	(0)	15	71
Derivative financial instruments	13	2	0	-	0	0	1,965	1,980
Loans and advances to customers	1,333	4,453	745	288	1,401	234	30,604	39,058
Investment securities	316	0	225	98	3	2	11,819	12,463
Other assets[(1)]	19	1	164	66	54	2	8,279	8,585
Total Assets	2,368	4,479	1,424	534	1,735	355	55,498	66,393
LIABILITIES								
Due to central banks and credit institutions	136	2	41	3	25	33	21,446	21,686
Derivative financial instruments	20	(0)	2	0	0	0	2,419	2,441
Due to customers	3,508	70	1,266	120	1,673	333	27,061	34,031
Debt securities in issue	0	-	-	-	-	-	102	102
Other liabilities	26	1	35	5	18	4	689	778
Total Liabilities	3,690	73	1,344	128	1,716	370	51,717	59,038
Net on balance sheet position	(1,322)	4,406	80	406	19	(15)	3,781	7,355
Derivative forward foreign exchange position	1,332	(4,404)	3	5	0	18	1,510	(1,536)
Total Foreign Exchange Position	10	2	83	411	19	3	5,291	5,819

	31 December 2015							
	USD	CHF	RON	RSD	BGN	OTHER	EUR	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
ASSETS								
Cash and balances with central banks	23	5	282	110	207	14	1,157	1,798
Due from credit institutions	465	2	-	3	-	155	2,183	2,808
Financial instruments at fair value through profit or loss	1	-	65	-	3	-	31	100
Derivative financial instruments	19	2	3	-	-	-	1,860	1,884
Loans and advances to customers	1,207	4,683	681	240	1,197	293	31,592	39,893
Investment securities	237	-	279	96	9	2	15,668	16,291
Other assets[(1)]	17	1	166	68	52	4	8,420	8,728
Assets of disposal groups classified as held for sale	211	31	23	-	-	82	1,704	2,051
Total Assets	2,180	4,724	1,499	517	1,468	550	62,615	73,553
LIABILITIES								
Due to central banks and credit institutions	61	-	13	3	21	2	29,683	29,783
Derivative financial instruments	36	-	-	1	-	-	2,322	2,359
Due to customers	2,860	54	1,230	90	1,368	351	25,493	31,446
Debt securities in issue	-	-	-	-	-	-	150	150
Other liabilities	22	11	33	-	17	5	654	742
Liabilities of disposal groups classified as held for sale	40	10	19	-	-	65	1,807	1,941
Total Liabilities	3,019	75	1,295	94	1,406	423	60,109	66,421
Net on balance sheet position	(839)	4,649	204	423	62	127	2,506	7,132
Derivative forward foreign exchange position	954	(4,667)	(100)	1	(26)	(15)	3,617	(236)
Total Foreign Exchange Position	115	(18)	104	424	36	112	6,123	6,896

[(1)] *Other assets include Property, plant and equipment, Investment property, Intangible assets, Deferred tax assets and Other assets.*

7.2.3 Liquidity risk

The Group is exposed to daily calls on its available cash resources due to deposits withdrawals, maturity of medium or long term notes, maturity of secured or unsecured funding (interbank repos and money market takings), loan draw-downs and forfeiture of guarantees. Furthermore, margin calls on secured funding transactions (with ECB and the market), on risk mitigation contracts (CSAs, GMRAs) and on centrally cleared transactions (CCPs) result in liquidity exposure. The Group maintains cash resources to meet all of these needs. The Board Risk Committee sets liquidity limits to ensure that sufficient funds are available to meet such contingencies.

Past experience shows that liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment. This is also the case with credit commitments where the outstanding contractual amount to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Group.

Liquidity Risk Management Framework

The Group's Liquidity Risk Management Policy defines the following supervisory and control structure:

- Board Risk Committee's role is to approve all strategic liquidity risk management decisions and monitor the quantitative and qualitative aspects of liquidity risk;
- Group Assets and Liabilities Committee has the mandate to form and implement the liquidity policies and guidelines in conformity with Group's risk appetite, and to review at least monthly the overall liquidity position of the Group;

- Group Treasury is responsible for the implementation of the Group's liquidity strategy, the daily management of the Group's liquidity and for the preparation and monitoring of the Group's liquidity budget; and
- Global Market and Counterparty Risk Sector is responsible for measuring, monitoring and reporting the liquidity of the Group.

Additionally, as per BoG directive 50/08.09.2015, the Bank applies risk management policies, processes and controls regarding Asset Encumbrance. These policies, which are applicable in the specific Greek macro-economic environment, the Bank's business model and market conditions on wholesale funding, integrate the Bank's Asset Encumbrance strategies in its respective contingency funding plans.

The following list summarizes the main reports which are produced on a periodic basis:

(a) The regulatory liquidity gap report along with the regulatory liquidity ratios;

(b) Stress test scenarios. These scenarios evaluate the impact of a number of systemic stress events on the Group's liquidity position;

(c) Report on market sensitivities affecting liquidity;

(d) Liquidity coverage ratios (LCR) estimation (Basel III new regulatory ratio); and

(e) Reporting on the Bank's Asset Encumbrance.

Maturity analysis of assets and assets held for managing liquidity risk

The following tables present maturity analysis of Group assets as at 31 December 2016 and 2015, based on their carrying values. Loans without contractual maturities are presented in the 'less than 1 month' time bucket. The Group has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Under these contracts the Group has posted or received collateral, which covers the corresponding net liabilities or net assets from derivative transactions. The collateral posted is not presented in the below tables. For derivative assets not covered by ISDA/CSA agreements the positive valuation is presented at fair value in the 'over 1 year' time bucket.

	31 December 2016				
	Less than 1 month € million	**1 - 3 months € million**	**3 months to 1 year € million**	**Over 1 year € million**	**Total € million**
- Cash and balances with central banks	**1,477**	**-**	**-**	**-**	**1,477**
- Due from credit institutions	**744**	**23**	**-**	**168**	**935**
- Loans and advances to customers	**5,407**	**721**	**2,766**	**30,164**	**39,058**
- Debt Securities	**84**	**618**	**910**	**10,767**	**12,379**
- Equity securities	**-**	**-**	**-**	**155**	**155**
- Derivative financial instruments	**-**	**-**	**-**	**104**	**104**
- Other assets[(1)]	**43**	**2**	**8**	**8,532**	**8,585**
Total	**7,755**	**1,364**	**3,684**	**49,890**	**62,693**

	31 December 2015				
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	Total € million
- Cash and balances with central banks	1,798	-	-	-	1,798
- Due from credit institutions	848	26	-	180	1,054
- Loans and advances to customers	7,628	841	3,080	28,344	39,893
- Debt Securities	426	1,333	716	13,766	16,241
- Equity securities	-	-	-	150	150
- Derivative financial instruments	-	-	-	77	77
- Other assets[(1)]	44	2	8	8,674	8,728
- Assets of disposal groups classified as held for sale	104	207	58	1,682	2,051
Total	10,848	2,409	3,862	52,873	69,992

[(1)] *Other assets include Property, plant and equipment, Investment property, Intangible assets, Deferred tax assets and Other assets.*

The Group holds a diversified portfolio of cash and high liquid assets to support payment obligations and contingent deposit withdrawals in a stressed market environment. The Group's assets held for managing liquidity risk comprise:

(a) Cash and balances with central banks;

(b) Eligible bonds and other financial assets for collateral purposes; and

(c) Current accounts with banks and interbank placings maturing within one month.

The unutilized assets, containing highly liquid and central banks eligible assets, provide a contingent liquidity reserve of € 6.8 bn as at 31 December 2016 (2015: € 6 bn). In addition, the Group holds other types of highly liquid assets, as defined by the regulator, amounting to € 2.1 bn (cash value) (2015: € 2.2 bn). It should be noted that the major part of ECB's available collateral of € 3 bn (cash value) (2015: € 2.2 bn) is held by Group's subsidiaries for which temporary local regulatory restrictions are applied and currently limit the level of its transferability between group entities.

Maturity analysis of liabilities

The amounts disclosed in the table below are the contractual undiscounted cash flows for the years 2016 and 2015. Liabilities without contractual maturities (sight and saving deposits) are presented in the 'less than 1 month' time bucket. The Group has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Due to these contracts the Group has already posted collateral which covers the valuation of its net liabilities from interbank derivatives. For derivative liabilities not covered by ISDA/CSA agreements the negative valuation is presented at fair value in the 'less than 1 month' time bucket.

It should be noted that this table represents the worst case scenario since it is based on the assumption that all liabilities will be paid earlier than expected (all term deposits are withdrawn at their contractual maturity). The recent experience shows that even in a period of a systemic financial crisis the likelihood of such an event is remote.

	31 December 2016				
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	Gross nominal (inflow)/ outflow € million
Non-derivative liabilities:					
- Due to credit institutions	21,117	155	71	376	21,719
- Due to customers	24,188	4,425	4,940	510	34,063
- EMTNs	-	22	3	82	107
- Other liabilities	267	118	373	20	778
	45,572	4,720	5,387	988	56,667
Derivative financial instruments:	15	-	-	-	15

Off-balance sheet items

	Less than 1 year € million	Over 1 year € million
Credit related commitments	724	754
Capital expenditure	25	-
Operating lease commitments	23	15
Total	772	769

	31 December 2015				
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	Gross nominal (inflow)/ outflow € million
Non-derivative liabilities:					
- Due to credit institutions	24,390	476	225	4,779	29,870
- Due to customers	22,966	4,370	3,704	458	31,498
- EMTNs	35	5	6	112	158
- Other liabilities	255	113	355	19	742
- Liabilities of disposal groups classified as held for sale	138	31	263	1,909	2,341
	47,784	4,995	4,553	7,277	64,609
Derivative financial instruments:	44	-	-	-	44

Off-balance sheet items

	Less than 1 year € million	Over 1 year € million
Credit related commitments	975	456
Capital expenditure	12	-
Operating lease commitments [1]	24	18
Total	1,011	474

[1] *For the year ended 31 December 2015, the above classification between the periods of operating lease commitments has been adjusted (note 44).*

The credibility of the Greek banking system was significantly improved during 2016, following the successful finalization of the first review of the Third Economic Adjustment Program, the ECB's decision for the reinstatement of the waiver for the instruments issued by the Hellenic Republic and the decrease of the haircuts applied for Pillar II guarantees, which gave the Group the opportunity to reduce further its Pillar II issues (note 4).

The above positive developments resulted in an increase of the secured funding from credit institutions and to inflows from deposits, which along with the selective assets deleveraging (EFSF bonds sales, deleveraging of loans) and the utilization of part of foreign subsidiaries' liquidity surplus constituted the key factors for the significant decrease of the Bank's dependence from the Eurosystem by € 11.4 bn to € 13.9 bn at the end of December 2016 (the Bank's net funding from ECB and ELA stood at € 2.0 bn and € 11.9 bn respectively, 2015: ECB € 5.3 bn and ELA € 20 bn). As at 28 February 2017, the Eurosystem funding stood at € 14.1 bn, of which € 12.1 bn funding from ELA.

7.3 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 or equities traded in markets that are not considered active, 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:

	31 December 2016			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Financial assets measured at fair value:				
Financial instruments held for trading	70	0	1	71
Derivative financial instruments	0	1,978	2	1,980
Available-for-sale investment securities	3,586	30	54	3,670
Total financial assets	**3,656**	**2,008**	**57**	**5,721**
Financial liabilities measured at fair value:				
Derivative financial instruments	0	2,441	-	2,441
Due to customers:				
- Structured deposits	-	3	-	3
Debt securities in issue:				
- Structured notes	-	3	-	3
Trading liabilities	4	-	-	4
Total financial liabilities	**4**	**2,447**	**-**	**2,451**

	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. There were no transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the year ended 31 December 2016.

During the year ended 31 December 2016, equity instruments of € 13 million were transferred from Level 1 to Level 3, as their market was not considered active and their measurement was based on valuation techniques with significant unobservable inputs.

In the same period, following the Group's assessment on the significance of the CVA adjustment to the entire fair value measurement of OTC derivative financial instruments, calculated based on internal rating models, the Bank transferred an amount of (a) € 19 million from Level 3 to Level 2 and (b) € 1 million from Level 2 to Level 3.

Reconciliation of Level 3 fair value measurements

	2016 € million	2015 € million
Balance at 1 January	**62**	53
Transfers into Level 3	**14**	25
Transfers out of Level 3	**(19)**	(1)
Additions, net of disposals and redemptions	**16**	0
Total gain/(loss) for the year included in profit or loss	**(9)**	(13)
Total gain/(loss) for the year included in other comprehensive income	**(9)**	0
Foreign exchange differences and other	**2**	(2)
Balance at 31 December	**57**	62

The € 9 million loss for the year ended 31 December 2016 is presented in line 'Other impairment losses and provisions' (2015: Of the total loss of € 13 million, € 6 million were presented in line 'Other impairment losses and provisions' and € 7 million in line 'Net trading income').

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 fair value hierarchy categorization of the Group's financial assets and liabilities not carried at fair value on the balance sheet is presented in the following tables:

	31 December 2016				
	Level 1 € million	Level 2 € million	Level 3 € million	Fair value € million	Carrying amount € million
Loans and advances to customers	-	-	38,872	38,872	39,058
Investment securities					
- Debt securities lending portfolio	266	7,487	-	7,753	8,227
- Held to maturity securities	339	228	-	567	566
Total financial assets	605	7,715	38,872	47,192	47,851
Debt securities in issue	52	-	37	89	99
Total financial liabilities	52	-	37	89	99

	31 December 2015				
	Level 1 € million	Level 2 € million	Level 3 € million	Fair value € million	Carrying amount € million
Loans and advances to customers	-	-	39,748	39,748	39,893
Investment securities					
- Debt securities lending portfolio	282	10,822	-	11,104	11,391
- Held to maturity securities	339	271	-	610	618
Total financial assets	621	11,093	39,748	51,462	51,902
Debt securities in issue	59	36	-	95	112
Total financial liabilities	59	36	-	95	112

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; and

(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.

8. Net interest income

	2016	2015
	€ million	€ million
Interest income		
Customers	**1,855**	2,026
Banks	**13**	19
Securities [(1)]	**195**	232
Derivatives	**314**	309
	2,377	2,586
Interest expense		
Customers	**(198)**	(352)
Banks	**(324)**	(435)
Debt securities in issue	**(6)**	(27)
Derivatives	**(301)**	(309)
	(829)	(1,123)
Total from continuing operations	**1,548**	1,463

[(1)] *The interest income from trading securities included is immaterial for the year ended 31 December 2016 and 2015.*

Interest Income from continuing operations recognized by quality of Loans and Advances and Product Line is further analyzed below:

	31 December 2016		
	Interest income on non-impaired loans and advances € million	**Interest income on impaired loans and advances € million**	**Total € million**
Retail lending	**795**	**350**	**1,145**
Wholesale lending [(1)]	**502**	**208**	**710**
Total interest income from customers	**1,297**	**558**	**1,855**

	31 December 2015		
	Interest income on non-impaired loans and advances € million	Interest income on impaired loans and advances € million	Total € million
Retail lending	955	298	1,253
Wholesale lending [(1)]	533	240	773
Total interest income from customers	1,488	538	2,026

[(1)] *Including interest income on loans and advances to Public Sector.*

The unwinding of the discount of the impairment allowance (note 25) amounting to € 312 million (retail lending € 216 million and wholesale lending € 96 million) is included in interest income on impaired loans and advances to customers (2015: retail lending € 203 million and wholesale lending € 94 million).

9. Net banking fee and commission income

	2016 € million	2015 € million
Lending related fees and commissions	**128**	116
Mutual funds and assets under management related fees	**33**	39
Capital markets related fees	**20**	19
Other fees [1]	**63**	18
Total from continuing operations	**244**	192

[1] For the year ended 31 December 2016, the increase of other fees is mainly attributed to the reduction of the Pillar II issues and the related fees.

10. Income from non banking services

Income from non banking services includes rental income from investment properties and other recurring income from services provided by the Group (e.g. payroll services, e-commerce).

11. Net trading income and gains less losses from investment securities

	2016 € million	2015 € million
Debt securities and other financial instruments (note 26)	**88**	68
Equity securities (note 26)	**55**	8
Gains/(losses) on derivative financial instruments	**(9)**	(38)
Revaluation on foreign exchange positions	**18**	5
Total from continuing operations	**152**	43

12. Operating expenses

	2016 € million	2015 € million
Staff costs (note 13)	**(545)**	(529)
Administrative expenses	**(244)**	(249)
Contributions to resolution and deposit guarantee funds	**(75)**	(106)
Depreciation of property, plant and equipment	**(54)**	(56)
Amortisation of intangible assets	**(26)**	(26)
Operating lease rentals	**(48)**	(51)
Total from continuing operations	**(992)**	(1,017)

For the year ended 31 December 2016, the amount of operating expenses (excluding any contribution to a deposit guarantee or resolution fund) for the Group's Greek activities was € 675 million (2015: € 676 million).

Contributions to resolution and deposit guarantee funds

In 2016, the Single Resolution Mechanism (SRM), which implements the EU-wide Bank Recovery and Resolution Directive (BRRD) in the euro area, became fully operational. The SRM provides that the Single Resolution Fund (SRF) will be built up over a period of eight years with 'ex-ante' contributions from the banking industry, which may include irrevocable payment commitments up to 30% of the total amount of contributions (note 45).

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.

For the year ended 31 December 2016, the contributions to the resolution and deposit guarantee funds, amounted to € 75 million (2015: 94 € million), of which € 17 million (2015: € 23 million) related to the Group's international operations. Additionally, for the year ended 2015 an amount of € 12 million has been recognized in the income statement related to the Bank's supplementary contribution for the funding of resolution measures for 'Panellinia Bank S.A.'.

External Auditors

The Bank has adopted a Policy on External Auditors' Independence which provides amongst others, for the definition of the permitted and non-permitted services the Group auditors may provide further to the statutory audit. For any such services to be assigned to the Group's auditors there are specific controlling mechanisms in order for the Bank's Audit Committee to ensure there is proper balance between audit and non-audit work.

The fees charged by the Group's principal independent auditor 'PricewaterhouseCoopers Certified Auditors' for audit and other services provided are analyzed as follows:

	2016 € million	2015 € million
Statutory audit	**(2.7)**	(3.2)
Tax audit-article 65a, law 4174/2013	**(0.3)**	(0.5)
Other audit related assignments	**(0.3)**	(0.6)
Non audit assignments	**(1.0)**	(0.8)
Total	**(4.3)**	(5.1)

Note: For the year ended 31 December 2015, other audit related fees mainly refer to assignments for the Bank's share capital increase.

Post balance sheet event

According to the provisions of Law 4449/2017 and following relevant proposal of the Audit Committee, the Board of Directors (BoD) at its meeting on 24 February 2017 approved KPMG Certified Auditors A.E. (KPMG) being the successful audit firm of the tendering process for conducting the statutory audit of the Bank's financial statements (standalone and consolidated) for the period 2018-2022, subject to preceding every year both the BoD's proposal addressed to the Bank's Shareholders' General Meeting and the decision of the General Meeting for the appointment of KPMG as statutory auditor for the period 2018-2022, as well as receiving any other necessary approvals each time in force.

13. Staff costs

	2016 € million	2015 € million
Wages, salaries and performance remuneration	**(396)**	(389)
Social security costs	**(84)**	(81)
Additional pension and other post employment costs	**(16)**	(16)
Other	**(49)**	(43)
Total from continuing operations	**(545)**	(529)

The average number of employees of the Group during the year, excluding insurances and Public J.S.C. Universal Bank, was 16,285 (December 2015: 16,494, excluding insurances and Public J.S.C. Universal Bank). As at 31 December 2016, the number of branches of the Group amounted to 896.

14. Other impairments, restructuring costs and provisions

	2016 € million	2015 € million
Impairment losses and valuation losses on investment and repossessed properties	**(41)**	(90)
Other impairment losses and provisions[1]	**(24)**	3
Other impairment losses and provisions	**(65)**	(87)
Provision for Voluntary Exit Scheme (note 37)	**(49)**	(62)
Other restructuring costs	**(16)**	(11)
Other expenses	**(1)**	(6)
Restructuring costs	**(66)**	(79)
Total from continuing operations	**(131)**	(166)

[1] *Includes impairment losses/ reversals on bonds, equity securities, other assets and provisions on litigations and other operational risk events.*

For the year ended 31 December 2016, the Group recognized € 41 million impairment and valuation losses on investment and repossessed properties mainly in Greece, after considering the macroeconomic conditions and the persistent decline in real estate market prices.

As at 31 December 2016, the Group has recognized restructuring expenses amounting to € 16 million, of which € 8 million related with the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (note 47). The remaining costs are associated with the Bank's Non-Performing Exposures management operations, the further rationalization of its branch network in Greece and the restructuring of its international activities. As at 31 December 2015, the Group has recognized restructuring expenses amounting to € 11 million, mainly relating to the closing of branches in the framework of its network rationalization in Greece.

As at 31 December 2016, restructuring costs included depreciation/write-offs of € 2 million (2015: € 3 million).

As at 31 December 2015, the Group has recognized other expenses amounting to € 6 million, mainly relating to the diagnostic reviews of the Greek portfolio and the loan book of the Bank's major foreign subsidiaries, in the context of Greek banks' capital needs assessments conducted in 2014.

15. Income tax and tax adjustments

	2016 € million	2015 € million
Current tax	**(50)**	(42)
Deferred tax (note 16)	**99**	646
Income tax	**49**	604
Change in nominal tax rates	**-**	432
Income tax	**49**	1,036
Tax adjustments	**31**	-
Total tax (charge)/income from continuing operations	**80**	1,036

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. This tax rate change resulted in an increase of net deferred tax asset by € 508 million as at 31 December 2015, out of which € 489 million have been recorded in the income statement, and € 19 million directly in equity (including Other Comprehensive Income-OCI). In particular, € 432 million of the € 489 million that have been recorded in the income statement refer to the effect of the change in tax rate applied on previous years deductible temporary differences as well as on unused tax losses and the remaining € 57 million represent the effect of the change in tax rates applied on deductible temporary differences and unused tax losses that have arisen in the first half of 2015.

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.

Furthermore, during the year ended 31 December 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.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2016 € million	2015 € million
Profit/(loss) before tax from continuing operations	**160**	(2,086)
Tax at the applicable tax rates	**(46)**	605
Tax effect of:		
- income not subject to tax and non deductible expenses	**(2)**	(56)
- effect of different tax rates in different countries	**22**	16
- change in applicable tax rate	**-**	432
- tax adjustments	**31**	-
- other [(1)]	**75**	39
Total tax (charge)/income from continuing operations	**80**	1,036

[(1)] It includes an amount of € 87 million (2015: € 41 million) deferred tax effect related to the impairment charge against the Bank's loans and other receivables and investment cost in certain subsidiaries. The comparative figures for the year ended 31 December 2015 have been adjusted accordingly.

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, were 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. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however the Group's Greek companies will obtain such certificate.

The Bank has been audited by tax authorities up to 2009, while tax audit for 2010 performed by tax authorities is currently in progress. Furthermore, the Bank has obtained by external auditors unqualified tax certificates for years 2011-2015, while the tax audit from external auditors is in progress for 2016. 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 27 and 32) have not been audited for a period of 1 to 9 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 2011-2015.

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), 2011-2016, (b) Eurobank Cyprus Ltd, 2012-2016, (c) Eurobank Bulgaria A.D., 2013-2016, (d) Eurobank A.D. Beograd (Serbia), 2011-2016, and (e) Eurobank Private Bank Luxembourg S.A., 2012-2016. The remaining of the Group's foreign entities (notes 27 and 32), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 2 to 6 open tax years in principle, subject to certain preconditions of the applicable tax legislation of each jurisdiction.

16. Deferred income taxes

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:

	2016	2015
	€ million	€ million
Balance at 1 January	**4,854**	3,872
Income statement credit/(charge) from continued operations	**99**	1,078
Available for sale investment securities	**(11)**	(33)
Cash flow hedges	**(4)**	(9)
Deferred tax on equity transactions	**-**	(56)
Effect due to change in nominal tax rates recognized directly in equity (including OCI)	**-**	19
Discontinued operations [1]	**2**	(17)
Other	**2**	-
Balance at 31 December	**4,942**	4,854

[1]For the year ended 31 December 2015, it includes the transfer of opening balance of Deferrd Tax Liability (DTL) € 19 million to liabilities of insurance operations classified as held for sale.

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

	2016	2015
	€ million	€ million
PSI+ tax related losses	**1,251**	1,302
Loan impairment and accounting write-offs	**3,121**	2,810
Unused tax losses	**54**	319
Losses from disposals and crystallized write-offs of loans	**8**	-
Valuations through the income statement	**341**	302
Costs directly attributable to equity transactions	**38**	46
Cash flow hedges	**25**	29
Valuations directly to available-for-sale revaluation reserve	**(1)**	9
Fixed assets	**(6)**	(1)
Defined benefit obligations	**13**	11
Other	**98**	27
Net deferred income tax	**4,942**	4,854

The decrease of deferred tax asset for unused tax losses is mainly attributable to the Bank's taxable gains of € 219 million resulted from the sale of insurance operations and the tax law amendment in the existing legislative framework for the tax treatment of accounting write-offs and crystallized tax losses arising from Non-Performing Loans (NPLs) write-offs and disposals subject to amortization (i.e.1/20 of losses per year starting from year 2016 and onwards).

The net deferred income tax is analyzed as follows:

	2016	2015
	€ million	€ million
Deferred income tax assets	**4,945**	4,859
Deferred income tax liabilities (note 37)	**(3)**	(5)
Net deferred income tax	**4,942**	4,854

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

	2016 € million	2015 € million
Loan impairment	**312**	514
Unused tax losses	**(264)**	7
Change in nominal tax rates [(1)]	**-**	489
Tax deductible PSI+ losses	**(50)**	(47)
Change in fair value and other temporary differences	**101**	115
Deferred income tax (charge)/credit from continued operations	**99**	1,078
Temporary differences relating to discontinued operations	**2**	(35)
Deferred income tax (charge)/credit	**101**	1,043

[(1)]The amount of change in nominal tax rates represents the total effect in the income statement for the year ended 31 December 2015 that is analyzed in note 15.

As at 31 December 2016, the Group recognized net deferred tax assets amounting to € 4.9 bn as follows:

(a) € 1,251 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) € 3,121 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 and to accounting debt write-offs according to the amendment of Law 4172/2013 in March 2017;

(c) € 8 million refer to the unamortized part of the crystallized tax loss arising from NPLs write-offs and disposals, which are subject to amortization (i.e.1/20 of losses per year starting from year 2016 and onwards), according to the amendment of Law 4172/2013 in March 2017;

(d) € 54 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2020;

(e) € 38 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; and

(f) € 470 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 31 December 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 and the actual tax results for the year ended 31 December 2016. Additionally, the Group's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of 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.

For the year ended 31 December 2016 the Group has conducted DTA recoverability assessment based on its three-year Business Plan that was approved by the Board of Directors in January 2017 and provides outlook of its profitability and capital position for the period up to the end of 2019. The said Business Plan has also been submitted to Hellenic Financial Stability Fund (HFSF) and to the Single Supervisory Mechanism (SSM).

For the years beyond 2019, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Group itself.

The level of the abovementioned projections adopted in the Group's Business Plan is mainly based on assumptions and estimates regarding (a) the further reduction of its funding cost driven by the significant decrease of the Emergency Liquidity Assistance (ELA) and the gradual elimination of Greek Government Guarantees (GGGs), the gradual repatriation of customer deposits replacing more expensive funding sources, and the further decrease of the respective interest rates, (b) the lower loan impairment losses as a result of the macroeconomic conditions in Greece that are expected to improve gradually and the strategic initiatives in line with the Non-Performing Exposures (NPEs) strategy that the Group has committed to SSM, regarding the effective management of its troubled assets' portfolio, (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 implementation of the abovementioned Business Plan largely depends on the risks and uncertainties that stem from the macroeconomic environment in Greece and in the countries that the Group operates (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, in accordance with the law provisions, provided that the Bank's after tax accounting result for the period, is a loss. For the year ended 31 December 2016, the Bank's after tax result amounted to a gain of € 5 million, while deferred tax assets eligible for conversion to tax credits amounted to € 4,015 million.

Post balance sheet event

In March 2017, the amendment of Law 4172/2013 with effect from 2016 onwards, revises the existing legislative framework regarding eligible DTAs/ deferred tax credits (DTCs) accounted for on the accumulated provisions and other losses in general due to credit risk and reforms tax regime for loan losses. More specifically, the cumulative DTC will be calculated by applying the current corporate tax rate (on condition that this will not exceed the tax rate that was applicable for tax year 2015) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions recorded up to 30 June 2015.

The above tax reform provides for a gradual amortization over a 20-year period of the crystallized tax loss arising from NPLs write-offs and disposals, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from crystallized debt write-offs.

This aforementioned treatment (i.e. extension of the loan loss utilization for a longer period instead of an immediate one-off deduction subject to a five-year carry forward limitation period) safeguards the recovery of the deferred tax asset recorded on NPLs.

The new rules related to the method of calculating the DTC safeguard the Bank's regulatory capital structure, while they contribute substantially to the achievement of the NPEs reduction targets, through the acceleration of write-offs and disposals.

17. Discontinued operations

Insurance operations

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 would retain a 20% stake.

The Transaction, which was in line with the Bank's restructuring plan (note 6) included: (a) Eurolife's Greek life and non-life insurance activities and Eurolife's brokerage subsidiary in Greece, which were presented in Wealth management segment, (b) Eurolife's Romanian life and non-life insurance activities, which were 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 Transaction, was completed on 4 August 2016, after all required regulatory approvals were obtained. The cash consideration pursuant to the Transaction documentation, after the distribution of a € 34 million dividend to Eurobank by Eurolife, reached € 321 million, including the adjustments performed due to the finalization of the completion statement of Eurolife.

Upon the completion of the Transaction, the Group derecognized the assets and liabilities of Eurolife and recognized its retained 20% interest as an associate using the equity method of accounting at its fair value of € 83 million. 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 fair value was determined by reference to the consideration received for the disposal of Eurolife and is within the range of the values provided in the independent valuation reports used in determining the fair value of the insurance operations disposed. No gain or loss was recognised in relation to the re-measurement of the Group's retained interest in Eurolife to fair value.

The resulting gain on 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, amounted to € 58 million, after tax. The transaction was capital accretive for the Group, as it increased its common equity tier 1 ratio by 28 bps.

The results of the Group's Insurance operations are set out below.

	For the period ended	
	31 July 2016	31 December 2015
	€ million	€ million
Net interest income	**35**	46
Net insurance income	**(25)**	29
Gains less losses from investment securities	**53**	17
Other income/(loss)	**(17)**	5
Operating expenses	**(15)**	(26)
Profit/(loss) before impairments from discontinued operations	**31**	71
Other impairment losses	**-**	(4)
Profit/(loss) before tax from discontinued operations	**31**	67
Income tax [(1)]	**(12)**	(86)
Profit/(loss) after tax from discontinued operations before gain on disposal	**19**	(19)
Gain on disposal	**58**	-
Net Profit/(loss) from discontinued operations attributable to shareholders	**77**	(19)

[(1)] As of 31 December 2015, the Group recognized a DTL of € 67 million on the taxable temporary differences (capital gains) associated with the investment in Eurolife ERB Insurance Group Holding S.A. Up to the date of disposal, the said DTL decreased by € 3 million (note 16).

Up to the date of disposal, cumulative gains (mainly related to the revaluation of available for sale securities) related to the insurance operations recognized in other comprehensive income amounted to € 81 million.

The major classes of assets and liabilities of Insurance operations were as follows:

	31 July 2016	31 December 2015
	€ million	€ million
Financial instruments at FVTPL and investment securities	**1,916**	1,816
Other assets [(1)]	**113**	105
Total assets of disposal group classified as held for sale	**2,029**	1,921
Insurance reserves	**1,456**	1,324
Due to customers	**247**	421
Other liabilities	**97**	71
Total liabilities of disposal group classified as held for sale	**1,800**	1,816
Net intragroup assets of insurance operations	**187**	325
Net assets of disposal group classified as held for sale	**416**	430

[(1)] Includes cash and cash equivalents of € 3 million.

Operations in Ukraine

In March 2014, management committed to a plan to sell the Group's operations in Ukraine (including Public J.S.C. Universal Bank). The sale was considered probable, therefore, the Group's operations in Ukraine were classified as a disposal group held for sale and measured at the lower of carrying amount and fair value less cost to sell, accordingly. The continuing adverse conditions in the country had led to an extension of the period to complete the sale beyond one year.

On 23 December 2016, Eurobank and TAS group concluded on the acquisition of Universal bank by the latter, after all regulatory approvals were obtained. The disposal was in line with the Bank's restructuring plan (note 6) and capital neutral on a Group level.

The cash consideration reached € 3.1 million including the consideration received for the net Group funding to Universal bank. The resulting loss on disposal, net of transaction costs, amounted to € 67 million after tax, including the recyclement to the income statement of the cumulative losses arising from currency translation differences previously recognized in other comprehensive income.

The results of the Group's operations in Ukraine, which are presented in the International segment, are set out below.

	For the period ended	
	30 November 2016	31 December 2015
	€ million	€ million
Net interest income	**8**	5
Net banking fee and commission income	**2**	2
Other income/(loss) [1]	**0**	(7)
Operating expenses	**(11)**	(16)
Impairment and remeasurement losses on loans and advances	**0**	(102)
Profit/(loss) before tax from discontinued operations	**(1)**	(118)
Income tax	**0**	32
Profit/(loss) after tax from discontinued operations before loss on disposal	**(1)**	(86)
Loss on disposal before tax	**(66)**	-
Income tax	**(1)**	-
Net profit/(loss) from discontinued operations	**(68)**	(86)
Net profit/(loss) from discontinued operations attributable to non controlling interests	**(0)**	(0)
Net profit/(loss) from discontinued operations attributable to shareholders	**(68)**	(86)

[1] *Mainly referring to FX losses for the year ended 31 December 2015.*

Up to the date of disposal, cumulative losses (referring to the currency translation differences) related to the Ukrainian held for sale operations recognized in other comprehensive income amounted to € 68 million.

The major classes of assets and liabilities of the Group's operations in Ukraine were as follows:

	30 November 2016 € million	31 December 2015 € million
Cash and balances with central banks	**29**	46
Due from credit institutions	**5**	19
Trading and investment securities	**9**	2
Loans and advances to customers	**53**	62
Other assets	**1**	1
Total assets of disposal group classified as held for sale [(1)]	**97**	130
Due to customers	**105**	123
Other liabilities	**1**	2
Total liabilities of disposal group classified as held for sale	**106**	125
Net Group funding associated with Ukrainian assets held for sale	**46**	72
Net assets of disposal group classified as held for sale	**(55)**	(67)

[(1)] *Includes cash and cash equivalents of € 28 million.*

18. 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 year, 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 41).

		Year ended 31 December	
		2016	2015
Net profit/(loss) for the year attributable to shareholders (after including gains/(losses) on preferred securities)	*€ million*	**230**	(1,242)
Net profit/(loss) for the year from continuing operations attributable to shareholders (after including gains/(losses) on preferred securities)	*€ million*	**221**	(1,138)
Weighted average number of ordinary shares in issue for basic earnings/(losses) per share	*Number of shares*	***2,185,306,836***	*308,970,488*
Earnings/(losses) per share			
- Basic earnings/(losses) per share	€	**0.11**	(4.02)
Earnings/(losses) per share from continuing operations			
- Basic earnings/(losses) per share	€	**0.10**	(3.68)

Basic earnings per share from discontinued operations for the year ended 31 December 2016 amounted to € 0.004 (2015: € 0.34 losses).

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.

19. Cash and balances with central banks

	2016 € million	2015 € million
Cash in hand	**520**	553
Balances with central banks	**957**	1,245
Total	**1,477**	1,798
of which:		
Mandatory and collateral deposits with central banks	**580**	559

Mandatory deposits with central banks include deposits of € 580 million (2015: € 559 million) with the Bank of Greece and other central banks which represent the minimum level of average monthly deposits which the banks are required to maintain; the majority can be withdrawn at any time provided the average monthly minimum deposits are maintained.

20. Cash and cash equivalents and other information on 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:

	2016 € million	2015 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**897**	1,239
Due from credit institutions	**800**	906
Cash and cash equivalents presented within assets of disposal groups classified as held for sale	**-**	60
Total	**1,697**	2,205

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

	2016 € million	2015 € million
Amortisation of premiums/discounts and accrued interest	**(45)**	(83)
(Gains)/losses from investment securities	**(135)**	(15)
Dividends	**(2)**	(2)
Total	**(182)**	(100)

For the year ended 31 December 2016, other adjustments on profit before income tax from continuing operations include the gain on the acquisition of Alpha Bank's Branch in Bulgaria, amounting to € 55 million (note 47).

21. Due from credit institutions

	2016 € million	2015 € million
Pledged deposits with banks	**1,945**	1,889
Placements and other receivables from banks	**618**	530
Current accounts and settlement balances with banks	**196**	389
Total	**2,759**	2,808

As at 31 December 2016, the Group's pledged deposits with banks mainly included collaterals on risk mitigation contracts for derivative transactions and repurchase agreements (CSAs, GMRAs). In addition, an amount of € 15 million is included related with the disposal of the Group's Turkish operations (2015: € 13 million).

The Group's exposure in due from credit institutions, as categorized by counterparty's geographical region, is presented in the following table:

	2016 € million	2015 € million
Greece	**32**	10
Other European countries	**2,540**	2,692
Other countries	**187**	106
Total	**2,759**	2,808

22. Financial instruments at fair value through profit or loss

	2016 € million	2015 € million
Debt securities		
- Greek government bonds	**2**	12
- Greek government treasury bills	**0**	-
- Other government bonds	**54**	72
- Other issuers	**3**	1
	59	85
Equity securities	**12**	15
Total	**71**	100

23. Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments both for hedging and non-hedging purposes.

The table below presents the fair values of the Group's derivative financial instruments by product type and hedge relationship along with their notional amounts. The notional amounts of derivative instruments provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, are not indicative of the Group's exposure at the reporting date.

	31 December 2016			31 December 2015		
	Contract/ notional amount € million	Fair values Assets € million	Fair values Liabilities € million	Contract/ notional amount € million	Fair values Assets € million	Fair values Liabilities € million
Derivatives that do not qualify for hedge accounting and held for trading						
- Interest rate swaps	**16,716**	**1,760**	**1,517**	17,436	1,645	1,429
- Interest rate options	**3,225**	**52**	**112**	3,964	49	99
- Cross currency interest rate swaps	**1,312**	**50**	**130**	1,784	77	147
- Currency forwards/currency swaps	**1,038**	**17**	**11**	2,633	17	34
- Currency options	**449**	**2**	**3**	406	3	1
- Commodity derivatives	**126**	**7**	**7**	142	17	17
- Warrants	**1,381**	**3**	**-**	2,403	10	-
- Other (see below)	**29**	**0**	**0**	48	0	0
		1,891	**1,780**		1,818	1,727
Derivatives designated as fair value hedges						
Interest rate swaps	**971**	**2**	**380**	978	(0)	361
		2	**380**		(0)	361
Derivatives designated as cash flow hedges						
- Interest rate swaps	**234**	**0**	**62**	312	0	64
- Cross currency interest rate swaps	**3,291**	**87**	**219**	3,266	66	207
		87	**281**		66	271
Total derivatives assets/liabilities		**1,980**	**2,441**		1,884	2,359

Other derivative contracts include exchange traded equity and interest futures and exchange traded equity options.

Information on the fair value measurement and offsetting of derivatives is provided in notes 7.3 and 7.2.1.4, respectively.

The Group uses certain derivatives and other financial instruments, designated in a qualifying hedge relationship, to reduce its exposure to market risks. The hedging practices applied by the Group, as well as the relevant accounting treatment are disclosed in note 2.4. In particular:

(a) Fair value hedges
The Group hedges a proportion of its existing interest rate risk resulting from any potential change in the fair value of fixed rate debt securities held or fixed rate loans, denominated both in local and foreign currencies, using interest rate swaps. In 2016, the Group recognized a loss of € 30 million (2015: € 42 million gain) from changes in the fair value of the hedging instruments and € 31 million gain (2015: € 35 million loss) from changes in the fair value of the hedged items attributable to the hedged risk.

(b) Cash flow hedges
The Group hedges a proportion of its existing interest rate and foreign currency risk resulting from any cash flow variability on floating rate performing customer loans or deposits, denominated both in local and foreign currency, or unrecognized highly probable forecast transactions, using interest rate and cross currency interest rate swaps. In 2016, the ineffectiveness recognized in the income statement that arose from cash flow hedges was nil (2015: nil).

(c) Net investment hedges
The Group hedges part of the currency translation risk of net investments in foreign operations, including any monetary items that form part of the net investment, using derivative financial instruments and/or borrowings designated as hedging instruments, the results of which are recognized in the currency translation reserve of other comprehensive income. In 2016, borrowings of € 329 million denominated in RON 1.5 bn (2015: € 330 million denominated in RON 1.5 bn), gave rise to currency gains of € 1 million (2015: € 3 million gains).

In addition, the Group uses other derivatives, not designated in a qualifying hedge relationship, to manage its exposure primarily to interest rate and foreign currency risks. Non qualifying hedges are derivatives entered into as economic hedges of assets and liabilities for which hedge accounting was not applied. The said derivative instruments are monitored and have been classified along with those held for trading purposes.

The Group's exposure in derivative financial instruments, as categorized by counterparty's geographical region and industry sector, is presented in the following table:

	31 December 2016			
	Greece € million	**Other European countries € million**	**Other countries € million**	**Total € million**
Sovereign	**1,119**	**-**	**-**	**1,119**
Banks	**0**	**354**	**429**	**783**
Corporate	**78**	**0**	**0**	**78**
Total	**1,197**	**354**	**429**	**1,980**

	31 December 2015			
	Greece € million	Other European countries € million	Other countries € million	Total € million
Sovereign	1,065	-	-	1,065
Banks	17	332	418	767
Corporate	46	5	1	52
Total	1,128	337	419	1,884

Note: The Group's geographical exposure in derivative financial instruments is presented based on the counterparty's domicile country (immediate risk), except where there is a signed ISDA/CSA agreement with a parent guarantee where the parent's domicile country is taken into account (ultimate country of risk).

24. Loans and advances to customers

	2016 € million	2015 € million
Wholesale lending	**19,335**	19,606
Mortgage lending	**17,844**	18,261
Consumer lending [(1)]	**6,328**	6,570
Small business lending	**7,149**	7,246
	50,656	51,683
Less: Impairment allowance (note 25)	**(11,598)**	(11,790)
Total	**39,058**	39,893

[(1)] *Credit cards balances are included.*

As of 30 September 2014, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', 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 31 December 2016, the carrying amount of these loans is € 82 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 impairment allowance), 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 impairment allowance), 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'.

In the fourth quarter of 2016, following an international competitive process, the Bank reduced its exposure to Marfin Investment Group (MIG) through the sale of a corporate bond loan issued by MIG of € 150 million (€ 125 million, net of impairment allowance) to funds managed by Fortress Investment Group LLC. The disposal was capital neutral for the Group.

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.

Loans and advances to customers include finance lease receivables, as detailed below:

	2016 € million	2015 € million
Gross investment in finance leases receivable:		
Not later than 1 year	**522**	657
Later than 1 year and not later than 5 years	**354**	447
Later than 5 years	**714**	541
	1,590	1,645
Unearned future finance income on finance leases	**(153)**	(155)
Net investment in finance leases	**1,437**	1,490
Less: Impairment allowance	**(520)**	(536)
Total	**917**	954
The net investment in finance leases is analysed as follows:		
Not later than 1 year	**495**	632
Later than 1 year and not later than 5 years	**271**	376
Later than 5 years	**671**	482
	1,437	1,490
Less: Impairment allowance	**(520)**	(536)
Total	**917**	954

25. 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:

	31 December 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 year	**262**	**218**	**228**	**67**	**775**
Recoveries of amounts previously written off	**-**	**-**	**7**	**1**	**8**
Amounts written off [2]	**(350)**	**(29)**	**(176)**	**(27)**	**(582)**
NPV unwinding	**(96)**	**(68)**	**(53)**	**(95)**	**(312)**
Foreign exchange differences and other movements	**-**	**(21)**	**(39)**	**(21)**	**(81)**
Balance at 31 December	**4,509**	**2,272**	**2,732**	**2,085**	**11,598**

	31 December 2015				
	Wholesale € million	Mortgage € million	Consumer [1] € million	Small business € million	Total € million
Balance at 1 January	4,063	1,477	2,465	1,743	9,748
Impairment loss for the year	902	838	361	564	2,665
Recoveries of amounts previously written off	1	1	11	1	14
Amounts written off	(196)	(53)	(22)	(23)	(294)
NPV unwinding	(94)	(82)	(9)	(112)	(297)
Foreign exchange differences and other movements	17	(9)	(41)	(13)	(46)
Balance at 31 December	4,693	2,172	2,765	2,160	11,790

[1] *Credit cards balances are included.*

[2] *An amount of € 195 million included relates with the non performing loans sale transactions (note 24).*

The critical accounting estimates and judgments that are made by the Group's Management in assessing the impairment losses on loans and advances to customers are evaluated constantly, particularly in circumstances of economic uncertainty, based on the latest available information and expectations of future events that are considered reasonable, as described in note 3.1.

Specifically, the Group assesses the borrowers' financial performance, the recovery value of the underlying collaterals as well as forecasts for macroeconomic indicators and calibrates its provisioning models accordingly.

Law on the discharge of debt obligations 'Datio in Solutum'

In May 2016, Law 77/2016 on the discharge of debt obligations ('Datio in Solutum') 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. In the second quarter of 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.

According to the decision of the Romanian Constitutional Court (RCC) dated 25 October 2016 which was published in the Romanian Official Gazette on 18 January 2017, the specific law is partially unconstitutional and the Romanian courts of law shall verify the existence of hardship conditions when called to decide upon a 'datio in solutum' case based on this law.

The Group is closely monitoring any relevant developments to update the estimate of the effect on its financial statements in accordance with its accounting policies.

26. Investment securities

	2016 € million	2015 € million
Available-for-sale investment securities	**3,670**	4,282
Debt securities lending portfolio	**8,227**	11,391
Held-to-maturity investment securities	**566**	618
Total	**12,463**	16,291

In 2008 and 2010, in accordance with the amendments to IAS 39 'Financial Instruments: Recognition and Measurement', 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 31 December 2016, the carrying amount of the reclassified securities was € 1,055 million. Had the financial assets not been reclassified, changes in the fair value for the period from the reclassification date until 31 December 2016 would have resulted in € 374 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 31 December 2016 had proceeded with the sale of EFSF notes of face value of € 3,149 million, recognizing a gain of € 73 million in 'Gains less losses from investment securities'.

Post balance sheet event

In the context of the European Stability Mechanism (ESM)/EFSF decision for the implementation of the short-term Greek debt relief measures and following the relevant Board of Directors (BoD) decision on 20 January 2017, the Bank, together with the other Greek banks, have entered into an agreement with the EFSF, the Hellenic Republic, the HFSF and the Bank of Greece on 16 March 2017 for the exchange of the remaining EFSF notes. The exchange is expected to take place gradually within the next months and the agreement will be implemented with a series of separate transactions, which will result in the sale of the Bank's remaining EFSF notes at their book value.

Prior to the BoD decision, during January 2017 the Bank proceeded with an additional sale of EFSF bonds of face value of € 187 million, recognizing a gain of € 5 million.

26.1 Classification of investment securities by type

	31 December 2016			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	**-**	**6,843**	**-**	**6,843**
- Greek government bonds	**1,039**	**929**	**-**	**1,968**
- Greek government treasury bills	**1,289**	**-**	**-**	**1,289**
- Other government bonds	**909**	**306**	**393**	**1,608**
- Other issuers	**290**	**149**	**173**	**612**
	3,527	**8,227**	**566**	**12,320**
Equity securities	**143**	**-**	**-**	**143**
Total	**3,670**	**8,227**	**566**	**12,463**

	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

26.2 Movement of investment securities

	31 December 2016			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Balance at 1 January	**4,282**	**11,391**	**618**	**16,291**
Additions, net of disposals and redemptions	**(737)**	**(3,194)**	**(52)**	**(3,983)**
Net gains/(losses) from changes in fair value for the year	**51**	**-**	**-**	**51**
Amortisation of premiums/discounts and interest	**66**	**(20)**	**(1)**	**45**
Amortisation of mark-to-market of reclassified securities	**-**	**1**	**1**	**2**
Changes in fair value due to hedging	**-**	**45**	**-**	**45**
Impairment losses/reversal	**(9)**	**-**	**-**	**(9)**
Exchange adjustments and other [1]	**17**	**4**	**-**	**21**
Balance at 31 December	**3,670**	**8,227**	**566**	**12,463**

	31 December 2015			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Balance at 1 January	5,626	11,566	657	17,849
Additions, net of disposals and redemptions	(84)	(127)	(44)	(255)
Net gains/(losses) from changes in fair value for the year	92	-	-	92
Amortisation of premiums/discounts and interest	100	(22)	5	83
Amortisation of mark-to-market of reclassified securities	-	2	2	4
Changes in fair value due to hedging	-	(15)	-	(15)
Impairment losses/reversal	(6)	-	9	3
Exchange adjustments and other	22	10	8	40
Discontinued operations	(1,468)	(23)	(19)	(1,510)
Balance at 31 December	4,282	11,391	618	16,291

[1] *It includes € 12 million of Visa Inc. preferred shares.*

26.3 Equity reserve: revaluation of the available-for-sale investments

Gains and losses arising from the changes in the fair value of available-for-sale investments are recognized in a revaluation reserve for available for sale financial assets in equity. The movement of the reserve is as follows:

	2016 € million	2015 € million
Balance at 1 January	**51**	(37)
Net gains/(losses) from changes in fair value	**109**	131
Tax (expense)/benefit	**(33)**	(33)
Revaluation reserve from associated undertakings, net of tax	**2**	-
	78	98
Net (gains)/losses transferred to net profit on disposal	**(66)**	(33)
Impairment losses transferred to net profit	**3**	7
Recyclement of reserve relating to dicontinued operations net of tax	**(82)**	-
Tax (expense)/benefit on net (gains)/losses transferred to net profit on disposal	**22**	5
Tax (expense)/benefit on impairment losses transferred to net profit	**(1)**	(2)
	(124)	(23)
Net (gains)/losses transferred to net profit from fair value hedges/amortisation of mark-to-market	**14**	16
Tax (expense)/benefit	**(2)**	(3)
	12	13
Balance at 31 December	**17**	51

27. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 31 December 2016, included in the consolidated financial statements for the year ended 31 December 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.[1]	e	20.00	Greece	Real estate
Eurobank Asset Management Mutual Fund Mngt Company S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Business Services S.A.	d	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 FPS Loans and Credits Claim Management S.A.		100.00	Greece	Loans and Credits Claim Management
Eurobank Household Lending Services S.A.		100.00	Greece	Promotion/management of household products
Grivalia Properties R.E.I.C. [1]	e	20.00	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
Hellenic Post Credit S.A.		50.00	Greece	Credit card management and other services
Eurobank ERB Mutual Funds Mngt Company S.A. [2]		100.00	Greece	Mutual fund management
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
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
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 Holdings 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. [1]	e	20.00	Luxembourg	Real estate
Grivalia New Europe S.A.[1]	e	20.00	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.[1]	e	20.00	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

Name	Note	Percentage holding	Country of incorporation	Line of business
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.[1]	e	20.00	Romania	Real estate
Seferco Development S.A.[1]	e	20.00	Romania	Real estate
Eurobank A.D. Beograd		99.98	Serbia	Banking
ERB Asset Fin d.o.o. Beograd [2]		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.[1]	e	20.00	Serbia	Real estate
ERB Istanbul Holding A.S.		100.00	Turkey	Holding company
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Anaptyxi II Plc [2]		-	United Kingdom	Special purpose financing vehicle
Anaptyxi SME I Plc		-	United Kingdom	Special purpose financing vehicle
Daneion 2007-1 Plc [2]		-	United Kingdom	Special purpose financing vehicle
Daneion APC Ltd [2]		-	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion II Mortgage Finance Plc [2]		-	United Kingdom	Special purpose financing vehicle
Themeleion III Mortgage Finance Plc [2]		-	United Kingdom	Special purpose financing vehicle
Themeleion IV Mortgage Finance Plc [2]		-	United Kingdom	Special purpose financing vehicle
Themeleion Mortgage Finance Plc [2]		-	United Kingdom	Special purpose financing vehicle
Tegea Plc	b	-	United Kingdom	Special purpose financing vehicle

[1] *As at 31 December 2016, the consolidation percentage of Grivalia subgroup amounts to 20.83% after excluding Grivalia's own shares.*

[2] *Entities under liquidation.*

The Group holds less than half of the voting rights of Grivalia Properties R.E.I.C. and its subsidiaries: Cloud Hellas S.A., Greece; Eliade Tower S.A., Retail Development S.A., Seferco Development S.A., Romania, Reco Real Property A.D., Serbia, Grivalia Hospitality S.A., Luxembourg and Grivalia New Europe S.A., Luxembourg ('GRIVALIA subgroup'), which are controlled by the Group based on the terms of a relevant shareholders' agreement. In addition, the Group holds half of the voting rights of Hellenic Post Credit S.A. which is fully consolidated. The Bank with the consent of the other shareholder who holds the remaining 50% of the share capital, has appointed the majority of the Board's directors and directs the current operations that significantly affect the returns of the company.

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

(i) Holding and other entities of the 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, (b) Anaptyxi SME I Holdings Ltd, Karta II Holdings Ltd and Tegea Holdings Ltd, which was established in July 2016 and (c) Themeleion V Mortgage Finance Plc, Themeleion VI Mortgage Finance Plc and Anaptyxi APC Ltd, which are revived and under liquidation.

(ii) Dormant/under liquidation entities: Enalios Real Estate Development S.A., Hotels of Greece S.A.

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

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

(b) Tegea Plc, United Kingdom

In July 2016, Tegea Plc was established as the Group's special purpose financing vehicle (note 36).

(c) ERB ROM Consult S.A, Romania

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

(d) Eurobank Business Services S.A., Greece

In October 2016, the Group entered into a pre-sale agreement for the disposal of the company for a total cash consideration of € 2.1 million, 50% of which was received in November 2016, while the remaining amount will be received into two equal annual installments. As at 31 December 2016, the total assets of the company amounted to € 3 million (of which intragroup assets € 1.6 million), while total liabilities amounted to € 1.4 million (of which intragroup liabilities € 0.8 million). The sale is expected to be completed in the second quarter of 2017.

Changes in ownership interest in subsidiaries which did not result in loss of control

(e) GRIVALIA subgroup (Grivalia Properties R.E.I.C. and its subsidiaries)

During the first half of 2016 the Group acquired, through Eurolife ERB Life Insurance S.A. and Eurolife ERB General Insurance S.A. 0.45% of Grivalia Properties R.E.I.C. In August 2016, following the disposal of the Group's Insurance operations (note 17), the total Group participation to GRIVALIA subgroup decreased from 20.93% to 20.00%.

In 2015, the changes in ownership in the Group's subsidiaries without loss of control are as follows:

(i) Eurobank ERB Mutual Funds Mngt Company S.A., Greece (former Hellenic Postbank – Hellenic Post Mutual Funds Management Company S.A.)

In January 2015, the Group acquired from Hellenic Post (ELTA) 49% of Hellenic Postbank – Hellenic Post Mutual Funds Management Company S.A. and thus the total Group participation to the company amounted to 100%. In September 2015, the Annual General Meeting of shareholders of the company decided its liquidation. In November 2015, Hellenic Postbank - Hellenic Post Mutual Funds Mngt Company S.A. was renamed to Eurobank ERB Mutual Funds Mngt Company S.A.

(ii) Eurobank Property Services S.A., Romania

In March 2015, the Group acquired from Lamda Development S.A 20% of Eurobank Property Services S.A. and thus the total Group participation to the company amounts to 100%.

(iii) ERB Property Services d.o.o. Beograd, Serbia

In April 2015, the Group acquired from Lamda Development S.A 20% of ERB Property Services d.o.o. Beograd and thus the total Group participation to the company amounts to 100%.

(iv) Bancpost S.A., Romania

In June 2015, the Group acquired 0.04% of Bancpost S.A. and thus the total Group participation to the company amounts to 99.15%.

Changes in ownership interest in subsidiaries which resulted in loss of control

(f) Eurolife ERB Insurance Group Holdings S.A., Greece

On 4 August 2016, the Group announced the completion of the sale of 80% of Eurolife ERB Insurance Group Holdings S.A. Hence, as of that date, the company and its subsidiaries (ERB Insurance Services S.A., Eurolife ERB General Insurance S.A., Eurolife ERB Life Insurance S.A., Diethnis Ktimatiki S.A., Eurolife ERB Asigurari De Viata S.A. and Eurolife ERB Asigurari Generale S.A.) are not consolidated (notes 17 and 32).

(g) IMO Rila E.A.D., Bulgaria

In September 2016, the Group announced the completion of the sale of 100% of IMO Rila E.A.D for a cash consideration of € 10.2 million. The resulting loss on the disposal was immaterial.

(h) ERB Property Services Ukraine LLC, Ukraine

In September 2016, the Group disposed of ERB Property Services Ukraine LLC. The cash consideration and the resulting loss on the disposal were immaterial.

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

In December 2016, the Group announced the completion of the sale of 99.99% of Public J.S.C. Universal Bank (note 17).

During 2015, there were no changes in ownership interest in Group's subsidiaries which resulted in loss of control.

Post balance sheet events

Standard Ktimatiki S.A., Greece

In January 2017, the Bank acquired 100% of the shares and voting rights of the real estate company Standard Ktimatiki S.A. for a cash consideration of € 0.75 million. The acquisition took place following an enforcement of collateral on the company's shares under a Group's finance lease arrangement of an outstanding amount of € 20 million (net of an impairment allowance of € 25 million).

The acquisition was accounted for as a business combination using the purchase method of accounting. The fair value measurement of the assets and liabilities acquired has not been finalized up to the date of the publication of these financial statements. At the date of acquisition, the provisional values of the total assets amounted to € 22 million, while total liabilities (mainly referring to the intragroup finance lease) amounted to € 45 million. Based on the provisional values stated above, the resulting goodwill asset of € 24 million was immediately fully impaired, as it was not supported by the cash flows analysis of the specific business. In addition, at the acquisition date the intragroup finance lease arrangement was effectively settled and the related impairment allowance was released to the income statement.

Grivalia Hospitality S.A., Luxembourg

In February 2017, the participation of the Bank's subsidiary Grivalia Properties R.E.I.C in the company decreased from 100% to 50% following a share capital increase of € 58 million, in favor of the new shareholder of the company Eurolife ERB Life Insurance S.A. Based on the contractual terms of the shareholders' agreements, the company will be accounted as a joint venture of the Group under the equity method. As a result of the transaction, 20.42% of the company's net assets will be attributable to the shareholders of the Bank (through the application of the equity method both from Grivalia and Eurolife), while 39.58% will be attributable to non-controlling interests. In March 2017, the acquisition of 100% of Pearl Island Holdings Limited by the company was completed.

Eurobank FPS Loans and Credits Claim Management S.A., Greece

In the first quarter of 2017, the company's purpose as defined in its articles of association was amended and its name was changed from Eurobank Financial Planning Services S.A. to Eurobank FPS Loans and Credits Claim Management S.A. Following the above, the company obtained a license from the Bank of Greece that allows it to operate as an independent servicer of loans granted by credit or financial institutions pursuant to the Law 4354/2015.

Group subsidiaries with material non-controlling interests

Grivalia Properties R.E.I.C and its subsidiaries are the only of the Group's entities with material non-controlling interests amounting to 79.17%[(1)] in 2016 (2015: 79.52%). Financial information regarding GRIVALIA subgroup, which is before inter-company eliminations with other companies in the Group, is provided in the table below:

	2016	2015
	€ million	€ million
Total income	**63**	60
Total expenses	**(40)**	(27)
Net profit/(loss)	**23**	33
Other comprehensive income	**(0)**	(0)
Total comprehensive income	**23**	33
Total comprehensive income attibutable to non controlling interests	**19**	26
Total assets	**881**	915
Total liabilities	**76**	78
Net assets	**805**	837
Net assets attributable to non controlling interests	**637**	667
Net cash from/(used in) operating activities	**42**	45
Net cash from/(used in) investing activities	**(39)**	(76)
Net cash from/(used in) financing activities	**(53)**	(42)
Net increase/(decrease) in cash and cash equivalents	**(50)**	(73)
Cash and cash equivalents at beginning of year	**112**	185
Cash and cash equivalents at end of year	**62**	112
Dividends paid to non controlling interests	**24**	24

[(1)] *After excluding Grivalia's own shares.*

The GRIVALIA subgroup entities' principal country of operation is the same as the country of their incorporation, other than Grivalia Hospitality S.A., whose activity is the acquisition, development and management of hospitality real estate in Greece and abroad.
The proportion of voting rights held by non-controlling interests does not differ from the proportion of ownership interests held by them.

Significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group

The Group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from regulatory, statutory and contractual requirements, as well as from the protective rights of non-controlling interests, set out below:

- Banking and other financial institution subsidiaries are subject to regulatory restrictions and central bank requirements in the countries in which the subsidiaries operate. Such supervisory framework requires the subsidiaries to maintain minimum capital buffers and certain capital adequacy and liquidity ratios, including restrictions to limit exposures and/or the transfer of funds to the Bank and other subsidiaries within the Group. Accordingly, even if the subsidiaries' financial assets are not pledged at an individual entity level, their transfer within the Group may be restricted under the existing supervisory framework. In this situation, it is not feasible to identify individual balance sheet items that cannot be transferred other than the major part of ECB's available collateral held by Group's subsidiaries (note 7.2.3).

As at 31 December 2016, the carrying amount of the Group financial institution subsidiaries' assets and liabilities, before intercompany eliminations, amounted to € 16.8 bn and € 14.6 bn, respectively (2015: € 16.8 bn and € 14.9 bn).

- Subsidiaries are subject to statutory requirements mainly relating with the level of capital and total equity that they should maintain, restrictions on the distribution of capital and special reserves, as well as dividend payments to their ordinary shareholders. Information relating to the Group's non-distributable reserves is provided in note 42. Moreover, the distribution of dividend to the preference shareholders, as well as the preferred securities holders is subject to restrictions provided under Law 3723/2008 in combination with Law 2190/1920 (note 40) and the preferred securities' prospectus (note 41), respectively.

- The Group uses its financial assets as collateral for repo and derivative transactions, secured borrowing from central and other banks, issuances of covered bonds, as well as securitizations. As a result of financial assets' pledge, their transfer within the group is not permitted. Information relating to the Group's pledged financial assets is provided in notes 21, 32 and 43.

- The Group is required to maintain balances with central banks and also posts cash collaterals for obtaining funding from Eurosystem. Information relating to mandatory and collateral deposits with central banks is provided in note 19.

- In accordance with the terms of the Shareholders' Agreement of Grivalia Properties R.E.I.C., certain protective rights were granted to non-controlling interests, requiring their consent for specific material and related party transactions that involve the GRIVALIA subgroup's total assets and liabilities, before intercompany eliminations, of € 881 million and € 76 million, respectively.

28. Structured Entities

The Group is involved in various types of structured entities, such as securitization vehicles, mutual funds and private equity funds.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has restricted activities, a narrow well-defined objective, insufficient equity to permit it to finance its activities without subordinated financial support and financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

An interest in a structured entity refers to contractual and non-contractual involvement that exposes the Group to variability of returns from the performance of the structured entity. Examples of interest in structured entities include the holding of debt and equity instruments, contractual arrangements, liquidity support, credit enhancement, residual value.

Structured entities may be established by the Group or by a third party and are consolidated when the substance of the relationship is such that the structured entities are controlled by the Group, as set out in note 2.2(i). As a result of the consolidation assessment performed, the Group has involvement with both consolidated and unconsolidated structured entities, as described below.

Consolidated structured entities

The Group, as part of its funding activity, enters into securitization transactions of various classes of loans (mortgage, consumer loans, credit card and bond loans), which generally result in the transfer of the above assets to structured entities (securitization vehicles), which, in turn issue debt securities held by investors and the Group's entities. A listing of the Group's consolidated structured entities is set out in note 27.

The Group monitors the credit quality of the securitizations' underlying loans, as well as the credit ratings of the debt instruments issued, when applicable, and provides either credit enhancements to the securitization vehicles and/or transfers new loans to the pool of their underlying assets, whenever necessary, in accordance with the terms of the relevant contractual arrangements in force. As at 31 December 2016, the face value of debt securities issued by the securitizations sponsored by the Group amounted to € 3,278 million, all of which were held by the Group's entities, in order to obtain collateralized funding (2015: € 1,505 million, all of which were held by the Group's entities).

The Group did not provide any non contractual financial or other support to these structured entities, and currently has no intention to do so in the foreseeable future.

Unconsolidated structured entities

The Group enters into transactions with unconsolidated structured entities, which are those not controlled by the Group, in the normal course of business, to provide fund management services and in order to take advantage of specific investment opportunities.

Group managed funds

The Group establishes and manages structured entities in order to provide customers, either retail or institutional, with investment opportunities. Accordingly, through its subsidiaries Eurobank Asset Management Mutual Fund Mngt Company S.A., Eurobank Fund Management Company (Luxembourg) S.A. and ERB Asset Fin doo Beograd, it is engaged with the management of different types of mutual funds, including fixed income, equities, funds of funds and money market.

Additionally, the Group is entitled to receive management and other fees and may hold investments in such mutual funds for own investment purposes as well as for the benefit of its customers.

The Group is involved in the initial design of the mutual funds and, in its capacity as fund manager, takes investment decisions on the selection of their investments, nevertheless within a predefined, by relevant laws and regulations, decision making framework. Therefore, the Group has determined that it has no power over these funds.

Furthermore, in its capacity as fund manager, the Group primary acts as an agent in exercising its decision making authority over them. Based on the above, the Group has assessed that it has no control over these mutual funds and as a result does not consolidate them. The Group does not have any contractual obligation to provide financial support to the managed funds and does not guarantee their rate of return.

Non-Group managed funds

The Group purchases and holds units of third party managed funds including mutual funds, private equity and other investment funds.

Securitizations

The Group has interests in unconsolidated securitization vehicles by investing in residential mortgage backed and other asset-backed securities issued by these entities.

The table below sets out the carrying amount of the Group's interests in unconsolidated structured entities, recognized in the consolidated balance sheet as at 31 December 2016, representing its maximum exposure to loss in relation to these interests. Information relating to the total income derived from interests in unconsolidated structured entities, recognized either in profit or loss or other comprehensive income during 2016 is also provided (i.e. fees, interest income, net gains or losses on revaluation and derecognition):

	31 December 2016			
	Unconsolidated structured entity type			
	Securitizations	Group managed funds	Non- Group managed funds	Total
	€ million	€ million	€ million	€ million
Group's interest- assets				
Investment securities	188	56	27	**271**
Financial instruments held for trading	-	-	1	**1**
Other Assets	-	1	-	**1**
Total	**188**	**57**	**28**	**273**
Total income from Group interests	1	32	(1)	**32**

	31 December 2015			
	Unconsolidated structured entity type			
	Securitizations	Group managed funds	Non- Group managed funds	Total
	€ million	€ million	€ million	€ million
Group's interest- assets				
Investment securities	243	56	25	324
Financial instruments held for trading	-	-	1	1
Other Assets	-	1	-	1
Total	243	57	26	326
Total income from Group interests	1	37	(3)	35

Total income from Group interests in relation to Group managed funds, amounting to € 32 million in 2016 as presented in the table above, consists mainly of income relating to management fees and other commissions for the management of funds. In addition, from total income in relation to non-Group managed funds, amounting to € 0.5 million losses in 2016 as set out above, derived from gains or losses on revaluation and derecognition of interests, € 0.1 million gain have been recognized in other comprehensive income, whereas € 0.6 million relate to losses recognized in profit or loss. Income in relation to securitizations has been recognized in profit or loss.

As at 31 December 2016, the total assets of funds under the Group's management as well as those of unconsolidated securitization vehicles amounted to € 2,502 million (2015: € 3,677 million) and € 8,749 million (2015: € 10,930 million), respectively.

29. Property, plant and equipment

	31 December 2016			
	Land, buildings, leasehold improvements € million	Furniture, equipment, motor vehicles € million	Computer hardware, software € million	Total € million
Cost:				
Balance at 1 January	**829**	**237**	**421**	**1,487**
Arising from acquisitions (note 47)	**1**	**2**	**0**	**3**
Transfers from/to repossessed assets	**(3)**	**-**	**-**	**(3)**
Other transfers	**(2)**	**0**	**0**	**(2)**
Additions	**8**	**7**	**8**	**23**
Disposals and write-offs	**(6)**	**(26)**	**(11)**	**(43)**
Exchange adjustments	**(1)**	**(0)**	**(0)**	**(1)**
Balance at 31 December	**826**	**220**	**418**	**1,464**
Accumulated depreciation:				
Balance at 1 January	**(239)**	**(203)**	**(379)**	**(821)**
Transfers	**1**	**(0)**	**(1)**	**(0)**
Disposals and write-offs	**3**	**24**	**12**	**39**
Charge for the year	**(22)**	**(9)**	**(13)**	**(44)**
Balance at 31 December	**(257)**	**(188)**	**(381)**	**(826)**
Net book value at 31 December	**569**	**32**	**37**	**638**

	31 December 2015			
	Land, buildings, leasehold improvements € million	Furniture, equipment, motor vehicles € million	Computer hardware, software € million	Total € million
Cost:				
Balance at 1 January	835	247	427	1,509
Other transfers	2	(2)	(8)	(8)
Additions	6	6	10	22
Disposals and write-offs	(13)	(13)	(5)	(31)
Exchange adjustments	(1)	(0)	(1)	(2)
Discontinued operations	(0)	(1)	(2)	(3)
Balance at 31 December	829	237	421	1,487
Accumulated depreciation:				
Balance at 1 January	(227)	(206)	(374)	(807)
Transfers	0	1	3	4
Disposals and write-offs	10	11	5	26
Charge for the year	(22)	(10)	(14)	(46)
Discontinued operations	(0)	1	1	2
Balance at 31 December	(239)	(203)	(379)	(821)
Net book value at 31 December	590	34	42	666

Leasehold improvements relate to premises occupied by the Group for its own activities.

As at 31 December 2016, assets under construction included above amount to € 0.8 million (2015: € 0.3 million).

The net book value of finance leases included in property, plant and equipment as at 31 December 2016 was nil (2015: € 1.1 million).

30. Investment property

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

	2016 € million	2015 € million
Cost:		
Balance at 1 January	**997**	937
Transfers from/to repossessed assets	**22**	20
Other transfers	**2**	(2)
Additions	**33**	85
Disposals and write-offs	**(50)**	(22)
Impairments	**(18)**	(19)
Discontinued operations	**-**	(2)
Balance at 31 December	**986**	997
Accumulated depreciation:		
Balance at 1 January	**(72)**	(61)
Disposals and write-offs	**3**	1
Charge for the year	**(12)**	(12)
Discontinued operations	**-**	(0)
Balance at 31 December	**(81)**	(72)
Net book value at 31 December	**905**	925

During the year ended 31 December 2016, an amount of € 52 million (2015: € 48 million) was recognized as rental income from investment property in income from non banking services. As at 31 December 2016 and 2015, there were no capital commitments in relation to investment property.

The fair value measurements as at 31 December 2016 for each class of investment property are presented in the below table. The main classes of investment property have been determined based on the nature, the characteristics and the risks of the Group's properties. The fair value measurements of the Group's investment property are categorized within level 3 of the fair value hierarchy.

	31 December 2016		31 December 2015	
	Fair Value € million	Book Value € million	Fair Value € million	Book Value € million
Residential				
International countries	**47**	**45**	61	58
Total	**47**	**45**	61	58
Commercial				
Greece	**654**	**605**	625	581
International countries	**135**	**129**	155	150
Total	**789**	**734**	780	731
Land Plots				
Greece	**5**	**3**	5	4
International countries	**42**	**42**	48	48
Total	**47**	**45**	53	52
Industrial				
Greece	**50**	**40**	52	41
International countries	**44**	**41**	43	43
Total	**94**	**81**	95	84
Total	**977**	**905**	989	925

The basic methods used for estimating the fair value of the Group's investment property are the income approach (income capitalization/discounted cash flow method), the comparative method and the cost approach, which are also used in combination depending on the class of property being valued.

The discounted cash flow method is used for estimating the fair value of the Group's commercial investment property. Fair value is calculated through the projection of a series of cash flows using explicit assumptions regarding the benefits and liabilities of ownership (income and operating costs, vacancy rates, income growth), including the residual value anticipated at the end of the projection period. To this projected cash flows series, an appropriate, market-derived discount rate is applied to establish its present value.

Under the income capitalization method, also used for the commercial class of investment property, a property's fair value is estimated based on the normalized net operating income generated by the property, which is divided by the capitalization rate (the investor's rate of return).

The comparative method is used for the residential, commercial and land plot classes of investment property. Fair value is estimated based on data for comparable transactions, by analyzing either real transaction prices of similar properties, or by asking prices after performing the necessary adjustments.

The cost approach is used for estimating the fair value of the residential and the industrial classes of the Group's investment property. This approach refers to the calculation of the fair value based on the cost of reproduction/replacement (estimated construction costs), which is then reduced by an appropriate rate to reflect depreciation.

The Group's investment property valuations are performed taking into consideration the highest and best use of each asset that is physically possible, legally permissible and financially feasible.

31. Intangible assets

	31 December 2016			31 December 2015		
	Goodwill € million	Other intangible assets € million	Total € million	Goodwill € million	Other intangible assets € million	Total € million
Cost:						
Balance at 1 January	519	361	880	541	347	888
Transfers	-	(0)	(0)	-	10	10
Additions	-	43	43	-	22	22
Disposals and write-offs	-	(1)	(1)	-	(12)	(12)
Exchange adjustments and other	-	0	0	-	(1)	(1)
Discontinued operations	-	-	-	(22)	(5)	(27)
Balance at 31 December	519	403	922	519	361	880
Accumulated impairment/amortisation:						
Balance at 1 January	(519)	(234)	(753)	(519)	(219)	(738)
Transfers	-	1	1	-	(4)	(4)
Amortisation charge for the year	-	(26)	(26)	-	(26)	(26)
Disposals and write-offs	-	1	1	-	12	12
Exchange adjustments	-	0	0	-	0	0
Discontinued operations	-	-	-	-	3	3
Balance at 31 December	(519)	(258)	(777)	(519)	(234)	(753)
Net book value at 31 December	0	145	145	0	127	127

Computer software

In 2016, the amortization period for certain core banking software systems was changed from 4-10 to 4-15 years, based on revised estimates about their useful life. The change was applied prospectively, with no significant impact on the Group's income statement for the year ended 31 December 2016, and is not expected to have a significant impact on the Group's profit or loss in future periods.

32. Other assets

	2016 € million	2015 € million
Receivable from Deposit Guarantee and Investment Fund	**695**	677
Repossessed properties and relative prepayments	**406**	463
Pledged amount for a Greek sovereign risk financial guarantee	**242**	258
Income tax receivable	**192**	271
Other guarantees	**74**	182
Prepaid expenses and accrued income	**57**	39
Investments in associated undertakings and joint ventures (see below)	**101**	10
Other assets	**185**	251
Total	**1,952**	2,151

As at 31 December 2016, other assets amounting to € 185 million (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 the listing of the Group's associated undertakings and joint ventures as at 31 December 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	43.19
Global Finance S.A. [(3)]		Greece	Investment financing	33.82
Rosequeens Properties Ltd		Cyprus	Special purpose investment vehicle	33.33
Rosequeens Properties SRL		Romania	Real estate	33.33
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00
Eurolife ERB Insurance Group Holdings S.A.	c	Greece	Holding company	20.00
Piraeus Port Plaza 1 Development S.A. [(2)]	d	Greece	Real estate	50.00

[(1)] *In December 2013, the Extraordinary General Meeting of shareholders of the company decided its liquidation.*
[(2)] *The Bank's subsidiary Grivalia Properties R.E.I.C. holds 50% of the share capital of the company. Accordingly, under the equity method of accounting, 10.42% of the company's net assets is attributable to the shareholders of the Bank, while 39.58% is attributable to non-controlling interests.*
[(3)] *Global Finance group (Global Finance S.A. and its subsidiaries) is considered as a Group's associated undertaking.*

The following entities are not accounted under the equity method in the consolidated financial statements:

(i) Filoxenia S.A. which is a dormant and under liquidation associated undertaking, is not accounted under the equity method due to immateriality.

(ii) Omega Insurance and Reinsurance Brokers S.A. in which the Group holds 26.05%. The Group is not represented in the Board of Directors of the company, therefore does not exercise significant influence over it.

In addition, Femion Ltd. is accounted for as a joint venture of the Group based on the substance and the purpose of the arrangement and the terms of the shareholder's agreement which require the unanimous consent of the shareholders for significant decisions and establish shared control through the equal representation of the shareholders in the management bodies of the company.

(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.

During 2016, the Group's participation in Singidunum decreased from 50% to 43.19%, following a debt to equity conversion and the additional share capital increases of the company in favor of the other shareholder, Lamda Development B.V.

(c) Eurolife ERB Insurance Group Holdings S.A., Greece

As of 4 August 2016, following the completion of the sale of 80% of Eurolife ERB Insurance Group Holdings S.A., the Group holds 20% ownership in the company. Hence, thereafter, Eurolife insurance group (Eurolife ERB Insurance Group Holdings S.A. and its subsidiaries) is considered as a Group's associated undertaking (note 17).

(d) Piraeus Port Plaza 1 Development S.A., Greece

In October 2016, the Group acquired 50% of Piraeus Port Plaza 1 Development S.A., a real estate company, through its subsidiary Grivalia Properties R.E.I.C for a consideration of € 1.62 million. Based on the contractual terms of the shareholders' agreement, the company is considered as a joint venture of the Group. At the date of acquisition, the Group's share of the net fair value of the company's identifiable assets and liabilities amounted to € 2.57 million. Therefore, an excess amount of € 0.95 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 fourth quarter of 2016.

Associates material to the Group

With regards to the Group's associated undertakings and joint ventures, Eurolife ERB Insurance Group Holdings S.A. is the only associated undertaking of the Group considered individually material for the Group. Financial information regarding Eurolife ERB Insurance Group Holdings S.A. is provided in the table below:

	2016 € million
Current assets	2,261
Non-current assets	83
Total assets	**2,344**
Current liabilities	346
Non-current liabilities	1,594
Total liabilities	**1,940**
Operating income	(16)
Net profit/(loss)	(20)
Other comprehensive income	**11**
Total comprehensive income	**(9)**
Dividends paid to the Group	**-**

The carrying amount, in aggregate, of the Group's joint ventures as at 31 December 2016 amounted to € 17 million (2015: € 6 million). The Group's share of profit and loss and total comprehensive income of the above entities was immaterial.

The carrying amount, in aggregate, of the Group's associated undertakings excluding Eurolife ERB Insurance Group Holdings S.A. which is presented above (i.e. Global Finance S.A. and Odyssey GP S.a.r.l.) as at 31 December 2016 amounted to € 3 million (2015: € 4 million). The Group's share of profit and loss and total comprehensive income of the above entities was immaterial.

The Group has not recognized losses in relation to its interest in its joint ventures, as its share of losses exceeded its interest in them and no incurred obligations exist or any payments were performed on behalf of them. For the year ended 31 December 2016, the unrecognized share of losses for the Group's joint ventures amounted to € 1.5 million (2015: € 1.5 million). The cumulative amount of unrecognized share of losses for the joint ventures amounted to € 9.3 million.

The Group has no contingent liabilities regarding its participation in associated undertakings or joint ventures nor any unrecognized commitments in relation to its participation in joint ventures which could result to a future outflow of cash or other resources, other than disclosed in note 45.

Other than in relation to Eurolife ERB Insurance Group Holdings S.A, which is subject to regulatory and statutory restrictions and holds financial assets in order to satisfy its obligations to policy holders, no significant restrictions exist (e.g. resulting from loan agreements, regulatory requirements or other contractual arrangements) on the ability of associated undertakings or joint ventures to transfer funds to the Group either as dividends or to repay loans that have been financed by the Group.

Post balance sheet events

Alpha Investment Property Kefalariou S.A., Greece

In January 2017, in the context of the debt restructuring of NIKAS S.A. and its subsidiaries, the Bank acquired 41.67% of the shares and voting rights of Alpha Investment Property Kefalariou S.A. for € 0.01 million. The Bank subsequently participated, along with the other banks holding a collateralized bond loan to NIKAS S.A. (Alpha Bank and Attica Bank), in the share capital increase of Alpha Investment Property Kefalariou S.A. on a pro rata basis with € 7.5 million, out of a total amount of € 18 million.

Following the execution of the Nikas' Debt Restructuring Agreement, that includes among others the debt to asset swap of a certain real estate property, Alpha Investment Property Kefalariou S.A. acquired from NIKAS S.A. the property which served at the time as collateral to the related bond loan for a total consideration of € 17 million. The proceeds from the disposal of the property were used by NIKAS S.A. to partially settle its debt obligations against the banks.

Alpha Investment Property Kefalariou S.A. will be accounted for as an associated undertaking of the Group.

Famar S.A., Luxembourg

On 7 March 2017, the Bank acquired 24.37% of the shares and voting rights of Famar S.A for a cash consideration of € 2. The acquisition took place following the execution of a Restructuring Protocol, according to which Marinopoulos Holding S.à r.l. had agreed to sell the company's shares to Eurobank, Alpha Bank, National Bank of Greece and Piraeus Bank (the Greek banks). On the same date, the company's Extraordinary General Meeting resolved, among others, the conversion of the existing company's shares into new shares of certain classes and rights, which were reallocated among its new shareholders. As a result, the Bank's participation to the company's share capital decreased to 23.55%. In accordance with the terms of the shareholders' agreement signed on 7 March 2017, the management of Famar S.A was assumed by Pillarstone and the Greek banks. It was further agreed that the Greek banks will make available to Famar new funds equal to € 40 million (Eurobank to participate at a proportion of 24.37%) and that the outstanding senior debt facility of Famar Holding will be restructured.

The purpose of the acquisition of Famar S.A by the Greek banks was to maximize the potential recovery of the loans granted to Famar Group and the loans to Marinopoulos Group, which were secured by a pledge over Famar's shares.

33. Due to central banks

	2016	2015
	€ million	€ million
Secured borrowing from ECB and BoG	**13,906**	25,267

As at 31 December 2016, the Bank has lowered its dependency on Eurosystem financing facilities to € 13.9 bn (of which € 11.9 bn funding from ELA), mainly through the increase of wholesale secured funding, the selective assets deleveraging, the utilization of part of foreign subsidiaries' liquidity surplus and due to inflows from deposits. As at 28 February 2017, the Eurosystem funding stood at € 14.1 bn, of which € 12.1 bn funding from ELA.

34. Due to credit institutions

	2016	2015
	€ million	€ million
Secured borrowing from credit institutions	**7,275**	3,969
Borrowings from international financial and other institutions	**362**	478
Interbank takings	**69**	39
Current accounts and settlement balances with banks	**74**	30
Total	**7,780**	4,516

As at 31 December 2016, the majority of secured borrowing transactions with other banks were conducted with foreign financial institutions with collaterals EFSF bonds, covered bonds and Greek government guaranteed bonds issued and retained by the Bank (notes 26 and 36). As at 31 December 2016, borrowings from international financial and other institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions, of which secured borrowing € 58 million (2015: € 206 million).

35. Due to customers

	2016 € million	2015 € million
Savings and current accounts	**19,124**	17,679
Term deposits	**14,806**	13,653
Repurchase agreements	**53**	53
Other term products (note 36)	**48**	61
Total	**34,031**	31,446

As at 31 December 2016, the carrying amount of structured deposits designated at fair-value-through-profit-or-loss was € 3 million (2015: € 4 million) and their cumulative fair value change was € 1 million gain (2015: € 1 million gain), which is attributable to changes in market conditions.

The fair value change of structured deposits is offset in the income statement against changes in the fair value of structured derivatives.

The difference between the carrying amount and the contractual undiscounted amount that will be required to be paid at the maturity of the structured deposits was € 1 million (2015: € 1 million).

The other term products comprise of (a) senior medium-term notes held by Group's customers, amounting to € 16 million (2015: € 28 million) and (b) subordinated notes held by Group's customers, amounting to € 32 million (2015: € 33 million).

36. Debt securities in issue

	2016 € million	2015 € million
Medium-term notes (EMTN) (note 35)	**59**	108
Subordinated - Lower Tier II (note 35)	**43**	42
Total	**102**	150

As at 31 December 2016, the carrying amount of structured notes designated at fair-value-through-profit-or-loss amounted to € 3 million (2015: € 38 million) and their cumulative fair value change to € 0.5 million gain (2015: € 0.2 million gain). The fair value of the structured notes takes into account the credit risk of the Group. As at 31 December 2016, the cumulative change in fair value of these instruments attributable to changes in credit risk amounted to € 0.4 million gain (2015: € 0.1 million gain). The fair value change of the structured notes due to market risk, other than the Group's credit risk, is offset in the income statement against changes in the fair value of structured derivatives.

The difference between the carrying amount and the contractual undiscounted amount that will be required to be paid at the maturity of the structured notes was € 0.3 million (2015: € 0.2 million).

The Group's funding consists of notes under Euro Medium Term Note (EMTN) program, securitizations of various classes of loans, covered bonds and government guaranteed bonds (note 43):

Medium-term notes (EMTN)
During the year, the Group proceeded with the repurchase of medium term notes of face value of € 22 million, recognizing a gain of € 2 million presented in line 'Net trading income' of Group's income statement, while notes of face value of € 39 million matured. As at 31 December 2016, the carrying amount of the liability amounted to € 75 million, € 16 million of which were held by Group's customers (note 35).

On 29 October 2015, the Bank launched a Liability Management Exercise (LME), in combination with its share capital increase (note 39). On 23 November 2015, the Bank announced that the aggregate purchase proceeds of the securities accepted as part of the LME amounted to € 418 million of which EMTN's € 247 million. The corresponding face value of EMTN's amounted to € 207 million (€ 128 million were held by third parties).

Subordinated (Lower TIER II)

The Lower Tier II unsecured subordinated notes issued by the Group as at 31 December 2016, amounted to € 75 million, € 32 million of which were held by Group's customers (note 35). The notes have a ten-year maturity with a call provision after five years. The notes pay floating rate interest quarterly based on a coupon of three month Euribor plus 160 basis points, qualify as Lower Tier II capital for the Group and are listed on the Luxembourg Stock Exchange.

On 23 November 2015, the Bank announced that the aggregate purchase proceeds of subordinated loan notes participated in the aforementioned Bank's LME amounted to € 154 million, which corresponded to face value of € 192 million. Accordingly, the LME of subordinated notes generated a gain of € 27 million after tax, presented in line 'Net trading income' of Group's income statement, for the year ended 31 December 2015.

Securitized

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 total issue was fully retained by the Bank.

Government guaranteed and Covered bonds

As at 31 December 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 € 2,500 million and € 2,275 million respectively, were retained by the Bank and its subsidiaries.

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

During the year, government guaranteed bonds of face value € 6,650 million matured while € 3,893 million were redeemed.

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).

37. Other liabilities

	2016 € million	2015 € million
Balances under settlement [1]	**249**	196
Other provisions	**121**	143
Deferred income and accrued expenses	**82**	70
Sovereign risk financial guarantee	**48**	50
Standard legal staff retirement indemnity obligations (note 38)	**48**	42
Income taxes payable	**18**	15
Deferred tax liabilities (note 16)	**3**	5
Other liabilities	**209**	221
Total	**778**	742

[1] *Includes settlement balances relating to bank cheques and remittances, credit card transactions, other banking and brokerage activities.*

As at 31 December 2016, other liabilities amounting to € 209 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations and (c) duties and other taxes.

As at 31 December 2016, other provisions amounting to € 121 million mainly include outstanding litigations and claims in dispute of € 67 million (note 45), restructuring costs of € 36 million (of which € 34 million relate to the Voluntary Exit Scheme (VES), net of actual payments and € 2 million relate to the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D., note 47) and other provisions for operational risk events of € 13 million.

The movement of the Group's other provisions, is presented in the following table:

	31 December 2016		
	Litigations and claims in dispute € million	Other € million	Total € million
Balance at 1 January	**66**	**77**	**143**
Arising from acquisitions	**-**	**2**	**2**
Amounts charged during the year	**6**	**61**	**67**
Amounts used during the year	**(0)**	**(10)**	**(10)**
Amounts reversed during the year	**(4)**	**(0)**	**(4)**
Foreign exchange and other movements [(1)]	**(1)**	**(76)**	**(77)**
Balance at 31 December	**67**	**54**	**121**

	31 December 2015		
	Litigations and claims in dispute € million	Other € million	Total € million
Balance at 1 January	60	37	97
Amounts charged during the year	8	64	72
Amounts used during the year	(1)	(14)	(15)
Amounts reversed during the year	(2)	(1)	(3)
Foreign exchange and other movements	1	(6)	(5)
Discontinued operations	(0)	(3)	(3)
Balance at 31 December	66	77	143

[(1)] *Other movements include an amount of € 76 million for benefits paid under the VES program which is presented in the movement of the liability for standard legal staff retirement indemnity obligations (note 38).*

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 Group proceeded with the remeasurement of the retirement benefit obligations in the second quarter of 2016, by updating the last annual actuarial valuations. The remeasurement resulted in the increase of the retirement benefit obligations by € 4 million in total.

As of 31 December 2016, the estimated cost for the VES amounted to approximately € 111 million, net of provision for retirement benefits, out of which € 49 million has been recognized in the Group's profit or loss for 2016 (2015: € 62 million) (note 14). The VES aims to increase the Group's operating efficiency and is expected to result in an estimated annual saving of € 46 million.

38. Standard legal staff retirement indemnity obligations

The Group provides for staff retirement indemnity obligation for its employees in Greece and abroad, who are entitled to a lump sum payment based on the number of years of service and the level of remuneration at the date of retirement, if they remain in the employment of the Group until normal retirement age, in accordance with the local labor legislation. The above retirement indemnity obligations typically expose the Group to actuarial risks such as interest rate risk and salary risk. Therefore, a decrease in the discount rate used to calculate the present value of the estimated future cash outflows or an increase in future salaries will increase the staff retirement indemnity obligations of the Group.

The movement of the liability for standard legal staff retirement indemnity obligations is as follows:

	2016 € million	2015 € million
Balance at 1 January	**42**	41
Current service cost	**3**	3
Interest cost	**1**	1
Past service cost and (gains)/losses on settlements	**77**	5
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	**5**	1
Actuarial (gains)/losses arising from changes in demographic assumptions	**2**	-
Actuarial (gains)/losses arising from experience adjustments	**(1)**	(1)
Benefits paid	**(81)**	(7)
Exchange adjustments	**(0)**	0
Discontinued operations	**-**	(1)
Balance at 31 December	**48**	42

The benefits paid by the Group during 2016, in the context of the Voluntary Exit Scheme (VES) (note 37), amounted to € 81 million. The provision for staff retirement obligations of the staff that participated in the above scheme, amounted to € 5 million.

The significant actuarial assumptions (expressed as weighted averages) were as follows:

	2016 %	2015 %
Discount rate	**1.9**	2.6
Future salary increases	**2.4**	2.2

As at 31 December 2016, the average duration of the standard legal staff retirement indemnity obligation was 18 years (2015: 18 years).

A quantitative sensitivity analysis based on reasonable changes to significant actuarial assumptions as at 31 December 2016 is as follows:

An increase/(decrease) of the discount rate assumed, by 50 bps/(50 bps), would result in a (decrease)/increase of the standard legal staff retirement obligations by (€ 3.6 million)/ € 3.9 million.

An increase/(decrease) of the future salary growth assumed, by 0.5%/(0.5%) would result in an increase/(decrease) of the standard legal staff retirement obligations by € 3.7 million/(€ 3.5 million).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and assumptions used in preparing the above sensitivity analysis were consistent with those used to estimate the retirement benefit obligation and did not change compared to the previous year.

39. Ordinary share capital, share premium and treasury shares

The par value of the Bank's shares is € 0.30 per share (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 2015	4,412	(0)	4,412	6,682	0	6,682
Share capital decrease through reverse split	(4,368)	-	(4,368)	-	-	-
Share capital increase, net of expenses	612	-	612	1,374	-	1,374
Purchase of treasury shares	-	(8)	(8)	-	4	4
Sale of treasury shares	-	8	8	-	(5)	(5)
Balance at 31 December 2015	656	(0)	656	8,056	(1)	8,055
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	-	0	**0**	-	1	**1**
Balance at 31 December 2016	**656**	**(1)**	**655**	**8,056**	**(1)**	**8,055**

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 2015	14,707,876,542	(1,241,629)	14,706,634,913
Share capital decrease through reverse split	(14,560,797,777)	-	(14,560,797,777)
Share capital increase	2,038,920,000	-	2,038,920,000
Purchase of treasury shares	-	(25,687,364)	(25,687,364)
Sale of treasury shares	-	26,148,100	26,148,100
Balance at 31 December 2015	2,185,998,765	(780,893)	2,185,217,872
Balance at 1 January 2016	**2,185,998,765**	**(780,893)**	**2,185,217,872**
Purchase of treasury shares	-	(3,006,180)	**(3,006,180)**
Sale of treasury shares	-	2,299,502	**2,299,502**
Balance at 31 December 2016	**2,185,998,765**	**(1,487,571)**	**2,184,511,194**

Following the announcement of the results of the Comprehensive Assessment (CA), performed by the European Central Bank (ECB) on 31 October 2015, and according to Law 4340/2015 reforming the banks' recapitalization framework, on 3 November 2015, the Bank's Board of Directors, resolved to call an Extraordinary General Meeting on 16 November 2015 to approve a share capital increase (SCI) of the Bank. In combination with the SCI, a Liability Management Exercise (LME) was launched by the Bank on 29 October 2015.

On 16 November 2015, the Extraordinary General Meeting of the Bank's Shareholders, approved:

(a) the decrease of the ordinary share capital, amounting to € 4,412 million by the amount of € 4,368 million with concurrent (i) increase of the nominal value of each ordinary registered share of the Bank and the decrease of the total number of the Bank's ordinary registered shares through a reverse split at a ratio of one hundred (100) existing to one (1) new ordinary registered share, and (ii) the decrease of the new nominal value of the ordinary registered shares (as it would result after the reverse split) to € 0.30, aiming at offsetting equal losses carried forward by forming of a special reserve of an equal amount.

(b) the increase of the Bank's share capital up to € 2,039 million, through payment in cash and/or contribution in kind, the abrogation of the pre-emption rights of its ordinary shareholders, including the Hellenic Financial Stability Fund (the HFSF), and its sole preference shareholder, namely the Greek State, and the issuance of new ordinary registered shares, each having a nominal value of € 0.30.

On 23 November 2015, following the completion of the SCI of a total amount of € 2,039 million, the Bank announced that the 2,038,920,000 new ordinary registered shares were allocated as follows: (a) 1,621,150,153 of the new shares (80% of all new shares) to qualified investors, eligible institutional and other investors who met certain criteria and (b) 417,769,847 of the new shares (20% of total of all new shares) to investors whose securities had been finally accepted for purchase in accordance with the terms and conditions of the Bank's LME.

Incremental costs directly attributable to the aforementioned capital increase amounted to € 75 million (€ 53 million, net of tax) of which an amount of € 69 million had been paid by 31 December 2015.

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.

40. Preference shares

Preference Shares		
Number of shares	2016 € million	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 of 10% of the issue price of each of the preference shares, 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 of the preference shares by the Bank 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 2016 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.

41. Preferred securities

On 18 March 2005, the Group, through its Special Purpose Entity, ERB Hellas Funding Limited, issued € 200 million preferred securities which represent Lower Tier I capital for the Group (Tier I Series A). As at 31 December 2016 the outstanding amount of Series A was € 2 million (including allocated issue costs). The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 18 March 2010 and annually thereafter and are listed on the Luxembourg and Frankfurt Stock Exchanges.

On 2 November 2005, the Group, through its Special Purpose Entity, ERB Hellas Funding Limited, issued € 400 million preferred securities which represent Lower Tier I capital for the Group (Tier I Series B). As at 31 December 2016 the outstanding amount of Series B was € 4 million (including allocated issue costs). The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 2 November 2015 and quarterly thereafter and are listed on the London Stock Exchange.

On 9 November and on 21 December 2005 the Group, through its Special Purpose Entity, ERB Hellas Funding Limited, issued € 150 million and € 50 million preferred securities respectively, which represent Lower Tier I capital for the Group (Tier I, form a single

Series C). As at 31 December 2016 the outstanding amount of Series C was € 18 million (including allocated issue costs). The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 9 January 2011 and quarterly thereafter. The preferred securities are listed on the London, Frankfurt and Euronext Amsterdam Stock Exchanges.

On 29 July 2009, the Group, through its Special Purpose Entity, ERB Hellas Funding Limited, issued € 300 million preferred securities which represent Tier I capital for the Group (Tier I Series D). As at 31 December 2016 the outstanding amount of Series D was € 19 million (including allocated issue costs). The preferred securities have no fixed redemption date and give the issuer the right to call the issue after five years from the issue date and annually thereafter. In addition the securities, subject to certain conditions, are convertible at the option of the bondholder and the issuer after October 2014 into Eurobank ordinary shares at the lower of an exchange ratio based on (a) a 12% discount to the share market price during the period preceding the exchange or (b) the nominal value of Bank's ordinary share. The preferred securities are listed on the London Stock Exchange.

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. In 2016 and 2015, the Bank did not distribute any dividend (note 51). Accordingly, ERB Hellas Funding Ltd announced the non payment of the non cumulative preferred dividend of the above series of preferred securities.

The movement of preferred securities issued by the Group through its Special Purpose Entity, ERB Hellas Funding Limited, is as follows:

	Series A	Series B	Series C	Series D	Total
	€ million	€ million	€ million	€ million	€ million
Balance at 1 January 2015	2	5	49	21	77
Purchase of preferred securities (LME)	(0)	(1)	(31)	(2)	(34)
Balance at 31 December 2015	2	4	18	19	43
Balance at 31 December 2016	**2**	**4**	**18**	**19**	**43**

On 29 October 2015, the Bank launched a Liability Management Exercise (LME), in combination with its share capital increase (note 39). On 23 November 2015, the Bank announced the aggregate purchase proceeds of the securities accepted as part of the LME amounted to € 418 million of which Tier I securities € 17 million, corresponding to face value of € 34 million. Accordingly, the LME of preferred securities generated a gain of € 17 million (€ 12 million after tax), which was recognized directly in the Group's equity, for the year ended 31 December 2015.

In addition, in October 2015, the Bank proceeded with the buy-back and the subsequent cancelation of its hybrid instruments of face value of € 325 million, previously held by its subsidiary ERB Hellas Cayman with a resulting gain of € 252 million (€ 175 million after tax and related costs), which was recorded directly in the Bank's equity. The effect of the transaction in the Group's equity referred to the recognition of the related deferred tax liability of € 73 million, for the year ended 31 December 2015.

42. Special reserves

	Statutory reserves € million	Non-taxed reserves € million	IAS 39 reserves € million	Other reserves € million	Total € million
Balance at 1 January 2015	445	960	(142)	2,030	3,293
Share capital decrease (note 39)	-	-	-	4,368	4,368
Transfers between reserves	11	4	-	(3)	12
Available-for-sale securities					
- changes in fair value, net of tax	-	-	98	-	98
- transfer to net profit, net of tax	-	-	(10)	-	(10)
Cash flow hedges					
- changes in fair value, net of tax	-	-	32	-	32
- transfer to net profit, net of tax	-	-	6	-	6
Currency translation differences, net of hedging	-	-	-	(13)	(13)
Actuarial gains/(losses) on post employment benefit obligations, net of tax	-	-	-	0	0
Value of employee services	-	-	-	0	0
Balance at 31 December 2015	456	964	(16)	6,382	7,786
Balance at 1 January 2016	**456**	**964**	**(16)**	**6,382**	**7,786**
Transfers between reserves [(1)]	(48)	(7)	(2)	(36)	**(93)**
Available-for-sale securities					
- changes in fair value, net of tax	-	-	76	-	**76**
- transfer to net profit, net of tax	-	-	(112)	-	**(112)**
Cash flow hedges					
- changes in fair value, net of tax	-	-	11	-	**11**
- transfer to net profit, net of tax	-	-	(1)	-	**(1)**
Currency translation differences, net of hedging	-	-	-	50	**50**
Associated undertakings and joint ventures					
-changes in the share of other comprehensive income, net of tax	-	-	2	-	**2**
Actuarial gains/(losses) on post employment benefit obligations, net of tax	**-**	**-**	**-**	**(4)**	**(4)**
Value of employee services	**-**	**-**	**-**	**0**	**0**
Balance at 31 December 2016	**408**	**957**	**(42)**	**6,392**	**7,715**

[(1)] *It includes also the amounts related to the discontinued operations (Insurance and Ukraine operations), which were disposed of in 2016 (note 17).*

As at 31 December 2016, included in other reserves: (a) a Bank's special reserve amounted to € 5,579 million (2015: € 5,579 million), which can be only either capitalized or offset against losses carried forward pursuant to article 4, par. 4a of Law 2190/1920, and (b) currency translation reserve, net of hedging amounted to € 234 million loss (2015: € 284 million loss). Included in IAS 39 reserves as at 31 December 2016 is € 59 million loss (2015: € 69 million loss) relating to cash flow hedging reserve.

Statutory reserves and IAS 39 reserves are not distributable while non-taxed reserves are taxed when distributed.

43. Transfers of financial assets

The Group enters into transactions by which it transfers recognized financial assets directly to third parties or to Special Purpose Entities (SPEs).

(a) The Group sells, in exchange for cash, securities under an agreement to repurchase them (repos) and assumes a liability to repay to the counterparty the cash received. In addition, the Group pledges, in exchange for cash, securities and loans and receivables and assumes a liability to repay to the counterparty the cash received. The Group has determined that it retains substantially all the risks, including associated credit and interest rate risks, and rewards of these financial assets and therefore has not derecognized them. As a result of the above transactions, the Group is unable to use, sell or pledge the transferred assets for the duration of the transaction. The related liability is recognized in Due to central banks and credit institutions (notes 33 and 34) and Due to customers (note 35), as appropriate.

The Group enters into securitizations of various classes of loans (bond loans and credit cards), under which it assumes an obligation to pass on the cash flows from the loans to the holders of the notes. The Group has determined that it retains substantially all risks, including associated credit and interest rate risks, and rewards of these loans and therefore has not derecognized them. As a result of the above transactions, the Group is unable to use, sell or pledge the transferred assets for the duration of their retention by the SPE. Moreover, the note holders' recourse is limited to the transferred loans. As at 31 December 2016, the securitizations' issues were fully retained by the Group (2015: liability nil) (note 36).

The table below sets out the details of Group's financial assets that have been sold or otherwise transferred, but which do not qualify for derecognition:

	Carrying amount	
	2016	2015
	€ million	€ million
Financial instruments at fair value through profit or loss	**0**	9
Loans and advances to customers	**24,786**	22,353
-securitized loans	***400***	*440*
-pledged loans under covered bond program	***2,646***	*145*
-pledged loans with central banks	***21,629***	*21,510*
-other pledged loans	***111***	*258*
Investment securities [(1)]	**8,179**	11,830
Total	**32,965**	34,192

[(1)] It includes EFSF bonds of face value € 4,076 million (2015: € 8,392 million).

(b) As at 31 December 2016 the Government guaranteed bonds issued by the Bank of total face value of € 2,500 million (2015: € 13,043 million) and cash value € 1,895 million (2015: € 7,173 million), under the second stream of Greek Economy Liquidity Support Program (note 4), were fully retained by the Bank. Of the total issue, bonds of face value of € 1,160 million and cash value € 875 million were pledged to ELA (2015: face value € 13,043 million and cash value € 7,173 million), while the remaining € 1,340 million with cash value € 1,020 million were sold under repurchase agreements (2015: face and cash value nil).

(c) In addition, the Group may sell or re-pledge any securities borrowed or obtained through reverse repos and has an obligation to return the securities. The counterparty retains substantially all the risks and rewards of ownership and therefore the securities are not recognized by the Group. As at 31 December 2016, the Group had not sold or re-pledged securities borrowed or obtained through reverse repos (2015: nil).

As at 31 December 2016, the cash value of the assets transferred or borrowed by the Group through securities lending, reverse repo and other agreements (points a, b and c) amounted to € 24,816 million, while the associated liability from the above transactions amounted to € 21,292 million (notes 33, 34, 35 and 36) (2015: cash value € 32,876 million and liability € 29,495 million). In addition, the Group's financial assets pledged as collaterals for repos, derivatives, securitizations and other transactions other than the financial assets presented in the table above are provided in notes 21 and 32.

44. Operating leases

The Group has entered into commercial leases for premises, equipment and motor vehicles. The majority of the Group's leases are under long-term agreements, according to the usual terms and conditions of commercial leases of each jurisdiction, including renewal options. In particular, as provided by the Greek Commercial Leases Law currently in force, the minimum lease period for commercial real estate leases starting after the end of February 2014 is three years. The Group's lease agreements, do not include any clauses that impose any restriction on the Group's ability to pay dividends, engage in debt financing transactions or enter into further lease agreements.

Leases as lessee-Non-cancellable operating lease rentals are payable as follows:

	2016 € million	2015 [(1)] € million
Not later than one year	**23**	24
Later than one year and no later than five years	**14**	17
Later than five years	**1**	1
Total	**38**	42

(1) *For the year ended 31 December 2015, the above classification between the periods of non-cancelable operating lease rentals has been adjusted.*

There are no material future minimum sublease payments to be received under non cancellable subleases.

Leases as lessor-Non-cancellable operating lease rentals are receivable as follows:

	2016 € million	2015 € million
Not later than one year	**45**	40
Later than one year and no later than five years	**138**	114
Later than five years	**240**	258
Total	**423**	412

45. Contingent liabilities and other commitments

Credit related commitments are analyzed as follows:

	2016 € million	2015 € million
Guarantees [(1)] and standby letters of credit	**591**	575
Other guarantees (medium risk) and documentary credits	**436**	503
Commitments to extend credit	**451**	353
Total	**1,478**	1,431

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

Other commitments

(a) Pursuant to a decision of the Single Resolution Board (SRB) notified to financial institutions, the Bank signed in May 2016 an irrevocable payment commitment and collateral arrangement agreement with the SRB of an amount of € 3.7 million representing 15% of its resolution contribution payment obligation to the Single Resolution Fund (SRF) for the year 2016 (note 12).

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 was recognized as a financial asset as of 30 June 2016 (note 32).

(b) The Bank's subsidiary Grivalia Properties R.E.I.C., which holds the 50% of the share capital of Piraeus Port Plaza 1 Development S.A. is committed to acquire the remaining 50% of the company's share capital, following the fulfilment of certain conditions as provided in the relevant shareholders' agreement.

(c) As at 31 December 2016, the commitments related to capital expenditure amounted to € 25 million (2015: € 12 million).

Legal Proceedings

As at 31 December 2016 there were a number of legal proceedings outstanding against the Group for which a provision of € 67 million was recorded (2015: € 66 million), as set out in note 37. 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, has already filed an appeal against the first instance judgment scheduled to be heard in September 2017. In relation to the individual lawsuits the majority of the judgments issued are in favor of the Bank.

Furthermore, the Group is involved in a number of legal proceedings, in the normal course of business, which may be in early stages, their settlement may take years before they are resolved or their final outcome may be considered uncertain. For such cases, after considering the opinion of Legal Services, Management does not expect that there will be an outflow of resources and therefore no provision is recognized.

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.

46. 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 current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities, custody, equity brokerage, cash management and trade services.
- Wealth Management: incorporating private banking services, including total wealth management, to medium and high net worth individuals, insurance services until early August 2016, 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 (until its disposal in December 2016) 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. 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.

46.1 Operating segments

	31 December 2016						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	578	351	7	190	420	2	1,548
Net commission income	52	70	28	(12)	102	4	244
Other net revenue	39	2	0	22	41	166	270
Total external revenue	669	423	35	200	563	172	2,062
Inter-segment revenue	28	34	(23)	(37)	(1)	(1)	-
Total revenue	697	457	12	163	562	171	2,062
Operating expenses	(493)	(118)	(28)	(77)	(265)	(11)	(992)
Impairment losses on loans and advances	(407)	(216)	(5)	-	(147)	-	(775)
Other impairment losses and provisions (note 14)	(0)	(14)	(2)	(1)	(14)	(34)	(65)
Share of results of associated undertakings and joint ventures	(1)	(0)	(3)	-	(1)	1	(4)
Profit/(loss) before tax from continuing operations before restructuring costs	(204)	109	(26)	85	135	127	226
Restructuring costs (note 14)	(53)	(8)	(2)	(1)	(9)	7	(66)
Profit/(loss) before tax from continuing operations	(257)	101	(28)	84	126	134	160
Profit/(loss) before tax from discontinued operations	-	-	31	-	(68)	58	21
Non controlling interests	-	-	-	-	(1)	(26)	(27)
Profit/(loss) before tax attributable to shareholders	(257)	101	3	84	57	166	154

	31 December 2016						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center [2] € million	Total € million
Segment assets	21,755	11,591	227	13,351	13,201	6,268	66,393
Segment liabilities	18,662	2,642	1,519	24,640	11,540	35	59,038

The International segment is further analyzed as follows:

	31 December 2016						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	107	157	58	76	-	22	420
Net commission income	19	36	14	25	-	8	102
Other net revenue	27	12	1	1	-	0	41
Total external revenue	153	205	73	102	-	30	563
Inter-segment revenue	0	(0)	(0)	0	-	(1)	(1)
Total revenue	153	205	73	102	-	29	562
Operating expenses	(97)	(81)	(44)	(27)	-	(16)	(265)
Impairment losses on loans and advances	(55)	(61)	(17)	(14)	-	(0)	(147)
Other impairment losses and provisions	(6)	(8)	(0)	(0)	-	(0)	(14)
Share of results of associated undertakings and joint ventures	(1)	-	(0)	-	-	-	(1)
Profit/(loss) before tax from continuing operations before restructuring costs	(6)	55	12	61	-	13	135
Restructuring costs	(1)	(8)	(0)	-	-	(0)	(9)
Profit/(loss) before tax from continuing operations	(7)	47	12	61	-	13	126
Profit/(loss) before tax from discontinued operations	(1)	-	-	-	(67)	-	(68)
Non controlling interests	(1)	(0)	(0)	-	-	-	(1)
Profit/(loss) before tax attributable to shareholders	(9)	47	12	61	(67)	13	57

	31 December 2016						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	International € million
Segment assets[3]	2,901	3,366	1,306	4,461	-	1,458	13,201
Segment liabilities[3]	2,724	2,900	928	4,048	-	1,230	11,540

	31 December 2015						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	584	379	10	134	410	(54)	1,463
Net commission income	42	79	35	(56)	94	(2)	192
Other net revenue	2	3	2	2	10	88	107
Total external revenue	628	461	47	80	514	32	1,762
Inter-segment revenue	64	23	(58)	(20)	(1)	(8)	-
Total revenue	692	484	(11)	60	513	24	1,762
Operating expenses	(479)	(110)	(32)	(108)	(264)	(24)	(1,017)
Impairment losses on loans and advances	(1,665)	(823)	(13)	0	(164)	-	(2,665)
Other impairment losses and provisions (note 14)	(0)	(39)	(3)	8	(8)	(45)	(87)
Profit/(loss) before tax from continuing operations before restructuring costs	(1,452)	(488)	(59)	(40)	77	(45)	(2,007)
Restructuring costs (note 14)	(3)	(2)	(0)	-	(1)	(73)	(79)
Profit/(loss) before tax from continuing operations [(1)]	(1,455)	(490)	(59)	(40)	76	(118)	(2,086)
Profit/(loss) before tax from discontinued operations	-	-	65	-	(116)	-	(51)
Non controlling interests	-	-	-	-	(1)	(29)	(30)
Profit/(loss) before tax attributable to shareholders	(1,455)	(490)	6	(40)	(41)	(147)	(2,167)

	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

	31 December 2015						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	119	142	68	59	-	22	410
Net commission income	21	31	13	22	-	7	94
Other net revenue	7	1	1	0	-	1	10
Total external revenue	147	174	82	81	-	30	514
Inter-segment revenue	(0)	(0)	(0)	0	-	(1)	(1)
Total revenue	147	174	82	81	-	29	513
Operating expenses	(101)	(77)	(46)	(25)	-	(15)	(264)
Impairment losses on loans and advances	(45)	(64)	(40)	(15)	-	(0)	(164)
Other impairment losses and provisions	(3)	(5)	0	-	-	-	(8)
Profit/(loss) before tax from continuing operations before restructuring costs	(2)	28	(4)	41	-	14	77
Restructuring costs	(0)	(1)	0	-	-	-	(1)
Profit/(loss) before tax from continuing operations[(1)]	(2)	27	(4)	41	-	14	76
Profit/(loss) before tax from discontinued operations	1	-	-	-	(117)	-	(116)
Non controlling interests	(1)	-	(0)	-	(0)	-	(1)
Profit/(loss) before tax attributable to shareholders	(2)	27	(4)	41	(117)	14	(41)

	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.

46.2 Entity wide disclosures

Breakdown of the Group's revenue from continuing operations for each group of similar products and services is as follows:

	2016 € million	2015 € million
Lending related activities	2,061	2,135
Deposits, network and asset management activities	(124)	(244)
Capital markets	9	(192)
Non banking and other services	116	63
Total	**2,062**	1,762

Information on the Country by Country Reporting based on Law 4261/2014 are provided in the Appendix.

47. 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 fair values of the assets and liabilities acquired are presented in the table below:

	Fair Value € 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.

48. 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.

Eurobank Bulgaria A.D. ('Postbank') AQR results

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. The AQR of Postbank was a prudential exercise that did not have a significant impact on the Group's financial statements.

Postbank Stress test results

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.

Legislation on the conversion of CHF denominated loans to Romanian Leu

On 18 October 2016, the Romanian parliament unanimously passed a bill that allowed borrowers to convert Swiss franc-denominated loans into local currency 'Leu' using the exchange rate prevailing on the date they were originated. On 7 February 2017, the Romanian Constitutional Court (RCC) ruled that the above legislation is unconstitutional. The Court decision was grounded mainly on the breach of the principle of 'bicameralism' (i.e. the bill, in the form adopted by the Chamber of Deputies, is significantly different to the one adopted by the Senate) and the introduction of an 'automatic hardship' mechanism which is unfair to creditors.

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

Note 2 - Principal accounting policies
Note 7.2.3 - Liquidity risk
Note 12 - Operating expenses
Note 16 - Deferred income taxes
Note 26 - Investment securities
Note 27 - Shares in subsidiary undertakings
Note 32 - Other Assets
Note 33 - Due to central banks
Note 50 - Board of Directors

49. 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 (NPLs) management framework and of the Bank's performance on NPLs 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 any amendment, extension, revision or deviation thereof, 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 transactions with (a) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP as well as (b) the associates and joint ventures, and the relating income and expenses are as follows:

	31 December 2016		31 December 2015	
	KMP[1] and Entities controlled or jointly controlled by KMP	Associates [2] and joint ventures	KMP[1] and Entities controlled or jointly controlled by KMP	Associates and joint ventures
	€ million	€ million	€ million	€ million
Loans and advances to customers net of provision	7.16	23.20	6.81	5.91
Other assets	-	6.14	-	-
Due to customers	5.68	102.74	5.28	8.57
Debt securities in issue	-	12.07	-	-
Other liabilities	0.02	4.03	0.14	-
Net interest income	0.03	(0.24)	0.04	0.11
Net banking fee and commission income	0.01	5.84	0.01	-
Net trading income	-	(1.29)	-	-
Gains less losses from investment securities[3]	-	0.16	-	-
Impairment losses on loans and advances	-	(0.08)	-	-
Other operating income/(expenses)	-	(5.93)	(0.20)	0.22
Guarantees issued	-	-	-	-
Guarantees received	0.05	-	0.10	-

[1] *Includes the key management personnel of the Group and their close family members.*
[2] *As of 4 August 2016, Eurolife insurance Group has been accounted for as an associate (note 17).*
[3] *From August to December 2016, the Bank proceeded with the sale of GTBs of € 244 million face value to the Eurolife insurance Group.*

For the year ended 31 December 2016, there were no material transactions with the HFSF. As at 31 December 2015, the Group had recorded a receivable of € 2 million from HFSF, which has been collected in the first quarter of 2016.

In addition, as at 31 December 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 27) amounted to € 5.3 million (2015: € 4.3 million).

During the year ended 31 December 2016, an impairment loss of € 0.08 million (2015: nil) has been recorded against loan balances with Group's associates and joint venture increasing the respective impairment allowance to € 16.92 million (2015: € 16.85 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 € 5.66 million (2015: € 6.56 million) and long-term employee benefits (excluding share-based payments) of € 0.72 million (2015: € 0.85 million). Furthermore, the Group has recognized € 0.76 million expense relating with Grivalia Properties equity settled share based payments (2015: 0.87 million expense). In addition, the Group has formed a defined benefit obligation for the KMP amounting to € 0.81 million as at 31 December 2016 (2015: € 0.59 million), while the respective cost for the year amounts to € 0.05 million (2015: € 0.07 million).

50. 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.

On 26 October 2016, the Board of Directors appointed Mr. George Myhal as new Board member in replacement of the resigned Board member Mr. Jon Steven Haick, for an equal term to the remaining term of the resigned member.

On 12 January 2017, the Board of Directors appointed Mr. Richard Boucher as new Board member in replacement of Mr. Spyros Lorentziadis who resigned from the Board on 3 November 2016, for an equal term to the remaining term of the resigned member.

Following the above, the Board of Directors is as follows:

N. Karamouzis	Chairman, Non-Executive
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
R. Boucher	Non-Executive Independent
G. Myhal	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)

51. Dividends

Final dividends are not accounted for until they have been ratified by the Annual General Meeting.

Based on the 2016 results of the Bank 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 (note 40). Under article 1 par. 3 of Law 3723/2008, during the period of the participation of the banks in the first stream of the Greek Economy Liquidity Support Program, the amount of dividends that may distributed to ordinary shareholders of the Bank cannot exceed 35% of the profits as provided in article 3 par. 1 of Law 148/1967. As per the Restructuring Plan commitments, unless the European Commission otherwise agrees to an exception, neither the Bank nor any member of the Group (other than the 100% subsidiaries of the Bank provided that the payment would not give rise to any legal obligation to make other payments that have been deferred under the Restructuring Plan's commitments) will pay any dividend until the earlier of 31 December 2017 or the date of the full repayment of the Bank's non-voting preference shares held by the Greek State, other than where there is a legal obligation to do so, while the Bank will not release reserves to put itself in such a position.

Athens, 28 March 2017

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

APPENDIX – Disclosures under Law 4261/2014

Country by Country Reporting

Pursuant to article 81 of Law 4261/2014, which incorporated article 89 of Directive 2013/36/EC into the Greek legislation, the Group provides the following information for each country in which it has an establishment:

(i) Names, nature of activities and geographical location.

(ii) The operating income (turnover), the profit/(loss) before tax, the tax on profit/ (loss) and the current tax on a consolidated basis for each country; intercompany transactions among countries are eliminated through the line 'Intra-Group amounts'. The amounts disclosed are prepared on the same basis as the Group's financial statements for the year ended 31 December 2016.

(iii) The number of employees on a full time equivalent basis.

(iv) The public subsidies received.

For the listing of the Bank's subsidiaries at 31 December 2016, the country of their incorporation and the line of their business refer to note 27.

The information per country is set out below:

	Year ended 31 December 2016				
	Operating income € million	Profit/(loss) before tax € million	Tax on profit/(loss) € million	Current tax € million	Number of employees at 31 December
Greece	1,494.8	11.7	103.4	(24.1)	9,814
Bulgaria	218.6	62.9	(7.6)	(7.8)	2,381
Romania	128.1	(9.2)	1.7	(0.6)	2,117
Cyprus	92.8	49.3	(11.7)	(11.6)	311
Serbia	71.6	13.5	(0.4)	(0.1)	1,239
Luxembourg (1)	34.7	14.1	(2.7)	(3.1)	96
Turkey	12.6	12.6	(2.5)	(2.5)	-
Netherlands	18.8	9.0	0.2	0.2	-
Other countries (2)	0.5	0.3	(0.1)	(0.1)	-
Intra-Group amounts	(10.3)	-	-	-	
Total from continuing operations	**2,062.2**	**164.2**	**80.3**	**(49.7)**	**15,958**
Insurance operations (3) (note 17)		88.7	(11.9)	(20.6)	
Operations in Ukraine (note 17)		(67.1)	(0.6)	(0.1)	
Total from discontinued operations		**21.6**	**(12.5)**	**(20.7)**	
Total	**2,062.2**	**185.8**	**67.8**	**(70.4)**	**15,958**

(1) The operations of Eurobank Private Bank Luxembourg S.A.'s branch in London are included within Luxembourg.

(2) Amounts reported under 'Other countries' refer to (a) the Group's SPVs issuing EMTNs and preferred securities i.e. ERB Hellas Plc in the United Kingdom, ERB Hellas (Cayman Islands) Ltd in Cayman Islands and ERB Hellas funding Ltd in Channel Islands and (b) a holding company, Berberis investments Ltd in Channel Islands.

(3) Insurance operations included Eurolife's Romanian Life and Non Life activities up to the date of their disposal on 4 August 2016. For the period ended 31 July 2016 for these entities the profit before tax, tax on profit and current tax amounted to € 0.5 million, € 0.1 million and € 0.1 million respectively. For further details refer to note 17 'Discontinued operations'.

For the year ended 31 December 2016, none of the Bank's subsidiaries has received any public subsidy.

The Bank participates in the Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008, as in force. For further details, refer to note 4.

Article 82 of Law 4261/2014

For 2016, the Group's return on assets (RoA) was 0.36%. RoA is calculated by dividing the net profit for the year ended 31 December 2016 by the Group's average total assets for the year.

IV. Solo Financial Statements for the 2016 Financial Year (Auditor's Report included)

EUROBANK ERGASIAS S.A.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016

8 Othonos Street, Athens 105 57, Greece

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

General Commercial Registry No: 000223001000

Notes to the Financial Statements

Independent Auditor's Report

To the Shareholders of "Eurobank Ergasias S.A."

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Eurobank Ergasias S.A. (the "Bank"), which comprise the balance sheet as of 31 December 2016 and the income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that could adversely affect the going concern assumption.

Report on Other Legal and Regulatory Requirements

Taking into consideration, that management is responsible for the preparation of the Board of Directors' report and Corporate Governance Statement that is included to this report according to provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we note the following:

a) In the Board of Directors' Report is included the Corporate Governance Statement that contains the information that is required by article 43bb of Codified Law 2190/1920.

b) In our opinion, the Board of Directors' report has been prepared in accordance with the legal requirements of articles 43a and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended 31/12/2016.

c) Based on the knowledge we obtained from our audit for the Bank and its environment, we have not identified any material misstatement to the Board of Directors report.

Athens, 30 March 2017

The Certified Auditor

PricewaterhouseCoopers S.A.

Certified Auditors

268 Kifissias Avenue

152 32 Halandri

Soel Reg. No 113

Marios Psaltis

Soel Reg. No 38081

Balance Sheet

	Note	31 December 2016 € million	31 December 2015 € million
ASSETS			
Cash and balances with central banks	18	**371**	397
Due from credit institutions	20	**3,490**	5,020
Financial instruments at fair value through profit or loss	21	**8**	17
Derivative financial instruments	22	**1,985**	1,881
Loans and advances to customers	23	**31,908**	32,974
Investment securities	25	**11,011**	14,585
Shares in subsidiary undertakings	26	**2,224**	2,161
Property, plant and equipment	27	**238**	256
Investment property	28	**59**	61
Intangible assets	29	**80**	64
Deferred tax assets	16	**4,918**	4,902
Other assets	30	**1,590**	1,764
Assets classified as held for sale	17	**-**	113
Total assets		**57,882**	64,195
LIABILITIES			
Due to central banks	31	**13,906**	25,267
Due to credit institutions	32	**11,089**	6,255
Derivative financial instruments	22	**2,448**	2,353
Due to customers	33	**23,678**	22,802
Debt securities in issue	34	**60**	896
Other liabilities	35	**528**	491
Total liabilities		**51,709**	58,064
EQUITY			
Ordinary share capital	37	**656**	656
Share premium	37	**8,056**	8,056
Reserves and retained earnings		**(3,532)**	(3,574)
Preference shares	38	**950**	950
Total equity attributable to shareholders of the Bank		**6,130**	6,088
Hybrid Capital	39	**43**	43
Total equity		**6,173**	6,131
Total equity and liabilities		**57,882**	64,195

Notes on pages 8 to 104 form an integral part of these financial statements

Income Statement

	Note	Year ended 31 December 2016 € million	2015 € million
Interest income		**1,855**	2,028
Interest expense		**(770)**	(1,027)
Net interest income	8	**1,085**	1,001
Banking fee and commission income		**212**	203
Banking fee and commission expense		**(104)**	(143)
Net banking fee and commission income	9	**108**	60
Income from non banking services		**6**	6
Dividend income	10	**62**	369
Net trading income	11	**5**	43
Gains less losses from investment securities	11	**113**	(4)
Net other operating income	17,26	**260**	9
Operating income		**1,639**	1,484
Operating expenses	12	**(687)**	(709)
Profit from operations before impairments, provisions and restructuring costs		**952**	775
Impairment losses on loans and advances	24	**(836)**	(2,503)
Impairments on shares in subsidiary undertakings and joint ventures	26,30	**(85)**	(308)
Other impairment losses and provisions	14	**(33)**	(42)
Restructuring costs	14	**(47)**	(76)
Profit/(loss) before tax		**(49)**	(2,154)
Income tax	15	**23**	671
Tax adjustments	15	**31**	432
Net profit/(loss) attributable to shareholders		**5**	(1,051)

Notes on pages 8 to 104 form an integral part of these financial statements

Statement of Comprehensive Income

		Year ended 31 December		
		2016		2015
		€ million		€ million
Net profit/(loss)		**5**		(1,051)
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- changes in fair value, net of tax	**16**		28	
- transfer to net profit, net of tax	**(5)**	**11**	1	29
Available for sale securities				
- changes in fair value, net of tax	**29**		69	
- transfer to net profit, net of tax (note 25)	**1**	**30**	6	75
		41		104
Items that will not be reclassified to profit or loss:				
-Actuarial gains/(losses) on post employment benefit obligations, net of tax		**(4)**		0
Other comprehensive income		**37**		104
Total comprehensive income attributable to shareholders		**42**		(947)

Notes on pages 8 to 104 form an integral part of these financial statements

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	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)	-	-	-	(1,051)	-	-	(1,051)
Other comprehensive income	-	-	104	-	-	-	104
Total comprehensive income for the year ended 31 December 2015	-	-	104	(1,051)	-	-	(947)
Share capital increase, net of expenses (note 37)	612	1,374	-	(2)	-	-	1,984
Share capital decrease (note 37)	(4,368)	-	4,368	-	-	-	-
Effect due to change of the income tax rate on share capital increase expenses	-	-	-	5	-	-	5
(Purchase)/sale of preferred securities, net of tax (note 39)	-	-	-	187	-	(355)	(168)
	(3,756)	1,374	4,368	190	-	(355)	1,821
Balance at 31 December 2015	656	8,056	7,544	(11,118)	950	43	6,131
Balance at 1 January 2016	**656**	**8,056**	**7,544**	**(11,118)**	**950**	**43**	**6,131**
Net profit/(loss)	-	-	-	5	-	-	**5**
Other comprehensive income	-	-	37	-	-	-	**37**
Total comprehensive income for the year ended 31 December 2016	**-**	**-**	**37**	**5**	**-**	**-**	**42**
Transfers between reserves	-	-	(41)	41	-	-	**-**
Balance at 31 December 2016	**656**	**8,056**	**7,540**	**(11,072)**	**950**	**43**	**6,173**
	Note 37	Note 37	Note 40		Note 38	Note 39	

Notes on pages 8 to 104 form an integral part of these financial statements

		Year ended 31 December	
		2016	2015
	Note	**€ million**	€ million
Cash flows from operating activities			
Profit/(loss) before income tax		**(49)**	(2,154)
Adjustments for :			
Impairment losses on loans and advances		**836**	2,503
Other impairment losses, provisions and restructuring costs		**159**	421
Depreciation and amortisation		**38**	42
Other (income)/losses on investment securities	19	**(172)**	(42)
(Gain)/ loss on sale of subsidiary undertakings, associates and joint ventures	17,26	**(208)**	(9)
Dividends from subsidiaries, associates and joint ventures		**(60)**	(367)
Other adjustments	26	**(49)**	21
		495	415
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(7)**	197
Net (increase)/decrease in financial instruments at fair value through profit or loss		**9**	55
Net (increase)/decrease in due from credit institutions		**1,375**	652
Net (increase)/decrease in loans and advances to customers		**349**	(432)
Net (increase)/decrease in derivative financial instruments		**(35)**	162
Net (increase)/decrease in other assets		**203**	(86)
Net increase/(decrease) in due to central banks and credit institutions		**(6,526)**	5,504
Net increase/(decrease) in due to customers		**877**	(9,112)
Net increase/(decrease) in other liabilities		**(22)**	(82)
		(3,777)	(3,142)
Net cash from/(used in) operating activities		**(3,282)**	(2,727)
Cash flows from investing activities			
Purchases of fixed and intangible assets		**(42)**	(26)
Proceeds from sale of fixed and intangible assets		**2**	0
(Purchases)/sales and redemptions of investment securities		**3,821**	512
Acquisition of subsidiaries, associated undertakings, joint ventures and participations in capital increases	26	**(99)**	(12)
Disposal/liquidation/capital decrease of holdings in subsidiaries, associated undertakings and joint ventures	30	**332**	7
Dividends from investment securities, subsidiaries, associated undertakings and joint ventures		**62**	369
Net cash from/(used in) investing activities		**4,076**	850
Cash flows from financing activities			
(Repayments)/proceeds from debt securities in issue		**(839)**	(407)
Proceeds from share capital increase (SCI)	37	**-**	2,039
Expenses paid for share capital increase (SCI)	37	**(6)**	(72)
Purchase of preferred securities		**-**	(90)
Net cash from/(used in) financing activities		**(845)**	1,470
Net increase/(decrease) in cash and cash equivalents		**(51)**	(407)
Cash and cash equivalents at beginning of year	19	**505**	912
Cash and cash equivalents at end of year	19	**454**	505

Notes on pages 8 to 104 form an integral part of these 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 financial statements were approved by the Board of Directors on 28 March 2017.

2. Principal accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below:

2.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as endorsed by the European Union (EU), and in particular with those IFRSs and IFRS Interpretation Committee's (IC) interpretations, issued and effective or issued and early adopted as at the time of preparing these statements.

Going concern considerations

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

<u>Macroeconomic environment</u>

In June 2016, Greece, after the completion of a number of key prior actions, has successfully concluded the first review of the Third Economic Adjustment Program (TEAP), which permitted the disbursement of € 10.3 bn from the second instalment of the European Stability Mechanism (ESM) loan in two sub-tranches. The first sub-tranche of € 7.5 bn was disbursed in late June 2016.The second sub-tranche of € 2.8 bn was disbursed in late October 2016 after a series of prerequisites was implemented. Both sub-tranches allowed 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), acknowledging the commitment of the Greek government to implementing the macroeconomic adjustment program, decided to reinstate 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. Furthermore, the conclusion of the first review led to a positive ESM decision regarding the implementation of the short-term debt relief measures from 20 January 2017 onwards. The latter measures aim to reduce the interest rate risk for Greece, and to ease the country's repayment burden.

The next key milestone for Greece is the timely and successful completion of the second review of the TEAP, currently in progress, which would help reinstating depositors' confidence and thus accelerate the return of deposits, it would facilitate the faster relaxation of capital controls and would allow for the participation in ECB's Quantitative Easing (QE) program, conditional on the decisions of the Institutions regarding the plan for the implementation of the medium-term debt relief measures. Moreover, the reduction of the short term uncertainty along with, the decisive implementation of the reforms agreed in the context of the ESM program and the mobilization of European Union (EU) funding to support domestic investment and job creation, would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a sustainable growth path.

The main risks and uncertainties stem from the current macroeconomic environment in Greece and the further delays in the conclusion of the second review of the TEAP. 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 TEAP, which in turn would lead to the delayed disbursement of the third instalment of the ESM loan of €6.1 bn, (b) the impact on the level of economic activity from the uncertainty associated with the timing of the conclusion of the second review of the TEAP, (c) the impact on the level of economic activity from additional fiscal measures agreed under the first review of the TEAP, (d) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (e) the possible acceleration of the deposits outflows observed in the first two months of 2017, and/or possible delays in the effective management of Non Performing Loans as a result of the continuing macroeconomic uncertainty, (f) a possible deterioration of the refugee crisis and its impact on the domestic economy and (g) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy.

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 current 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 would further facilitate the deposits inflows in the banking system and the re-access to the markets for liquidity (note 7.2.3).

During 2016, the Bank has managed to reduce its dependence on Eurosystem funding amounting to € 13.9 bn at the end of December 2016 (2015: € 25.3 bn), mainly through the increase in repo transactions in the interbank market, the selective assets deleveraging, the deposit inflows and the utilization of a part of foreign subsidiaries' surplus liquidity (note 31). In the same context, following the positive developments mentioned above, 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 € 2.5 bn on 31 December 2016 (notes 4 and 34). On 28 February 2017 the Bank's Eurosystem funding stood at € 14.1 bn, while the deposits of the Group decreased by € 0.3 bn to € 33.7 bn.

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 in 2015 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 is the active management of non-performing exposures at an accelerated pace, with the aim to substantially reduce their stock in accordance with the Bank's operational targets and taking advantage of the Group's internal infrastructure, the external partnerships and the important legislative changes that have taken or are expected to take place. The Group's Common Equity Tier 1 (CET1) ratio stood at 17.6% at 31 December 2016 and the net profit attributable to shareholders amounted to € 230 million for the year ended 31 December 2016, while the Bank's CET1 ratio stood at 18.8% and the net profit attributable to shareholders amounted to € 5 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 completion of the second review of the Greece's current economic adjustment program, has been satisfied that the financial statements of the Bank can be prepared on a going concern basis.

The policies set out below have been consistently applied to the years 2016 and 2015, except as described below. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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 that an entity need not provide in the financial statements, including the notes, a specific disclosure required by an IFRS if the information resulting from that disclosure is not material and also clarifies that additional disclosures may be necessary if the information required by IFRSs is not sufficient for an understanding of the impact of particular transactions and events on the entity's financial position and performance.

The line items listed in IAS 1 for the balance sheet and the statement of profit or loss should be disaggregated if this is relevant to an understanding of the entity's financial position and additional guidance on the use of subtotals is provided. In the statement of comprehensive income the share of the other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss and when determining a systematic approach to presenting notes, the entity should consider the understandability and comparability of its financial statements.

The adoption of the amendment had no impact on the Bank's 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 for property plant and equipment 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 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. Contributions which vary with the length of employee service, must be spread over the service period using the plan's contribution formula or on a straight line basis, consistent with the attribution method applied to the gross benefit in accordance with paragraph 70 of IAS 19.

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

IAS 27, Amendment-Equity Method in Separate Financial Statements

The 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 financial statements.

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

The amendment requires an investor to apply the principles of business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs, which do not conflict with IFRS 11, when it acquires an interest in a joint operation that constitutes a 'business' as defined in IFRS 3. The amendments, which also apply when an existing business is contributed to the joint operation on its formation, require the disclosure of information specified in IFRS 3 and other IFRSs for business combinations. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation while the joint operator retains joint control. However, a previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

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

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

The amendments clarify the application of the consolidation exception for the subsidiaries of investment entities.

The adoption of the amendments had no impact on the Bank's 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:

- IFRS 2 'Share-based Payment': The terms 'performance condition' and 'service condition' are separately defined;
- IFRS 3 'Business Combinations': It is clarified that contingent consideration in a business acquisition that is not classified as equity, whether or not it falls within the scope of IAS 39 (or IFRS 9 once adopted), is subsequently measured at fair value at each reporting date, with changes in fair value recognized in profit or loss;
- IFRS 8 'Operating Segment': Disclosure of the judgments made by management in aggregating operating segments is required, including a description of the segments aggregated and the economic indicators assessed in determining that the aggregated segments share similar economic characteristics. Furthermore, a reconciliation of segment assets to the entity's total assets is required if the reconciliation is reported to the chief operating decision maker;
- IFRS 13 'Fair Value Measurement': It is clarified that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial;
- IAS 16 'Property, Plant and Equipment': It is clarified how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model;
- IAS 24 'Related Party Disclosures': It is clarified that an entity that provides key management personnel services to the reporting entity or to its parent (the management entity) is a related party to the reporting entity and the amounts charged to it for services provided should be disclosed; and
- IAS 38 'Intangible Assets': It is clarified how the gross carrying amount and the accumulated amortization are treated where an entity uses the revaluation model.

The adoption of the amendments had no impact on the Bank's 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:

- IFRS 5 'Non-current assets held for sale and discontinued operations': It is clarified 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. Therefore the asset (or disposal group) does not need to be reinstated in the financial statements, as if it had never been classified as 'held for sale' or 'held for distribution', simply because the manner of disposal has changed;
- IFRS 7 'Financial instruments': Specific guidance is added to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. It is also clarified 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 'Interim financial reporting';
- IAS 19 'Employee benefits': 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; and
- IAS 34 'Interim financial reporting': It is clarified that the reference in the standard to 'information disclosed elsewhere in the interim financial report' means some other statement (such as management commentary or risk report) that is available to users of the financial statements at the same time as the interim financial statements, requiring a cross-reference from the interim financial statements to the location of that information.

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

New standards, amendments to standards and interpretations not yet adopted by the Bank

A number of new standards, amendments to existing standards and interpretations are effective after 2016, as they have not yet been endorsed by the European Union or have not been early applied by the Bank. Those that may be relevant to the Bank are set out below:

IAS 7, Amendment-Disclosure Initiative (effective 1 January 2017, not yet endorsed by EU)

The amendment requires disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The disclosure requirements also apply to changes in financial assets, such as assets that hedge liabilities arising from financing activities, if cash flows from those financial assets were or future cash flows will be, included in cash flows from financing activities.

The adoption of the amendment is not expected to impact the Bank's financial statements.

IAS 12, Amendment-Recognition of Deferred Tax Assets for Unrealized Losses (effective 1 January 2017, not yet endorsed by EU)

The amendment clarifies that (a) unrealized losses on debt instruments measured at fair value in the financial statements and at cost for tax purposes may give rise to a deductible temporary difference irrespective of whether the entity expects to recover the carrying amount of the debt instrument by sale or use (b) estimates for future taxable profits exclude tax deductions resulting from the reversal of those deductible temporary differences (c) the estimate of probable future taxable profits may include the recovery of an asset for more than its carrying amount, if there is sufficient evidence that it is probable that this will be realized by the entity, and (d) a deferred tax asset is assessed in combination with all of the other deferred tax assets where the tax law does not restrict the sources of taxable profits against which the entity may make deductions on the reversal of that deductible temporary difference. Where restrictions apply, deferred tax assets are assessed in combination only with other deferred tax assets of the same type.

The adoption of the amendment is not expected to impact the Bank's financial statements.

IAS 40, Amendment-Transfers of Investment Property (effective 1 January 2018, not yet endorsed by EU)

The amendment clarifies that a transfer of property, including property under construction or development, into or out of investment property should be made only when there has been a change in use of the property. Such a change in use occurs when the property meets, or ceases to meet, the definition of investment property and should be supported by evidence.

The adoption of the amendment is not expected to impact the Bank's financial statements.

IFRS 2, Amendment-Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018, not yet endorsed by EU)

The amendment addresses (a) the measurement of cash-settled share-based payments, (b) the accounting for modifications of a share-based payment from cash-settled to equity-settled and (c) the classification of share-based payments settled net of tax withholdings.

Specifically, the amendment clarifies that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments. It also clarifies that the liability of cash-settled share-based payment modified to equity-settled one is derecognized and the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted and any difference is recognized in profit or loss immediately.

Furthermore, a share-based payment net by withholding tax on the employee's behalf (a net settlement feature) is classified as equity settled in its entirety, provided it would have been classified as equity-settled had it not included the net settlement feature.

The adoption of the amendment is not expected to impact the Bank's financial statements.

IFRS 4, Amendment-Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018, not yet endorsed by EU)

The amendment addresses the accounting consequences of the different effective dates of IFRS 9 'Financial Instruments' and the forthcoming new insurance contracts Standard. It introduces two options for entities that issue insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance, allowing them to continue to apply IAS 39 'Financial Instruments: Recognition and Measurement' while they defer the application of IFRS 9 until 1 January 2021 at the latest.

The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets, effectively resulting in IAS 39 accounting for those designated financial assets. This approach can be used provided that the entity applies IFRS 9 in conjunction with IFRS 4 and classifies financial assets as fair value through profit or loss in accordance with IFRS 9, when those assets were previously classified at amortized cost or as available-for-sale in accordance with IAS 39.

The amendment is not relevant to the Bank's activities, other than through its associated undertaking Eurolife ERB Insurance Group holdings S.A.

IFRS 9, Financial Instruments (effective 1 January 2018)

In July 2014, the IASB published the final version of IFRS 9 'Financial Instruments' which replaces IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised requirements on the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

IFRS 9 applies a new classification and measurement approach for all types of financial assets that reflects the entity's business model for managing the assets and their contractual cash flow characteristics. IFRS 9 requires financial assets to be classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available for sale.

Financial assets will be measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principle and interest (SPPI). Financial assets will be measured at FVOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principle and interest. All other financial assets will be classified at FVTPL.

An entity may at initial recognition, designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. Furthermore, on initial recognition of an equity instrument that is not held for trading, an entity may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard are no longer bifurcated. Instead, the hybrid financial instrument is assessed for classification as a whole.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at FVTPL, gains or losses attributable to changes in own credit risk shall be presented in OCI and shall not be subsequently transferred to profit or loss unless such a presentation would create or enlarge an accounting mismatch. Under IAS 39, all fair value changes of liabilities designated at FVTPL are recognized in profit or loss unless this would create or enlarge an accounting mismatch.

Business model assessment

The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect contractual cash flows from the asset, to realize cash flows from the sale of assets, or both to collect contractual cash flows and cash flows from the sale of assets. Financial assets that are held for trading or that are managed on a fair value basis will be measured at FVTPL.

The Bank's approach is to perform the business model assessment consistently with its operating model and the information provided to key management personnel. In making the above assessment the Bank will consider a number of factors including:

- the stated policies and objectives for each portfolio;
- how the performance of each portfolio is evaluated and reported;
- the risks associated with the performance of the business model and how those risks are managed;
- how managers are compensated; and
- past experience on how the cash flows from those portfolios were collected, expectations about future sales activity and how the Bank's stated objective for managing the financial assets is achieved.

SPPI assessment

In assessing whether the contractual cash flows are solely payments of principle and interest, the Bank will consider whether the contractual terms of the instrument are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin. This will include an assessment of whether a financial asset contains a contractual term that could change the amount or timing of contractual cash flows in a way that it would not be consistent with the above condition. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset will be measured at FVTPL.

Preliminary assessment of changes to the classification and measurement

The Bank conducted a preliminary high-level assessment of possible changes to the classification and measurement of its portfolios based on its existing business models as at 31 December 2016. The Bank's current expectation is that:

- loans and advances to banks and customers that are classified as loans and receivables and measured at amortized cost under IAS 39 would also be measured at amortized cost under IFRS 9;
- held-to-maturity investment securities measured at amortized cost under IAS 39 would in general also be measured at amortized cost under IFRS 9;
- debt securities classified as available-for-sale under IAS 39, may under IFRS 9 be measured at amortized cost or FVOCI depending on the business model within which they are held;
- assets in the debt securities lending portfolio (see note 25) that are measured at amortized cost under IAS 39, may under IFRS 9 be measured at amortized cost or FVOCI depending on the business model within which they are held;
- debt securities that are measured at FVTPL under IAS 39 would in general continue to be measured at FVTPL under IFRS 9;
- trading assets and derivative assets that are measured at FVTPL under IAS 39 would also be measured at FVTPL under IFRS 9; and
- equity securities classified as available-for-sale under IAS 39 would generally be measured at FVTPL under IFRS 9.

The above classification and measurement assessment may not be fully representative of the impact on the Bank's financial statements as at 1 January 2018 because IFRS 9 requires the business model assessment to be made based on the facts and circumstances that exist at the date of initial application. Moreover, the Bank's preliminary assessment has not included a detailed review of the contractual terms of all the financial assets which is in progress.

The final impact will depend on the structure of the Bank's portfolios on initial application, which may not be the same as at 31 December 2016.

Impairment of financial assets

IFRS 9 introduces an expected credit loss (ECL) model that replaces the incurred loss model in IAS 39. The new requirements eliminate the threshold in IAS 39 that required a credit event to have occurred before credit losses were recognized and will apply to a broader population of financial instruments compared to IAS 39. The measurement of ECL will require the use of complex models and significant judgment about future economic conditions and credit behavior.

The new impairment model will apply to financial assets that are not measured at FVTPL, including loans, lease receivables, debt securities, financial guarantee contracts and loan commitments issued. No impairment loss will be recognized on equity investments.

The new standard uses a 'three stage approach' that will reflect changes in credit quality since initial recognition. At each reporting date, a loss allowance equal to 12-month ECL will be recognized for debt investment securities that are determined to have a low credit risk at the reporting date, and for all other financial assets for which there is no significant increase in credit risk since initial recognition. 12-month ECL are the portion of ECL that result from default events that are possible within the next 12 months after the reporting date. For financial assets that have experienced a significant increase in credit risk since initial recognition where no specific loss event has been identified, a loss allowance equal to lifetime expected credit losses will be recognized. The loss allowance for purchased or originated credit impaired financial assets will always be measured at an amount equal to lifetime ECL. Financial assets where 12-month ECL are recognized are considered to be in 'stage-1'; financial assets which have experienced a significant increase in credit risk are in 'stage-2' and financial assets that are credit impaired are in 'stage-3'.

The measurement of expected credit losses will be a probability-weighted average amount that will reflect the time value of money. In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions should be considered. The new impairment model is expected to result in a higher loss allowance for the Bank compared to IAS 39.

Hedge accounting

IFRS 9 includes a new general hedge accounting model which aligns hedge accounting more closely with risk management. Under the new model, more hedging strategies may qualify for hedge accounting, new hedge effectiveness requirements apply and discontinuation of hedge accounting will be allowed only under specific circumstances. The IASB currently has a separate project for the accounting of macro hedging activities. Until the above project is completed, entities have an accounting policy choice to continue applying the hedge accounting requirements in IAS 39.

The Bank intends to elect to continue applying IAS 39. However, the Bank will provide the expanded disclosures required by the related amendments to IFRS 7 'Financial Instruments: Disclosures'.

IFRS 9 Implementation Program

A Group-wide IFRS 9 Program, led jointly by Group Risk and Group Finance, was initiated in 2015 to ensure a high quality implementation in compliance with the Standard and additional published regulatory guidance.

Overall governance is through a central Program Management Office (PMO) that coordinates the implementation of the Program among the various stakeholders and is responsible for the day-to-day management tasks, as well as two Management Committees, namely the Steering Committee and the Technical Committee. The Steering Committee, which comprises senior staff from all the main functions of the Bank, is mandated to oversee the implementation in accordance with the Standard, monitors timelines and the quality of the Program's deliverables, and regularly informs the Executive Board, the Board Risk Committee, the Audit Committee and the Board of Directors of the Program's implementation progress. The Technical Committee is composed of Subject Matter Experts responsible for evaluating key technical issues and analyzing proposed changes in accounting policies and risk management methodologies for the Steering Committee before they are submitted and approved by the competent bodies of the Bank.

Reflecting the scale and complexity of the implementation plan, the Program is structured with various project teams (Group Finance, Group Risk Management, Information Systems, Lending Business Units, Troubled Assets Group, Operations and International General Division) dedicated to the various elements associated with the implementation of the Standard. These teams are supported by an external consultancy firm.

The implementation for the Group's foreign subsidiaries is managed locally with the establishment of local PMOs and Steering Committees. Progress is monitored by the central PMO with Head Office providing support and guidance to ensure consistent implementation within the Group.

Up to date, the Bank has performed a gap analysis on data and processes and has completed the design phase of the Program. As part of the design phase of the implementation plan, program activities were focused on the definition of functional and technical requirements of the impairment model, setting out the business specifications for classification and measurement, and the designing of accounting policy changes. Educational workshops to the involved stakeholders within the Bank are being continuously conducted on the impact of IFRS 9 in order to ensure that the new requirements are well understood.

The Program has now progressed to the build phase with its focus on the development of IFRS 9 methodologies and accounting policy decisions in key areas. On conclusion of the build phase, the Bank intends to undertake a parallel run of IAS 39 and IFRS 9 in order to ensure a seamless transition to the new standard on the required effective date, while testing, model validation and refinement activities will continue up to the end of 2017.

The Bank participates in the IFRS 9 thematic review conducted by the European Central Bank on the evaluation of the Bank's preparedness, the impact of the new accounting rules on processes, infrastructure and regulatory capital. The Bank has also carried out a preliminary impact assessment both for the classification and measurement and the impairment requirements within the context of the European Banking Authority's impact assessment on IFRS 9. The assessment was performed with reference date 31 December 2016 using information available as of that date as well as a number of assumptions on key policy choices that are yet to be determined since they are still being analyzed by Management and their formulation is in progress.

The most significant impact on the Bank's financial statements from the implementation of IFRS 9 is expected to result from the new impairment requirements. However, management is not yet in a position to estimate reliably the expected impact, since the Bank is in the process of building models, assembling data and calibrating the impairment stage transfer criteria. Furthermore, potential changes to the prudential treatment of accounting provisions due to IFRS 9 that may affect regulatory capital, are yet to be determined. The impact is also dependent on finalizing the classification assessment and the facts and circumstances from the date of initial application.

Management expects that this information will be disclosed no later than in the 2017 Annual Report.

Transition

The new requirements of IFRS 9 will be applied retrospectively by adjusting the Bank's balance sheet on the date of transition on 1 January 2018. The Bank intends to apply the exemption not to restate comparative figures for prior periods, therefore the Bank's 2017 comparatives will be presented on an IAS 39 basis.

Moreover, the following assessments will have to be made on the basis of facts and circumstances that exist at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designations of certain financial assets and liabilities as measured at FVTPL; and
- the designation of certain investments in equity instruments not held-for-trading as at FVOCI.

IFRS 15, Revenue from Contracts with Customers (effective 1 January 2018) and IFRS 15 Amendments (effective 1 January 2018, not yet endorsed by EU)

IFRS 15 establishes a single, comprehensive revenue recognition model for determining when and how much revenue to recognize and replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'.

IFRS 15 applies to all contracts with customers, except those in the scope of other standards such as:

- Financial instruments and other contractual rights or obligations within the scope of IFRS 9 'Financial Instruments' or IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures';
- Lease contracts within the scope of IAS 17 'Leases' (or IFRS 16 'Leases'); and
- Insurance contracts within the scope of IFRS 4 'Insurance Contracts'.

Therefore, interest and fee income integral to financial instruments will continue to fall outside the scope of IFRS 15.

IFRS 15 specifies that revenue should be recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services. It introduces the concept of recognizing revenue for performance obligations as they are satisfied and the control of a good or service (i.e. the ability to direct the use of and obtain the benefits from them), is obtained by the customer.

Extensive disclosures will be required in relation to revenue recognized and expected from existing contracts.

IFRS 15 was amended in April 2016 to provide several clarifications, including that in relation to the identification of the performance obligations within a contract.

The Bank, is currently assessing the effect of IFRS 15, however the adoption of the standard is not expected to have a significant impact on the Bank's financial statements.

IFRS 16, Leases (effective 1 January 2019, not yet endorsed by EU)

IFRS 16, which supersedes IAS 17 'Leases' and related interpretations, introduces a single, on-balance sheet lease accounting model for lessees, under which the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17. The new standard provides for the recognition of a 'right-of-use-asset' and a 'lease liability' upon lease commencement in case that there is a contract, or part of a contract, that conveys to the lessee the right to use an asset for a period of time in exchange for a consideration.

The right-of-use-asset is, initially, measured at cost, consisting of the amount of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee and, subsequently, at cost less accumulated depreciation and impairment. The lease liability is initially recognized at an amount equal to the present value of the lease payments during the lease term that are not yet paid.

Accordingly, the typical straight line operating lease expense of operating leases under IAS 17 is replaced by the depreciation charge of the 'right-of-use-asset' and the interest expense on the 'lease liability'. The recognition of assets and liabilities by lessees, as described above, is not required for certain short term leases and leases of low value assets. Additionally, the accounting treatment for lessors is not substantially affected by the requirements of IFRS 16.

The Bank is currently assessing the impact of IFRS 16 on its financial statements, which is impracticable to quantify as at the date of the publication of these financial statements. Operating lease commitments currently in place are set out in note 42.

Annual Improvements to IFRSs 2014-2016 Cycle (effective 1 January 2017 and 1 January 2018, not yet endorsed by EU)

The amendments introduce key changes to two IFRSs following the publication of the results of the IASB's 2014-16 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- IFRS 12 'Disclosure of Interests in Other Entities': It is clarified that the disclosure requirements in IFRS 12 apply to an entity's interest in a subsidiary, a joint venture or an associate classified as held for sale except for the requirement for summarized financial information. The amendment applies for annual periods beginning on or after 1 January 2017; and
- IAS 28 'Investments in Associates and Joint Ventures': It is clarified that venture capital organizations, mutual funds, unit trusts and similar entities are allowed to elect measuring their investments in associates or joint ventures at fair value through profit or loss. The amendment applies for annual periods beginning on or after 1 January 2018.

The adoption of the amendments is not expected to impact the Bank's financial statements.

IFRIC 22, Foreign Currency Transactions and Advance Consideration (effective 1 January 2018, not yet endorsed by EU)

IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions that involve an advance payment or receipt. The interpretation clarifies that in this case, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date of the advance consideration, i.e. when the entity initially recognized the non-monetary asset (prepayment asset) or non-monetary liability (deferred income liability) arising from the advance consideration. If there are multiple payments or receipts in advance, the entity must determine a date of transaction for each payment or receipt.

The adoption of the interpretation is not expected to impact the Bank's financial statements.

The financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and of financial assets and financial liabilities (including derivative instruments) at fair-value-through-profit-or-loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Bank's presentation currency is the Euro (€) being the functional currency of the parent company. Except as indicated, financial information presented in Euro has been rounded to the nearest million.

2.2 Investments in subsidiaries, associated undertakings and joint ventures

Investments in subsidiaries, associated undertakings and joint ventures, including investments acquired through common control transactions, are accounted at cost less any impairment losses. Cost is the fair value of the consideration given being the amount of cash or shares issued, or if that cannot be determined reliably, the consideration received together with any directly attributable costs.

As an exception to the above measurement basis, when the Bank transfers an existing Group entity to a newly formed subsidiary in a share for share exchange that does not have commercial substance, the Bank's investment in that newly formed subsidiary is recognized at the carrying amount of the transferred entity.

Legal mergers that involve the combination of the Bank with one or more of its subsidiaries are accounted in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" with reference to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework and comply with the IFRS general principles.

In such transactions, the Bank incorporates the acquired assets and liabilities of the merged subsidiary at their carrying amounts in the consolidated financial statements as of the date of the legal merger without any fair value adjustments. Any difference between the carrying amount of the investment in the merged subsidiary before the legal merger, and the carrying amount of net assets acquired is recognized in the Bank's equity.

A listing of Bank's associated undertakings and joint ventures is set out in note 30.

2.3 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at each reporting date and exchange differences are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Non-monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at initial recognition, except for non-monetary items denominated in foreign currencies that are measured at fair value which are translated at the rate of exchange at the date the fair value is determined. The exchange differences relating to these items are treated as part of the change in fair value and are recognized in the income statement or recorded directly in equity depending on the classification of the non-monetary item.

2.4 Derivative financial instruments and hedging

Derivative financial instruments, including foreign exchange contracts, forward currency agreements and interest rate options (both written and purchased), currency and interest rate swaps, and other derivative financial instruments, are initially recognized in the balance sheet at fair value on the date on which a derivative contract is entered into and subsequently are re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Certain derivatives, embedded in other financial instruments, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

Fair values of derivatives are determined based on quoted market prices, including recent market transactions, or by using other valuation techniques, as appropriate. The principles for the fair value measurement of financial instruments, including derivative financial instruments, are described in notes 2.12 and 7.3. The Bank designates certain derivatives as: (a) hedges of the exposure to changes in fair value of recognized assets or liabilities or unrecognized firm commitments (fair value hedge) or (b) hedges of the exposure to variability in cash flows of recognized assets or liabilities or highly probable forecasted transactions (cash flow hedge).

The Bank applies hedge accounting for transactions that meet specified criteria. Accordingly, at the inception of the hedge accounting relationship, the Bank documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions, together with the method that will be used to assess the effectiveness of the hedging relationship.

The Bank also documents its assessment, both at inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items and whether the actual results of each hedge are within a range of 80-125%. If a relationship does not meet the abovementioned hedge effectiveness criteria, the Bank discontinues hedge accounting prospectively. Similarly, if the hedging derivative expires or is sold, terminated or exercised, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

In addition, the Bank uses other derivatives, not designated in a qualifying hedge relationship, to manage its exposure primarily to interest rate and foreign currency risks. Non qualifying hedges are derivatives entered into as economic hedges of assets and liabilities for which hedge accounting was not applied. The said derivative instruments are classified along with those held for trading purposes.

The method of recognizing the resulting fair value gain or loss depends on whether the derivatives are designated and qualify as hedging instruments, and if so, the nature of the item being hedged.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with the changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item, for which the effective interest method is applied, is amortized to profit or loss over the period to maturity.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income whereas the ineffective portion is recognized in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction affects the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that are not designated as hedging instruments

Changes in the fair value of derivative financial instruments that are not designated as a hedging instrument or do not qualify for hedge accounting are recognized in the income statement.

The fair values of derivative instruments held for trading and hedging purposes are disclosed in note 22.

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Bank currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.6 Income statement

(i) Interest income and expense

Interest income and expense is recognized in the income statement for all interest bearing financial instruments on an accrual basis, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Once a financial asset has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fees and commissions

Fees and commissions are generally recognized on an accruals basis. Commissions and fees relating to foreign exchange transactions, imports-exports, remittances, bank charges and brokerage activities are recognized on the completion of the underlying transaction.

2.7 Property, plant and equipment and Investment property

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is recognized in the asset's carrying amount only when it is probable that future economic benefits will flow to the Bank and the cost of the asset can be measured reliably. All other repair and maintenance costs are recognized in the income statement as incurred.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:

- Land: no depreciation;
- Freehold buildings: 40-50 years;
- Leasehold improvements: over the lease term or the useful life of the asset if shorter;
- Computer hardware and software: 4-10 years;
- Other furniture and equipment: 4-20 years; and
- Motor vehicles: 5-7 years.

(ii) Investment property

Property held for rental yields and/or capital appreciation that is not occupied by the Bank is classified as investment property. Investment property is carried at cost less accumulated depreciation and accumulated impairment losses, therefore, the policy described above applies also to this category of assets.

Reclassifications between own used and investment properties may occur when there is a change in the use of such properties. Additionally, an investment property may be reclassified to 'non-current assets held for sale' category to the extent that the criteria described in note 2.25 are met.

2.8 Intangible assets

(i) Computer software

Costs associated with the maintenance of existing computer software programs are expensed as incurred. Development costs associated with the production of identifiable assets controlled by the Bank are recognized as intangible assets when they are expected to generate economic benefits and can be measured reliably. Internally generated computer software assets are amortized using the straight-line method over 4 years, except for core systems whose useful life may extend up to 15 years. See also note 29.

(ii) Other intangible assets

Other intangible assets are assets that are separable or arise from contractual or other legal rights and are amortized over their estimated useful lives. These include intangible assets acquired in business combinations.

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

2.9 Impairment of non-financial assets

Non-financial assets, including property, plant and equipment, investment property and other intangible assets, are assessed for indications of impairment at each reporting date. When events or changes in circumstances indicate that the carrying amount may not be recoverable, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, where applicable. Non-financial assets, for which an impairment loss was recognized in prior reporting periods, are reviewed for possible reversal of such impairment at each reporting date.

Impairment losses arising from the Bank's subsidiaries, associated undertakings and joint ventures are determined in accordance with this accounting policy.

2.10 Financial assets

The Bank classifies its financial assets in the following IAS 39 categories: financial assets at fair-value-through-profit-or-loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of selling or repurchasing in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective hedging instruments.

The Bank designates certain financial assets upon initial recognition as at fair-value-through-profit-or-loss when any of the following apply:

(a) it eliminates or significantly reduces measurement or recognition inconsistencies; or
(b) financial assets share the same risks with financial liabilities and those risks are managed and evaluated on a fair value basis; or
(c) structured products containing embedded derivatives that could significantly modify the cash flows of the host contract.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Bank upon initial recognition designates at fair-value-through-profit-or-loss or as available-for-sale. Securities classified in this category are presented in Investment Securities under Debt Securities Lending portfolio.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank has the positive intention and ability to hold to maturity. If the Bank were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Accounting treatment and calculation

Purchases and sales of financial assets are recognized on trade date, which is the date the Bank commits to purchase or sell the assets. Loans originated by the Bank are recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair-value-through-profit-or-loss.

Available-for-sale financial assets and financial assets at fair-value-through-profit-or-loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair-value-through-profit-or-loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity is recognized in profit or loss. However, interest calculated using the effective interest rate method is recognized in the income statement.

Dividends on equity instruments are recognized in the income statement when the entity's right to receive payment is established.

De-recognition of financial assets

The Bank derecognizes a financial asset when its contractual cash flows expire, or the rights to receive those cash flows are transferred in an outright sale in which substantially all risks and rewards of ownership have been transferred. In addition, a financial asset is derecognized even if rights to receive cash flows are retained but at the same time the Bank assumes an obligation to pay the received cash flows without a material delay (pass through agreement) or when substantially all the risks and rewards are neither transferred nor retained but the Bank has transferred control of the asset. The control is considered to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to unrelated third party.

2.11 Financial liabilities

The Bank classifies its financial liabilities in the following categories: financial liabilities measured at amortized cost and financial liabilities at fair-value-through-profit-or-loss. Financial liabilities at fair-value-through-profit-or-loss comprise two sub categories: financial liabilities held for trading and financial liabilities designated at fair-value-through-profit-or-loss upon initial recognition.

The Bank designates financial liabilities at fair-value-through-profit-or-loss when any of the following apply:

(a) it eliminates or significantly reduces measurement or recognition inconsistencies; or
(b) financial liabilities share the same risks with financial assets and those risks are managed and evaluated on a fair value basis; or
(c) structured products containing embedded derivatives that could significantly modify the cash flows of the host contract.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability of the Bank is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability and any difference arising is recognized in the income statement.

The Bank considers the terms to be substantially different, if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Similarly, when the Bank repurchases its own debt instruments, it accounts for such transactions as an extinguishment of debt.

2.12 Fair value measurement of financial instruments

Fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Bank uses other valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Bank has elected to use mid-market pricing as a practical expedient for fair value measurements within a bid-ask spread.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received unless the Bank determines that the fair value at initial recognition differs from the transaction price. In this case, if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets, a day one gain or loss is recognized in the income statement. On the other hand, if the fair value is evidenced by a valuation technique that uses unobservable inputs, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price (day one gain or loss). Subsequently the deferred gain or loss is amortized on an appropriate basis over the life of the instrument or released earlier if a quoted price in an active market or observable market data become available or the financial instrument is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole (note 7.3).

For assets and liabilities that are measured at fair value on a recurring basis, 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.

2.13 Impairment of financial assets

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets, not carried at fair value through profit or loss, is impaired. A financial asset or a group of financial assets is impaired and an impairment loss is incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impairment indicators

For the Bank's retail loan exposures, objective evidence that a loan or group of loans is impaired refers to observable data that comes to the attention of the Bank about the following loss events:

- significant financial difficulty of the borrower, significant reduction of personal and/or family income or loss of job;
- a default or breach of contract;
- significant changes in the financial performance and behavior of the borrower (for example, a number of delayed contractual payments);
- measurable decrease in the estimated future cash flows of a group of loans through a negative payment pattern such as missed payments or a decrease in property prices;
- the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider, such as a reduction of the borrower's monthly installment for a specific period of time, or a temporary or permanent reduction of interest rate;
- it is becoming probable that the borrower will enter into bankruptcy status or other financial reorganization; and
- loss events that could affect the ability of the borrower to repay contractual obligations within the agreed time, such as serious illness, disability or death of the obligor or a family member.

For all other financial assets including wholesale loan exposures, the Bank assesses on a case-by-case basis whether there is any objective evidence of impairment using the following criteria:

- significant financial difficulty of the issuer or borrower;
- a default of breach of contract;
- significant changes in the financial performance of the borrower that affect the borrower's ability to meet its debt obligations, such as:
    - operating losses;
    - working capital deficiencies; and
    - the borrower having a negative equity.
- other facts indicating a deterioration of the financial performance of the borrower, such as a breach of loan covenants or other terms, or a partial write-off of the borrower's obligations due to economic or legal reasons relating to his financial status;
- significant changes in the value of the collateral supporting the obligation;
- the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider, such as a reduction of the obligors monthly installment for a specific period of time, or a temporary or permanent reduction of interest rate;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

- significant adverse changes in the borrower's industry or geographical area that could affect his ability to meet its debt obligations;
- any material facility at the debtor level failing beyond 90 days past due;
- market related information including the status of the borrower's other debt obligations; and
- a significant downgrade in the internal or external credit rating of the borrower's financial instruments when considered with other information.

(i) Assets carried at amortized cost

Impairment assessment

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and collectively for financial assets that are not individually significant. If there is no objective evidence of impairment for a financial asset, the Bank includes it in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Impairment losses recognized for financial assets for which no objective evidence of impairment exists (incurred but not reported loss-IBNR), represent an interim step pending to the identification of impairment losses of individual assets in the group. As soon as information is available that specifically identifies losses on individually impaired assets in the group, those assets are removed from it.

Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

In determining whether a loan is individually significant for the purposes of assessing impairment, the Bank considers a number of factors, including the importance of the individual loan relationship and how it is managed, the size of the loan, and the product line. Consequently, loans to wholesale customers and financial institutions, as well as investment securities are generally considered as individually significant. Retail lending portfolios are generally assessed for impairment on a collective basis as they consist of large homogenous portfolios; exposures that are managed on an individual basis are assessed individually for impairment.

The Bank assesses at each reporting date whether there is objective evidence of impairment.

Impairment measurement

If there is objective evidence that an impairment loss on a financial asset carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring the impairment loss is the current effective interest rate determined under the contract. The carrying amount of the asset is reduced through the use of an allowance account for loans and advances or directly for all other financial assets, and the amount of the loss is recognized in the income statement. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For collective impairment purposes, the financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the borrowers' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows of a group of financial assets that is collectively assessed for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group.

Estimates of changes in the future cash flows for a group of financial assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). Historical loss experience is adjusted on the basis of current observable data to reflect the effects of conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating the future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

Reversals of impairment

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the borrower's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account or the asset's carrying amount, as appropriate. The amount of the reversal is recognized in the income statement.

Write-off of loans and advances

A loan and the associated impairment allowance are written off when there is no realistic prospect of recovery. The Bank considers all relevant information including the occurrence of a significant change in the borrower's financial position to such extent that the borrower can no longer pay his obligation.

The timing of write-off is mainly dependent on whether there are any underlying collaterals, their foreclosure processes, as well as the Bank's estimates of the collectible amounts. Especially for collateralized exposures, the timing of write-off maybe delayed due to various legal impediments. The number of days past due is considered by the Bank as an indicator, however it is not regarded as a determining factor.

Unpaid debt continues to be subject to enforcement activity even after it is written-off, except for cases where it is clearly stipulated in debt forgiveness programs.

Subsequent recoveries of amounts previously written off decrease the amount of the impairment losses for loans and advances in the income statement.

Loan modifications

Modifications of loans' contractual terms may arise due to various factors, such as changes in market conditions, customer retention and other factors, as well as potential deterioration of the borrower's financial condition. Forbearance occurs in the cases where the contractual payment terms of a loan have been modified due to the deterioration of the borrower's financial position and the Bank has granted a concession by providing more favorable terms and conditions that it would not otherwise consider had the borrower not been in financial difficulties. Other renegotiations, more of a business nature, are not considered as forbearance measures.

Forbearance measures usually do not lead to de-recognition of the loan, unless, in accordance with accounting policy 2.10 'Financial assets', the contractual terms of the new loan contract are assessed to be substantially different from those under the original loan, representing the expiry of the rights to the cash flows of the original loan. In this case the initial loan is derecognized and a new loan is recognized at fair value with any difference between the carrying amount of the derecognized asset and the fair value of the new loan recognized in the Bank's income statement.

Modifications that may not result in de-recognition include:

- reduced or interest-only payments;
- payment holidays, grace period;
- extended payment periods under which the original term of the loan is extended;
- capitalization of arrears whereby arrears are added to the principal balance; and
- reduction in interest rates.

If the assessment of the forborne loan's modified terms do not result in de-recognition, the loan is assessed for impairment as the forbearance measures represent a concession that the Bank would not otherwise consider. The impairment loss is measured in accordance with the Bank's impairment policy for forborne loans (note 7.2.1.2 (d)).

Modifications that may result in de-recognition include:

- when an uncollateralized loan becomes fully collateralized;
- debt consolidations, whereby existing loan balances of the borrower are combined in a single loan;
- the removal or addition of conversion features to the loan agreement;

- a change in currency of principal and/or interest denomination; and
- any other changes that cause the terms under the new contract to be considered substantially different from the original loan's terms.

In addition, the Bank may occasionally enter, in the context of loans' modifications, into debt-for-equity transactions. Similarly, the modified loan is derecognized while the equity instruments received in exchange are recognized at their fair value, with any resulting gain or loss recognized in the Bank's income statement.

(ii) Available-for-sale assets

The Bank assesses at each reporting date whether there is objective evidence that an asset classified as available for sale is impaired. Particularly, in case of equity investments, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether the assets are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss-is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity investments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

2.14 Sale and repurchase agreements and securities lending

(i) Sale and repurchase agreements

Securities sold subject to repurchase agreements (repos) continue to be recorded in the Bank's Balance Sheet as the Bank retains substantially all risks and rewards of ownership, while the counterparty liability is included in amounts due to other banks or due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos) are recorded as loans and advances to other banks or customers, as appropriate. The difference between the sale and repurchase price in case of repos and the purchase and resale price in case of reverse repos is recognized as interest and accrued over the period of the repo or reverse repo agreements using the effective interest method.

(ii) Securities lending

Securities lent to counterparties are retained in the financial statements. Securities borrowed are not recognized in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability.

2.15 Leases

(i) Accounting for leases as lessee

Finance leases:

Leases of property, plant and equipment where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized, at the inception of the lease term, at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate of interest on the liability outstanding. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases:

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases under which the leased asset is not recognized on balance sheet. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Accounting for leases as lessor

Finance leases:

When assets are leased out under finance leases, the present value of the lease payments is recognized under loans and receivables. The difference between the gross receivable (gross investment) and the present value of minimum lease payments (net investment) is recognized as unearned future finance income and is deducted from loans and advances. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Finance lease receivables are assessed for impairment losses in accordance with Bank's impairment policy for financial assets as describe in note 2.13.

Operating leases:

Assets leased out under operating leases are included in property, plant and equipment or investment property, as appropriate, in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

2.16 Income tax

Income tax consists of current and deferred tax.

(i) Current income tax

Income tax payable on profits, based on the applicable tax law, is recognized as an expense in the period in which profits arise.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The principal temporary differences arise from loans' impairment, Private Sector Initiative (PSI+) tax related losses, depreciation of fixed assets, pension and other retirement benefit obligations, and revaluation of certain financial assets and liabilities, including derivative financial instruments.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax related to changes in fair values of available-for-sale investments and cash flow hedges which are recognized to other comprehensive income is also recognized to other comprehensive income, and is subsequently recognized in the income statement together with the deferred gain or loss.

The deferred tax asset on income tax losses carried forward is recognized as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

(iii) Uncertain tax positions

The Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, are required to obtain an 'Annual Tax Certificate' following a tax audit by the same statutory auditor or audit firm that audits the annual financial statements (see note 15).

The Bank determines and assesses all material tax positions taken, including all, if any, significant uncertain positions, in all tax years that are still subject to assessment (or when the litigation is in progress) by relevant tax authorities. In evaluating tax positions, the Bank examines all supporting evidence (Ministry of Finance circulars, individual rulings, case law, past administrative practices, ad hoc tax/legal opinions etc.) to the extent they are applicable to the facts and circumstances of the particular Bank's case/ transaction.

In addition, judgments concerning the recognition of a provision against the possibility of losing some of the tax positions are highly dependent on advice received from internal/ external legal counselors. For uncertain tax positions with a high level of uncertainty, the Bank recognizes, on a transaction by transaction basis using an expected value (probability-weighted average) (a) a provision against tax receivable which has been booked for the amount of income tax already paid but further pursued in courts or (b) a liability for the amount which is expected to be paid to the tax authorities.

2.17 Employee benefits

(i) Short term benefits

Short term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services and are expensed as these services are provided.

(ii) Pension obligations

The Bank provides a number of defined contribution pension plans where annual contributions are invested and allocated to specific asset categories. Eligible employees are entitled to the overall performance of the investment. The Bank's contributions are recognized as employee benefit expense in the year in which they are paid.

(iii) Standard legal staff retirement indemnity obligations (SLSRI) and termination benefits

The Bank operates unfunded defined benefit plans in Greece under the regulatory frameworks. In accordance with the local labor legislation, the Bank provides for staff retirement indemnity obligation for employees which are entitled to a lump sum payment based on the number of years of service and the level of remuneration at the date of retirement, if they remain in the employment of the Bank until normal retirement age. Provision has been made for the actuarial value of the lump sum payable on retirement (SLSRI) using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with the actuarial valuations which are performed every year.

The SLSRI obligation is calculated as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds. The currency and term to maturity of the bonds used are consistent with the currency and estimated term of the retirement benefit obligations. Actuarial gains and losses that arise in calculating the Bank’s SLSRI obligations are recognized directly in other comprehensive income in the period in which they occur and are not reclassified to the income statement in subsequent periods.

Interest on the staff retirement indemnity obligations and service cost, consisting of current service cost, past service cost and gains or losses on settlement, are recognized in the income statement. In calculating the SLSRI obligation, the Bank also considers potential separations before normal retirement based on the terms of previous voluntary exit schemes.

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognizes termination benefits at the earlier of the following dates: (a) when the Bank can no longer withdraw the offer of those benefits; and (b) when the Bank recognizes costs for a restructuring that involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Performance-based cash payments

The Bank's Management awards high performing employees with bonuses in cash, from time to time, on a discretionary basis. Cash payments requiring only Management approval are recognized as employee benefit expenses on an accrual basis. Cash payments requiring General Meeting approval as distribution of profits to staff are recognized as employee benefit expense in the accounting period that they are approved by the Bank’s shareholders.

(v) Performance-based share-based payments

The Bank’s Management awards employees with bonuses in the form of shares and share options on a discretionary basis. Non-performance related shares vest in the period granted. Share based payments that are contingent upon the achievement of a performance and service condition, vest only if both conditions are satisfied.

The fair value of the shares granted is recognized as an employee benefit expense with a corresponding increase in share capital (par value) and share premium.

The fair value of the options granted is recognized as an employee benefit expense with a corresponding increase in a non-distributable reserve over the vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (par value) and share premium when the options are exercised, with a transfer of the non-distributable reserve to share premium.

2.18 Repossessed properties

Land and buildings repossessed through an auction process to recover impaired loans are, except where otherwise stated, included in 'Other Assets'. Assets acquired from an auction process are held temporarily for liquidation and are valued at the lower of cost and net realizable value, which is the estimated selling price, in the ordinary course of business, less costs necessary to make the sale.

In cases where the Bank makes use of repossessed properties as part of its operations, they may be reclassified to own occupied or investment properties, as appropriate.

Any gains or losses on liquidation are included in the income statement.

2.19 Related party transactions

Related parties of the Bank include:

(a) an entity that has control over the Bank and entities controlled, jointly controlled or significantly influenced by this entity, as well as members of its key management personnel and their close family members;
(b) members of key management personnel of the Bank, their close family members and entities controlled or jointly controlled by the abovementioned persons;
(c) associates and joint ventures of the Bank; and
(d) subsidiaries.

Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and are conducted on an arm's length basis.

2.20 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at each reporting date, taking into account the risks and uncertainties surrounding the amount of such expenditure.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If, subsequently, it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.21 Share capital

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution on shares is recognized as a deduction in the Bank's equity when approved by the General Meeting of shareholders. Interim dividends are recognized as a deduction in the Bank's equity when approved by the Board of Directors.

Where the Bank purchases own shares (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.22 Hybrid Capital

Hybrid capital issued by the Bank, through its special purpose entity, is classified as equity when there is no contractual obligation to deliver to the holder cash or another financial asset.

Incremental costs directly attributable to the issue of new hybrid capital are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution on hybrid capital is recognized as a deduction in the Bank's equity on the date it is due.

Where hybrid capital, issued by the Bank, is repurchased, the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity. Where such securities are subsequently called or sold, any consideration received is included in shareholders' equity.

2.23 Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are granted to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognized in the financial statements at fair value. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortization calculated to recognize in the income statement the fee income earned on a straight line basis over the life of the guarantee, and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of losses, supplemented by management's judgment. Any increase in the liability relating to guarantees is taken to the income statement.

2.24 Securitizations

The Bank securitizes financial assets, which generally results in the sale of the assets to special purpose entities, which, in turn issue debt securities to investors and in some instances to Bank's subsidiaries. These securitizations are all consolidated by the Bank as it is exposed to the majority of risks and rewards of ownership in the special purpose entities.

2.25 Non-current assets classified as held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For a non-current asset to be classified as held for sale, it is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets, and the sale is considered to be highly probable. In such cases, management is committed to the sale and actively markets the property for sale at a price that is reasonable in relation to the current fair value. The sale is also expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The Bank presents discontinued operations in a separate line in the income statement if a Bank's subsidiary or a component of the Bank's operations has been disposed of or is classified as held for sale and:

(a) Represents a separate major line of business or geographical area of operations; or

(b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Profit or loss from discontinued operations includes the profit or loss before tax from discontinued operations, the gain or loss on disposal before tax or measurement to fair value less costs to sell and discontinued operations tax expense. Upon classification of a Bank entity as a discontinued operation, the Bank restates prior periods in the income statement.

2.26 Reclassification of financial assets

The Bank may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than those that meet the definition of loans and receivables may be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables, out of the held-for-trading or available-for-sale categories, if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2.27 Cash and cash equivalents

Cash and cash equivalents include cash in hand, unrestricted deposits with central banks, due from credit institutions and other short-term highly liquid investments with original maturities of three months or less.

2.28 Fiduciary activities

The Bank provides custody, trustee, corporate administration, investment management and advisory services to third parties. This involves the Bank making allocation, purchase and sale decisions in relation to a wide range of financial instruments. The Bank receives fee income for providing these services. Those assets that are held in a fiduciary capacity are not assets of the Bank and are not recognized in the financial statements. In addition, the Bank does not guarantee these investments and as a result it is not exposed to any credit risk in relation to them.

3. Critical accounting estimates and judgments in applying accounting policies

In the process of applying the Bank's accounting policies, the Bank's Management makes various judgments, estimates and assumptions that may affect the reported amounts of assets and liabilities, revenues and expenses recognized in the financial statements within the next financial year and the accompanying disclosures. Estimates and judgments are continually evaluated and are based on current conditions, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant areas in which the Bank makes judgments, estimates and assumptions in applying its accounting policies are set out below:

3.1 Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess whether there is objective evidence of impairment on an ongoing basis. This assessment is performed individually for loans and advances that are individually significant and collectively (a) for loans and advances that are not individually significant and (b) for those that are individually significant but were found not to be impaired following the individual assessment. Management is required to exercise judgment in making assumptions and estimates when calculating the present value of the cash flows expected to be received on both individually and collectively assessed loans and advances.

Individual impairment assessment

For loans assessed on an individual basis, mainly the Bank's wholesale lending portfolio, management uses its best estimate to determine the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about the borrower's financial position and the net realizable value of any underlying collaterals. Expected recoveries from real estate collaterals may be affected from the downward trend in the properties' market value. A 5% decline in the estimated recovery values of all types of real estates' collaterals used for the measurement of the impairment allowance of the Bank's wholesale lending portfolio, would give rise to an additional impairment loss in 2016 of approximately € 88 million (2015: € 90 million).

Each individually assessed loan for impairment is assessed on a case-by-case basis (in cooperation between Credit Risk Management function and the business units) and subsequently it is independently approved by the Credit Risk Management function.

Collective impairment assessment

Collective impairment allowance is established for (a) groups of non-impaired or impaired retail homogenous loans that are not considered individually significant and (b) groups of corporate or retail loans that are individually significant but that were not found to be individually impaired.

In determining whether an impairment loss should be recorded in the income statement, management makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of a loan portfolio before the decrease can be identified on an individual loan basis in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

In assessing the need for collective impairment, management considers factors such as credit quality, portfolio size, concentrations and economic factors. Management's estimates are based on historical loss experience for assets with similar credit risk characteristics to those in the loan portfolio under assessment when scheduling its future cash flows. Management also applies significant judgment to assess whether current economic and credit conditions are such that the actual level of impairment loss is likely to be greater or lower than that suggested by historical experience. In normal circumstances, historical loss experience provides objective and relevant information in order to assess the loss within each loan portfolio. In other circumstances, historical loss experience provides less relevant information, for example when recent trends in risk factors are not fully reflected in the historical information. Where changes in economic, regulatory and behavioral conditions result in most recent trends in portfolio risk factors not being fully reflected in the impairment calculation model used, the Bank adjusts the impairment allowance derived from historical loss experience accordingly.

The uncertainty inherent in the estimation of impairment loss is increased in the current macroeconomic environment, and is sensitive to factors such as the political uncertainty, level of economic activity, bankruptcy rates, geographical concentrations, changes in laws and regulations, property prices and level of interest rates.

For the Bank's mortgage portfolios, the recovery rates, which are calculated based on statistical models, reflect the management's best estimate regarding the net realizable value of residential properties held as collateral as well as the timing foreclosure is expected to occur, which in turn is impacted by the local legal framework. Both the amount and timing of expected cash flows have been affected by the reduction in the level of activity in the real estate market and the changes in the local tax and legal environment in Greece. A 3% decline in the estimated recovery rates used for the measurement of the impairment allowance of the Bank's mortgage portfolio, would give rise to an additional impairment loss in 2016 of approximately € 124 million (2015: € 121 million).

For the rest of retail portfolios, statistical analysis of historical loss experience is the primary tool used in order to determine future customer behavior and payment patterns. Due to the stressed macroeconomic environment during the last years, depending on the portfolio under examination, there is a level of uncertainty in terms of the level of future cash flows as well as the time that these cash flows will come. With regards to unsecured consumer and small business exposures, management exercises judgment to determine the assumptions underlying to the applicable recovery rates, which are calculated based on statistical models and affected by the existing economic conditions. A 5% decrease in the estimated recovery rates used for the measurement of the impairment allowance of the Bank's unsecured consumer portfolio would give rise to an additional impairment loss in 2016 of approximately € 36 million (2015: € 43 million). The same decrease in the small business lending portfolio's recovery rates would give rise to an additional impairment loss of approximately € 65 million (2015: € 39 million).

3.2 Fair value of financial instruments

The fair value of financial instruments 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) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of financial instruments that are not quoted in an active market are determined by using other valuation techniques that include the use of valuation models. In addition, for financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using other valuation techniques.

The valuation models used include present value methods and other models based mainly on observable inputs and to a lesser extent to non-observable inputs, in order to maintain the reliability of the fair value measurement.

Valuation models are used mainly to value over-the-counter derivatives and securities measured at fair value.

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used, and are calibrated to ensure that outputs reflect actual data and comparative market prices. The main assumptions and estimates, considered by management when applying a valuation model include:

- the likelihood and expected timing of future cash flows;
- the selection of the appropriate discount rate, which is based on an assessment of what a market participant would regard as an appropriate spread of the rate over the risk-free rate; and
- judgment to determine what model to use in order to calculate fair value.

To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates to reflect uncertainties in fair values resulting from the lack of market data inputs. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available. However, in most cases there will be some historical data on which to base a fair value measurement and consequently even when unobservable inputs are used, fair values will use some market observable inputs.

Information in respect of the fair valuation of the Bank's financial assets and liabilities is provided in note 7.3.

3.3 Impairment of available-for-sale equity investments

For available-for-sale equity investments, a significant or prolonged decline in the fair value below cost is an objective evidence of impairment. In order to determine what is significant or prolonged, the Bank's management exercises judgment. In this respect, the Bank regards a decline to be 'significant' when the fair value of quoted equities is below cost by more than 30% to 40% depending on the equity's index and 'prolonged' when the market price is below the cost price for a twelve-month period. The Bank also evaluates among other factors, the historic volatility in the share price, the financial health of the investee, the industry and sector performance, changes in technology, and operational and financing cash-flows.

3.4 Income taxes

The Bank is subject to income taxes and estimates are required in determining the provision for income taxes. The Bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due or for anticipated tax disputes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In addition, the Bank recognizes deferred tax assets to the extent that it is probable that sufficient taxable profit will be available against which unused tax losses and deductible temporary differences can be utilized. Recognition therefore involves judgment regarding the Bank's future financial performance in which the deferred tax asset has been recognized. Particularly, in order to determine the amount of deferred tax assets that can be recognized, significant management judgments are required regarding the likely timing and level of future taxable profits. In making this evaluation, the Bank has considered all available evidence, including management's projections of future taxable income and the tax legislation.

The most significant judgment exercised by management relates to the recognition of deferred tax assets in respect of realized losses. In the event that, the Bank assesses that it would not be able to recover any portion of the recognized deferred tax assets in the future, the unrecoverable portion would impact the deferred tax balances in the period in which such judgment is made.

As at 31 December 2016, the Bank revisited its estimates regarding the level of future taxable profits against which the unused tax losses and the deductible temporary differences can be utilized and evaluated accordingly the recoverability of the recognized deferred tax assets based on its three-year Business Plan, which was approved by the Board of Directors in January 2017 and has been submitted to the Hellenic Financial Stability Fund (HFSF) and to the Single Supervisory Mechanism (SSM), providing outlook of its profitability and capital position for the period up to the end of 2019. The implementation of the abovementioned Business Plan largely depends on the macroeconomic environment in Greece.

As at 31 December 2016, an amount of € 30 million has been recognized in respect to unused tax losses using the Bank's best estimation and judgment as described above. Further information in respect of the recognized deferred tax assets and the Bank's assessment for their recoverability is provided in note 16.

3.5 Retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, such as the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Bank determines the appropriate discount rate used to calculate the present value of the estimated retirement obligations, at the end of each year based on interest rates of high quality corporate bonds. The currency and term to maturity of the bonds used are consistent with the currency and estimated term to maturity of the retirement benefit obligations. The salary rate increase assumption is based on future inflation estimates reflecting also Bank's reward structure and expected market conditions.

Other assumptions for pension obligations, such as the inflation rate, are based in part on current market conditions.

For information in respect of the sensitivity analysis of the Bank's retirement benefit obligations to reasonably possible, at the time of preparation of these financial statements, changes in the abovementioned key actuarial assumptions, refer to note 36.

3.6 Investment properties and repossessed collateral

The Bank reviews its investment properties portfolio to assess whether there is an indication of impairment, such as a decline in the market prices and level of activity for properties of different nature and location, at each reporting date. If such an indication exists, management is required to exercise judgment in estimating the fair value less cost to sell of the investment properties. The fair values are determined by the Bank's subsidiary Eurobank Property Services S.A., which is specialized in the area of real estate valuations, utilizes internal or external independent qualified appraisers and is regulated by the Royal Institute of Chartered Surveyors. The main factors underlying the determination of fair value are related with the receipt of contractual rentals, future vacancy rates and periods, discount rates or rates of return, the terminal values as well as the level of future maintenance and other operating costs. Additionally, where the fair value less cost to sell is determined based on market prices of comparable transactions those prices are subject to appropriate adjustments, in order to reflect current economic conditions and the management's best estimate regarding the future trend of properties market.

The processes and underlying assumptions applicable for the determination of repossessed properties net realizable value are similar to those described above for investment properties.

Further information in respect of the fair valuation of the Bank's investment properties is provided in note 28.

3.7 Provisions and contingent liabilities

The Bank recognizes provisions when it has a present legal or constructive obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of its amount.

A provision is not recognized and a contingent liability is disclosed when it is not probable that an outflow of resources will be required to settle the obligation, when the amount of the obligation cannot be measured reliably or in case that the obligation is considered possible and is subject to the occurrence or non-occurrence of one or more uncertain future events.

Considering the subjectivity and uncertainty inherent in the determination of the probability and amount of the abovementioned outflows, the Bank takes into account a number of factors such as legal advice, the stage of the matter and historical evidence from similar cases. In the case of an offer made within the context of the Bank's voluntary exit scheme, the number of employees expected to accept the abovementioned offer along with their age cluster is a significant factor affecting the measurement of the outflow for the termination benefits.

Further information in relation to the Bank's provisions and contingent liabilities is provided in note 35 and note 43.

3.8 Other significant accounting estimates and judgments

Information in respect of other estimates and judgments that are made by the Bank is provided in notes 5, 7.3, 15, 16, 24 and 35.

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 38); and

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

As at 31 December 2016, the government guaranteed bonds, of face value of € 2,500 million, were fully retained by the Bank. During the year ended 31 December 2016, the Bank proceeded with the redemption of government guaranteed bonds of face value of € 3,893 million, while bonds of face value of € 6,650 million matured, all of which were fully retained by the Bank (note 34).

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. Information on the rights of the Hellenic Republic's representative is provided in the Directors' Report and Corporate Governance statement of the Annual Financial Report for the year ended 31 December 2016.

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 31 December 2016, the total carrying value of Greek sovereign major exposures is as follows:

	2016 € million	2015 € million
Treasury bills	**1,285**	2,157
Greek government bonds	**1,970**	1,676
Derivatives with the Greek state	**1,070**	992
Exposure relating with Greek sovereign risk financial guarantee	**194**	208
Loans guaranteed by the Greek state	**140**	176
Loans to Greek local authorities and public organizations	**75**	85
Other receivables	**19**	17
Total	**4,753**	5,311

The adequacy of the impairment allowance for loans and receivables either guaranteed by the Greek state or granted to public related entities was evaluated in the context of the Bank's impairment policy.

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 Greek sovereign exposures is provided in note 7.3.

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.

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 45).

Capital position

	2016 € million	2015 € million
Total equity attributable to shareholders of the Bank	**6,130**	6,088
Less: Other regulatory adjustments	**(97)**	(119)
Common Equity Tier I capital	**6,033**	5,969
Add: Preferred securities	**26**	30
Less: Other regulatory adjustments	**(26)**	(30)
Total Tier I capital	**6,033**	5,969
Tier II capital-subordinated debt	**4**	15
Add: Other regulatory adjustments	**117**	132
Total Regulatory Capital	**6,154**	6,116
Risk Weighted Assets	**32,113**	33,445
Ratios:	%	%
Common Equity Tier I	**18.8%**	17.8%
Tier I	**18.8%**	17.8%
Total Capital Adequacy Ratio	**19.2%**	18.3%

Note: The CET1 as at 31 December 2016, based on the full implementation of the Basel III rules in 2024, would have been 15% (2015: 14.4%).

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 three-year horizon.

To this direction, the Bank 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 exposures supported by the fully operational internal bad bank as well as by proceeding to additional initiatives associated with the restructuring, transformation or optimization of its 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 in the context of the recapitalization process in 2015. The principal commitments of the Hellenic Republic for the Bank's revised restructuring plan to be implemented by 31 December 2018 (or otherwise indicated below) as well as their status as at 31 December 2016 are disclosed below:

(a) the reduction of the total costs (excluding any contribution to a deposit guarantee or resolution fund) to a maximum amount of € 750 million and the number of branches for the Group's Greek activities to a maximum of 510 on 31 December 2017;

(b) the decrease of the cost of deposits collected in Greece, according to the Bank's own projections incorporated into the plan;

(c) the sale of a minimum 80% shareholding in the Group's insurance activities by 31 December 2016; the disposal of the 80% of the shareholding in its insurance subsidiaries was completed in August 2016 (note 17);

(d) the deleveraging of the portfolio of equity investments exceeding € 5 million, (subject to certain exceptions), subordinated and hybrid bonds to less than € 35 million by 30 June 2016;

(e) for the Group's Greek activities, the reduction of the number of employees to a maximum of 9,800 by 31 December 2017; significant progress has been made through the implementation of the Voluntary Exit Scheme (VES) that commenced in the second quarter of 2016 (note 36);

(f) the reduction of the net loans to deposits ratio for the Group's Greek banking activities to less than 115%; the deleveraging of loans and the increase in deposits during 2016 have improved the loans to deposits ratio (notes 23 and 33);

(g) the reduction of the portfolio of the Group's foreign assets (non-related to Greek clients) to a maximum amount of € 8.77 bn by 30 June 2018; in 2016 the Group completed the sale of Public J.S.C. Universal Bank, its banking subsidiary in Ukraine and the selective sale of foreign loan portfolios and properties. As at 31 December 2016, the portfolio of the Group's foreign assets, which are not related with Greek clients, amounted to € 9.9 bn;

(h) the sale of the 20% shareholding in its non-banking subsidiary Grivalia Properties REIC; and

(i) 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.

As at 31 December 2016, the Bank has already met/ respected the commitments referring to items 'a' to 'd' and 'i', while it has almost reached the target for item 'e', one year earlier than set by the plan. In respect of the commitments referring to items 'f' to 'h', which should be implemented within 2018, the Bank proceeds to all actions and initiatives required to meet them within the prescribed deadlines. Such actions have been reflected in the three-year Business Plan approved by the Board of Directors in January 2017.

The implementation of the restructuring plan streamlines the Bank's operations and reduces the Bank's costs thereby reaching the goal of returning to profitability. However, the implementation of the commitments may have an adverse effect on Bank's business, operating results and financial position.

In case that a bank is unable to comply with the terms of the restructuring plan and any potential revisions thereto, it may cause the EC to initiate a procedure to investigate the misuse of aid. This procedure may result in the partial or entire recovery of state aid and/or the imposition of additional conditions, including limiting a bank's ability to support its foreign subsidiaries or introducing additional limitations on its ability to hold and manage its securities portfolio. Moreover, the assumptions underlying the restructuring plan, as may be revised, may prove inaccurate, making the objectives of the restructuring plan and any potential revisions thereto more difficult to achieve.

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.

Grant Thornton S.A. was appointed as the Bank's Monitoring Trustee (MT) on 22 February 2013, with the mandate of the MT been subsequently amended and extended on 29 May 2014. The MT monitors the compliance with the commitments on corporate governance and commercial operational practices and the implementation of the restructuring plan, and reports to the European Commission.

7. Financial risk management and fair value

7.1 Use of financial instruments

By their nature the Bank's activities are principally related to the use of financial instruments including derivatives. The Bank accepts deposits from customers, at both fixed and floating rates, and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Bank also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers within a range of credit standing. Such exposures include both on-balance sheet loans and advances and off-balance sheet guarantees and other commitments such as letters of credit.

The Bank also trades in financial instruments where it takes positions in traded and over the counter financial instruments, including derivatives, to take advantage of short-term market movements in the equity and bond markets and in currency and interest rates.

7.2 Financial risk factors

Due to its activities, the Bank is exposed to a number of financial risks, such as credit risk, market risk (including currency and interest rate risk), liquidity and operational risks. The Bank's overall risk management strategy seeks to minimize any potential adverse effects on its financial performance, financial position and cash flows.

Risk Management

The Group acknowledges that taking risks is an integral part of its operations in order to achieve its business objectives. Therefore, the Group's management sets adequate mechanisms to identify those risks at an early stage and assesses their potential impact on the achievement of these objectives.

Due to the fact that economic, industry, regulatory and operating conditions will continue to change, risk management mechanisms are set (and evolve) in a manner that enables the Group to identify and deal with the risks associated with those changes. The Bank's structure, internal procedures and existing control mechanisms ensure both the independence principle and the exercise of sufficient supervision.

The Group's Management considers effective risk management as a top priority, as well as a major competitive advantage, for the organization. As such, the Group has allocated significant resources for upgrading its policies, methods and infrastructure, in order to ensure compliance with the requirements of the European Central Bank (ECB), the guidelines of the European Banking Authority (EBA) and of the Basel Committee for Banking Supervision and the best international banking practices. The Group implements a well-structured credit approval process, independent credit reviews and effective risk management policies for credit, market, liquidity and operational risk, both in Greece and in each country of its international operations. The risk management policies implemented by the Bank and its subsidiaries are reviewed annually.

The Board Risk Committee (BRC) ensures that the Group has a well-defined risk and capital strategy and risk appetite.

The Group Risk and Capital Strategy, which has been formally documented, outlines the Group's overall direction regarding risk and capital management issues, the risk management mission and objectives, risk definitions, risk management principles, risk appetite, risk governance framework, strategic objectives and key initiatives for the improvement of the risk management framework in place.

The maximum amount of risk which the Group is willing to assume in the pursuit of its strategic objectives is articulated via a set of quantitative and qualitative statements for specific risk types, including specific tolerance levels as described in the Group's Risk Appetite Framework. The objectives are to support the Group's business growth, balance a strong capital position with higher returns on equity through greater leverage, and to ensure the Group's adherence to regulatory requirements.

The BRC assesses the Group's risk profile, monitors compliance with the approved risk appetite and risk tolerance levels, and ensures that the Group has developed an appropriate risk management framework with appropriate methodologies, modelling tools, data sources and sufficient and competent staff to identify, assess, monitor and mitigate risks.

The BRC consists of six non-executive directors (five-member committee at 31 December 2016), meets at least on a monthly basis and reports to the BoD on a quarterly basis and on ad hoc instances.

In 2016, the Bank established the Management Risk Committee (MRC) as a consulting committee to the Board Risk Committee (BRC). The main responsibility of the MRC is to oversee the risk management framework of the Group. The MRC ensures that material risks are identified and promptly escalated to the BRC and that the necessary policies and procedures are in place to prudently manage risk and to comply with the regulatory requirements. As part of its mandate, the MRC reviews the Bank's and its subsidiaries risk profile vis-à-vis its declared risk appetite and examines any proposed modifications to the risk appetite. In addition, the MRC reviews and approves the methodology, the parameters and the results of the Bank's Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP) and stress testing programmes. Additionally, the MRC determines appropriate management actions which are discussed and presented to the Executive Board (EXBO) for information and submitted to BRC for approval.

The Group's Risk Management General Division that is headed by the Group Chief Risk Officer (GCRO) operates independently from the business units and is responsible for the monitoring, measurement and management of credit risk, market risk, liquidity and operational risks. It comprises the Credit Sector, the International Credit Sector, the Group Market and Counterparty Risk

Sector (GMCRS), the Group Credit Control Sector (GCCS), the Capital Adequacy Control (Credit Risk) and Regulatory Framework Sector and the Operational Risk Sector.

Non-Performing Exposures (NPEs) management

Following the publication of the Bank of Greece (BoG) Executive Committee's Act No.42/30.05.2014 as amended by Act No.47/9.2.2015 and Act No. 102/30.08.2016 that details the supervisory directives for the administration of exposures in arrears and non-performing loans, the Bank has responsibly 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 Troubled 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, which ensures transparency, flexibility, better prioritization and management accountability. TAG, which is headed by the Deputy Chief Executive Officer and Executive member of the BoD, is the overall responsible body for the management of the Group's troubled assets portfolio for the whole process, from the pre-delinquency status in case of high risk exposures up to legal workout. It comprises the Retail Remedial General Division, the Corporate Special Handling Sector, the Non-Performing Clients Sector, the TAG Business Planning Sector and the TAG Risk Management and Business Policies Sector.

The TAC with a direct reporting line to the BRC oversees and monitors the Group's troubled assets' management. In particular, the main competencies that have been delegated to TAC relate to the monitoring of loans in arrears and the management of non-performing loans, the determination and implementation of the troubled assets' management strategy, as well as approving and assessing the sustainability of the forbearance and closure procedure measures. The establishment of an independent body, both in terms of account management as well as credit approval process, ensures transparency, management flexibility and accountability, and shifts the management from bad debt minimization to bad debt value management, in line with the Group's risk appetite.

Operational targets for non-performing exposures (NPEs)

In line with the national strategy for the reduction of NPEs, the BoG in cooperation with the supervisory arm of the European Central Bank (ECB), has designed an operational targets framework for NPEs management, supported by several key performance indicators. Pursuant to the said framework, the Greek banks submitted at the end of September 2016 a set of NPEs operational targets together with a detailed NPEs management strategy with a three-year time horizon, which were formed on the basis of key macroeconomic assumptions.

In accordance with the relevant BoG report issued in December 2016, Greek banks have set a target of a 38% reduction of NPEs for the period from June 2016 up to December 2019, corresponding to a decrease by € 40 bn of the total NPEs stock, i.e. from € 107 bn in June 2016 to € 67 bn in end 2019. The largest part of the NPEs reduction is projected for the years 2018-2019 and will be mainly driven by curing of loans and write-offs and to a lesser extent by liquidations, collections and sales of loans portfolios. The NPEs of the sector as a percentage of total loan exposure will gradually decelerate and reach 34% in end 2019.

In the above context, the Bank has developed strategic objectives and targets, together with a set of corresponding actions across client segments, and a timetable for implementation. The actions have been cascaded to a segment level for retail portfolio and to a borrower level for corporate portfolio together with corresponding targets and monitoring indicators. The Bank has developed a detailed NPEs forecasting model, the results of which have been used to calibrate both the targets and the monitoring indicators. The strategy and the objectives are based on a set of assumptions regarding the macro-economic outlook and the legal and tax framework in Greece. The planned actions and initiatives are not expected to require increases in currently planned provisioning levels and additional capital requirements. The key risks for potential deviation from the targets are primarily related with the delays in (a) the macroeconomic recovery and (b) the enactment of the necessary adjustments of the legal and administrative framework for NPLs resolution. To this direction, a significant step for lifting tax-related impediments was the amendment of Law 4172/2013 in March 2017 (note 16).

The Bank has fully embedded the NPEs strategy into its management processes and operational plan. The supervisory authority reviews the course to meeting the operational targets on a quarterly basis and might request additional corrective measures if deemed necessary.

7.2.1 Credit Risk

The Bank is exposed to credit risk, which is the risk that a counterparty will be unable to fulfill its payment obligations, when due.

The credit risk mainly arises from its wholesale and retail lending activities of the Bank, which include any credit enhancements provided, such as financial guarantees and letters of credit of the Bank, as well as from other activities, such as investments in debt securities, trading, capital markets and settlement activities. Since, the credit risk is the primary risk that the Bank is exposed to, it is carefully and actively managed and monitored by centralized risk units that report to the GCRO.

(a) Credit Risk Management

The credit approval and credit review processes are centralized on a country level. The appropriate level of segregation of duties ensures independence among the executives responsible for the customer's relationship, the approval process and the loan's disbursement, as well as the monitoring of the loan during its lifecycle.

Credit Committees

The credit approval process in wholesale lending is centralized through the establishment of Credit Committees with escalating credit approval levels, in order to manage the corporate credit risk.

Main Committees of the Bank are the following:

- Credit Committees (Central and Local), authorized to approve new financing, renewals or amendments in the existing credit limits in accordance with their approval authority level, depending on total limit amount, and customer risk category (i.e. high, medium or low), as well as value and type of collaterals;
- Special Handling Credit Committees, authorized to approve credit requests and take actions for distressed clients;
- International Credit Committees (Regional and Country) established for credit underwriting to wholesale borrowers of the Group's international Bank subsidiaries, authorized to approve new limits, renewals or amendments to existing limits, in accordance with their approval authority level, depending on total customer exposure and customer risk category (i.e. high, medium or low), as well as the value and type of collateral; and
- International Special Handling Committees established for handling distressed wholesale borrowers of the Group's international Bank subsidiaries.

The Credit Committees convene on a weekly basis or more frequently, if needed.

Credit Sector

The main responsibilities of the Credit Sector of the Risk Management General Division are:

- Review and evaluation of credit requests of:
  (a) domestic large and medium scale corporate entities of every risk category;
  (b) specialized units, such as Shipping and Structured Finance; and
  (c) retail sector's customers (small business and household lending) above a predetermined threshold.
- Issuance of an independent risk opinion for each credit request, which includes:
  (a) Assessment of the customer credit profile based on the risk factors identified (market, operations, structural and financial);
  (b) A focused sector analysis; and
  (c) Recommendations to structure a bankable, well-secured and well-controlled transaction.
- Confirmation of the ratings of each separate borrower, to reflect the risks acknowledged; and
- Participation with voting rights in all credit committees, as per the credit approval procedures (except for Special Handling Committee 1- no voting rights).

International Credit Sector

The International Credit Sector (ICS) is responsible to actively participate in the design, implementation and review of the credit underwriting function for the wholesale portfolio of the International Subsidiaries. Moreover, ICS advises and supports Risk Divisions of the International Subsidiaries.

In this context, ICS is responsible for the implementation of the below activities:

- Participation with voting right in all International Committees (Regional, Country and Special Handling);
- Preparation of the secretariat work of the International Committees including arrangement of the agenda and submission/circulation of the minutes of the respective committees;
- Participation in the sessions of Monitoring Committee responsible to monitor and decide on the strategy of problematic corporate relationships with loan outstanding exceeding a certain threshold, that is jointly set by ICS and Country TAG;
- Chairmanship in Country Risk Committees (CRCs);
- Continuous support to the Credit Risk Units of international subsidiaries by means of providing advice on best practices and training;
- Preparation and periodic update of the International Credit Policy Manual (Wholesale Banking) of international subsidiaries; and
- Implementation of Group's credit related special projects.

In cooperation with Group Credit Control, conducting reviews of loan quality and specific loan segments (e.g. Real Estate portfolios and agribusiness).

Retail Banking approval process

The approval process for loans to small businesses (turnover up to € 2.5 million) is centralized, following specific guidelines for eligible collaterals. The assessment is based on the analysis of the borrower's financial position, as well as the use of statistical scorecards. The approval process for household lending is also centralized. It is supported by specialized credit scoring models and the application of credit criteria based on the payment behavior and financial position of the borrowers, the type and quality of collateral, the existence of real estate property, and other factors. The ongoing monitoring of portfolio quality and performance leads to adjustments of the credit policy and procedures, when deemed necessary.

The approval process of Retail Banking modifications requests is fully segregated from the originating units of new loan production through the independent Retail Credit Remedial Sector.

Group Market and Counterparty Risk Sector

The Group Market and Counterparty Risk Sector (GMCRS) is responsible for the measurement, monitoring and reporting of the Group's exposure to counterparty risk, which is the risk of loss due to the customer's failure to meet its contractual obligations in the context of treasury activities, such as securities, derivatives, repos, reverse repos, interbank placings, etc.

The Group sets limits on the level of counterparty risk that may be undertaken based mainly on the counterparty's credit rating, as provided by international rating agencies, and the product type (e.g. control limits on net open derivative positions by both amount and term, sovereign bonds exposure, asset backed securities). The utilization of the abovementioned limits, any excess of them, as well as the aggregate exposure per Group's entity, counterparty and product type are monitored by GMCRS on a daily basis. Risk mitigation contracts are taken into account for the calculation of the final exposure.

In case of uncollateralized derivative transactions, the Bank measures the current exposure along with the potential future exposure (PFE) using financial models. The combined exposure is used for the monitoring of limit utilization.

The GMCRS's exposure measurement and reporting tool is also available to the Group's subsidiaries treasury divisions, thus providing them with the ability to monitor each counterparty's exposure and the limit availability.

(b) Credit risk monitoring

The Group Credit Control Sector (GCCS) monitors and assesses the quality of all of the Group's loan portfolios and operates independently from the business units of the Bank. The GCCS reports directly to the GCRO.

The main responsibilities of the GCCS are:

- to monitor and review the performance of all of the Group's loan portfolios;
- to conduct field reviews and prepare written reports to the Management on the quality of all of the Group's loan portfolios and adherence with EBA prevailing regulations;
- to supervise and control the foreign subsidiaries' credit risk management units;
- to supervise, support and maintain the Moody's Risk Advisor (MRA) used to assign ratings to wholesale lending customers;
- to develop, supervise and support the Transactional Rating (TR) application used to measure the overall risk of wholesale credit relationships, taking into account both the creditworthiness of the borrower and required collaterals;
- to monitor on a regular basis and report on a quarterly basis to the Board of Directors and the BRC of risk exposures, along with accompanying analyses;
- to formulate the provisioning policy and regularly monitor the adequacy of provisions of all of the Group's loan portfolios;
- to participate in the approval of new credit policies and new loan products;
- to participate in the Troubled Asset Committee; and
- to attend meetings of Credit Committees and Special Handling Committees, without voting right.

The main responsibilities of the Capital Adequacy Control (Credit Risk) and Regulatory Framework Sector are to develop and maintain the Internal Ratings Based (IRB) approach in accordance with the Basel framework and the Capital Requirements Directive (CRD), for the loans portfolio of the Group, to measure and monitor the loan portfolios' capital requirements, and to manage credit risk regulatory related issues, such as Asset Quality Reviews (AQR) and stress tests. The Sector reports to the GCRO.

The main activities of the Capital Adequacy Control (Credit Risk) and Regulatory Framework Sector are:

- to manage the external Asset Quality Reviews (Bank of Greece, ECB);
- to implement the IRB roll-out plan of the Group;
- to develop ,implement and validate the IRB models of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for evaluating credit risk;
- to measure, monitor and backtest the risk parameters (PD, LGD, EAD) for the purposes of capital adequacy calculations, as well as, for provisioning purposes;
- to prepare monthly capital adequacy calculations (Pillar I) and relevant management, as well as, regulatory reports (COREPs, SREP) on a quarterly basis;
- to perform stress tests, both internal and external (EBA/SSM), and to maintain the credit risk stress testing infrastructure;
- to develop and maintain the forecasting models linking macroeconomic factors of credit quality (PD, LGD) for the loan portfolios of the Group;
- to prepare the credit risk analyses for Internal Capital Adequacy Assessment (ICAAP)/ Pillar II purposes;
- to prepare the Basel Pillar III disclosures for credit risk;
- to participate in the preparation of the business plan, the restructuring plan and the recovery plan of the Group in relation to asset quality and capital requirements for the loan book (projected impairments and RWAs);
- to support the business units in the use of IRB models in business decisions and the development and usage of risk related metrics such as Risk Adjusted Return on Capital (RAROC) etc.;
- to monitor the regulatory framework in relation to the above, to perform impact assessment, to initiate and manage relevant projects;
- to guide, monitor and supervise the Basel/Capital Adequacy (Credit Risk) divisions of Romania and Bulgaria on modelling, credit stress testing and other credit risk related regulatory issues; and
- to regularly report to the GCRO, to the Management Risk Committee and to the Board Risk Committee on the following topics: risk models performance, risk parameters (PD, LGD, EAD), updates on regulatory changes and impact assessment, credit risk, stress testing and asset quality reviews.

The Group's international subsidiaries in Bulgaria, Romania, Serbia, Cyprus and Luxembourg apply the same credit risk management structure and control procedures as the Bank and report directly to the GCRO. Risk management policies and processes are approved and monitored by the credit risk divisions of the Bank ensuring that the Group guidelines are in place and credit risk strategy is uniformly applied across the Group.

The Troubled Assets Group General Division (TAG) has the overall responsibility for the management of the Group's troubled assets portfolio, including forborne loans, and ensures close monitoring, tight control and course adjustment taking into account the continuous developments in the macro environment, the regulatory and legal requirements, the international best practices and new or evolved internal requirements.

The TAG cooperates with Group Risk Management to reach a mutual understanding of the implemented practices and to develop appropriate methodologies for the assessment of risks that may be inherent in any type of forbearance and, generally, troubled assets strategy deployment for all portfolios managed. The TAG's recommendations and reports to the Board of Directors and its Committees are also submitted to the GCRO who expresses an opinion.

The key governing principles of the TAG are to:

- Preserve the clear demarcation line between business units and troubled assets management;
- Ensure direct top management involvement in troubled assets management and close monitoring of the respective portfolio;
- Deploy a sound credit workout strategy through innovative propositions that will lead to viable solutions, ensuring a consistent approach for managing troubled assets across portfolios;
- Engineer improvements in monitoring and offering targeted solutions by segmenting delinquent borrowers and tailoring the remedial and workout approach to specific segment;
- Ensure a consistent approach for managing troubled assets across portfolios;
- Prevent non performing loans formation through early intervention and clear definition of primary financial objectives of troubled assets;
- Monitor the loan delinquency statistics, as well as define targeted risk mitigating actions to ensure portfolio risk reduction;
- Target maximization of borrowers who return to current status through modifications or collections;
- Monitor losses related to troubled assets; and
- Define criteria to assess the sustainability of proposed forbearance or resolution and closure measures and design decision trees.

(c) Credit related commitments

The primary purpose of credit related commitments is to ensure that funds are available to a customer as agreed. Guarantees and standby letters of credit carry the same credit risk as loans since they represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are secured by the underlying shipment of goods to which they relate and therefore carry less risk than a loan. Commitments to extend credit represent contractual commitments to extend credit in the form of loans, guarantees or letters of credit for which the Bank usually receives a commitment fee. Such commitments are irrevocable over the life of the facility or revocable only in response to a material adverse effect.

(d) Concentration risk

The Bank structures the levels of credit risk it undertakes by placing exposure limits by borrower, or groups of borrowers, and by industry segments. The exposure to each borrower is further restricted by sub-limits covering on and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts.

Such risks are monitored on a revolving basis and are subject to an annual or more frequent review. Risk concentrations are monitored regularly and reported to the BRC. Such reports include the 25 largest exposures, major watchlist and problematic customers, industry analysis, analysis by rating/risk class, by delinquency bucket, and loan portfolios by country.

(e) Rating systems

Rating of wholesale lending exposures

The Bank has decided upon the differentiation of rating models for wholesale lending activities, in order to reflect appropriately the risks arising from customers with different characteristics. Hence, rating models are employed for a number of general as well as specific segments:

- traditional corporate lending: Moody's Risk Advisor (MRA); Internal Credit Rating (ICR) for those customers that cannot be rated by MRA; and
- specialized lending (shipping, real estate and project finance): slotting methodology.

The MRA aggregates quantitative and qualitative information of individual obligors in order to assess their creditworthiness and determine their credit rating. In particular, it takes into account the entity's financial performance and cash flows, the industry sector's trends, the peers' performance, a qualitative assessment of the entity's management, the entity's status, the market's and industry's structural factors. The MRA is used for the assessment of all legal entities with full accountancy tax books irrespective of their legal form, and is calibrated on the Greek corporate environment.

Certain types of entities cannot be analyzed with the MRA due to the special characteristics of their financial statements, such as insurance companies, state-owned organizations, brokerage firms, and start-ups. In such cases, the ICR is applied, which similarly to MRA, combines quantitative and qualitative assessment criteria, such as the entity's size, years in business, credit history, industry sector.

In addition, the Bank performs an overall assessment of corporate customers, based both on their rating (MRA or ICR) and the collaterals and guarantees referred to the respective approved credit relationship, using a 14-grade rating scale. Credit exposures are subject to detailed reviews by the appropriate Credit Committee based on the respective transactional rating (TR). Low risk corporate customers are reviewed at least once a year, whereas higher risk customers are reviewed either on a semi-annual or a quarterly basis. All high risk corporate customers with exposures over € 5 million are reviewed by the Special Watch List Committee periodically or upon occurrence of significant events.

For specialized lending portfolios, i.e. when the primary source of repayment of the obligation is the income generated by the asset(s), rather than the independent capacity of the commercial enterprise, the Bank utilizes the slotting method by adapting and refining the Capital Requirements Directive's criteria to the Bank's risk practices. Customers falling in the specialized lending category (shipping, real estate and project finance) are classified into five categories: strong, good, satisfactory, weak and default.

The rating systems described above are an integral part of the wholesale banking decision-making and risk management processes:

- the credit approval process, both at the origination and review process;
- the calculation of Economic Value Added (EVA) and risk-adjusted pricing; and
- the quality assessment of issuers of cheques prior to their pledge as collateral.

Rating of retail lending exposures

The Bank assigns credit scores to its retail customers using a number of statistically-based models both at the origination and on ongoing basis through behavioral scorecards. These models have been developed to predict, on the basis of available information, the probability of default, the loss given default and the exposure at default. They cover the entire spectrum of retail products (credit cards, consumer lending, unsecured revolving credits, car loans, personal loans, mortgages and small business loans).

The models were developed based on the Bank's historical data and credit bureau data. Behavioral scorecards are calculated automatically on a monthly basis, thus ensuring that the credit risk assessment is up to date.

The models are applied in the credit approval process, the credit limits management, as well as the collection process for the prioritization of the accounts in terms of handling. Furthermore, the models are often used for the risk segmentation of the customers and the risk based pricing of particular segments or new products introduced.

The rating systems employed by the Bank meets the requirements of the Basel III-Internal Ratings Based (IRB) approach. The Bank is IRB certified since 2008 for the Greek portfolios, both wholesale and retail (as detailed in Basel III, Pillar III disclosures available at the Bank's website).

The Capital Adequacy Control (Credit Risk) and Regulatory Framework Sector independently monitors the capacity of rating models and scoring systems to classify customers according to risk, as well as to predict the probability of default and loss given default and exposure at default. The Bank's validation policy follows a procedure that complies with international best practices and regulatory requirements. The Bank verifies the validity of the rating models and scoring systems on an annual basis and the validation includes both quantitative and qualitative aspects. The validation procedures are documented, and regularly reviewed and reported to the BRC. The Group's Internal Audit Division also independently reviews the validation process annually.

(f) Credit risk mitigation

A key component of the Bank's business strategy is to reduce risk by utilizing various risk mitigating techniques. The most important risk mitigating means are collaterals' pledges, guarantees and master netting arrangements.

Types of collateral commonly accepted by the Bank

The Bank has internal policies in place which set out the following types of collateral that are usually accepted in a credit relationship:

- residential real estate, commercial real estate (offices, shopping malls, etc.), industrial buildings and land;
- receivables (trade debtors) and post dated cheques;
- securities, including listed shares and bonds;
- deposits;
- guarantees and letters of support;
- insurance policies; and
- equipment, mainly, vehicles and vessels.

A specific coverage ratio is pre-requisite, upon the credit relationship's approval and on ongoing basis, for each collateral type, as specified in the Bank's credit policy.

For exposures, other than loans to customers (i.e. reverse repos, derivatives), the Bank accepts as collateral only cash or liquid bonds.

Valuation principles of collaterals

In defining the maximum collateral ratio for loans, the Bank considers all relevant information available, including the collaterals' specific characteristics, if market participants would take those into account when pricing the relevant assets. The valuation and hence eligibility is based on the following factors:

- the collateral's fair value, i.e. the exit price that would be received to sell the asset in an orderly transaction under current market conditions;
- the fair value reflects market participants' ability to generate economic benefits by using the asset in its highest and best use or by selling it;
- a reduction in the collateral's value is considered if the type, location or condition (such as deterioration and obsolescence) of the asset indicate so; and
- no collateral value is assigned if a pledge is not legally enforceable.

The real estate collaterals of all units are valued by Eurobank Property Services S.A., a subsidiary of the Bank, which reports to the General Manager of Global Markets, Wealth Management and Group Real Estate Asset Management. Eurobank Property Services S.A. is regulated by the Royal Institute of Chartered Surveyors and employs internal or external qualified appraisers based on predefined criteria (qualifications and expertise). All appraisals take into account factors such as the region, age and marketability of the property, and are further reviewed and countersigned by experienced staff. The valuation methodology employed is based on International Valuation Standards (IVS), while quality controls are in place, such as reviewing mechanisms, independent sample reviews by independent well established valuation companies.

In 2006, the Bank initiated a project in collaboration with other major banks in Greece to develop a real estate property index for residential properties. The methodology, which was developed by an independent specialized statistical company, has been approved by the Bank of Greece, and its use enables a dynamic monitoring of residential properties' values and market trends, on an annual basis.

For commercial real estates, re-valuations are performed by qualified property valuers within a time horizon of two or three years. More frequent revaluations, either on site or desktop, are performed depending on the materiality level of the credit exposure and the classification of the borrower (risk category).

To ensure the quality of the post-dated cheques accepted as collateral, the Bank has developed a pre-screening system, which takes into account a number of criteria and risk parameters, so as to evaluate their eligibility. Furthermore, the post-dated cheques' valuation is monitored weekly through the use of advanced statistical reports and monthly through the review of detailed information regarding the recoverability of cheques, referrals and bounced cheques, per issuer broken down.

Collateral policy and documentation

For loans, the Bank's instructions emphasize that practices and routines followed are timely and prudent, in order to ensure that collaterals are controlled by the Bank's subsidiaries and that the loan and pledge agreement, as well as the collaterals are legally enforceable. Therefore, the Bank's subsidiaries hold the right to liquidate collateral in the event of the obligor's financial distress and can claim and control cash proceeds from the liquidation process.

The Bank uses to a large extent standard loan and pledge agreements, ensuring legal enforceability.

Guarantees

The guarantees used as credit risk mitigation by the Bank are largely issued by the government. The Public Fund for very small businesses (TEMPME) and similar funds, banks and insurance companies are also important guarantors of credit risk.

Management of repossessed properties

The objective of the repossessed assets' management is to minimize the time cycle of the asset's disposal and to maximize the recovery of the capital engaged.

To this end, the management of repossessed assets aims at improving rental and other income from the exploitation of such assets, and at the same time reducing the respective holding and maintenance costs. Additionally, the Bank is actively engaged in identifying suitable potential buyers for its portfolio of repossessed assets (including specialized funds involved in acquiring specific portfolios of properties repossessed), both in Greece and abroad, in order to reduce its stock of properties with a time horizon of 3-5 years.

Repossessed assets are closely monitored based on technical and legal due diligence reports, so that their market value is accurately reported and updated in accordance with market trends.

Counterparty risk

The Bank mitigates counterparty risk arising from treasury activities by entering into master netting arrangements and similar agreements, as well as collateral agreements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in the offset of balance sheet assets and liabilities, as the transactions are usually settled on a gross basis. However, the respective credit risk is reduced through a master netting agreement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

In the case of derivatives, the Bank makes use of International Swaps and Derivatives Association (ISDA) contracts, which limit the exposure via the application of netting, and Credit Support Annex (CSAs), which further reduce the total exposure with the counterparty. Under these agreements, the total exposure with the counterparty is calculated on a daily basis taking into account any netting arrangements and collaterals.

The same process is applied in the case of repo transactions where standard Global Master Repurchase Agreements (GMRAs) are used. The exposure (the net difference between repo cash and the market value of the securities) is calculated on a daily basis and collateral is transferred between the counterparties thus minimizing the exposure.

Following the European Market Infrastructure Regulation (EMIR), the Bank initiated centrally cleared transactions for eligible derivative contracts through an EU authorized European central counterparty (CCP), recorded in trade repositories. The use of CCP increases market transparency and reduces counterparty credit and operational risks inherent in derivatives markets.

The Bank uses a comprehensive collateral management system for the monitoring of ISDA, CSAs and GMRAs, i.e. the daily valuation of the derivatives and the market value of the securities are used for the calculation of each counterparty's exposure. The collateral which should be posted or requested by the relevant counterparty is calculated daily.

With this system, the Bank monitors and controls the collateral flow in case of derivatives and repos, independently of the counterparty. The effect of any market movement that increases the Bank's exposure is reported and the Bank proceeds to collateral call without delay.

7.2.1.1 Maximum exposure to credit risk before collateral held

	2016 € million	2015 € million
Credit risk exposures relating to on-balance sheet assets are as follows:		
Due from credit institutions	**3,490**	5,020
Financial instruments at fair value through profit or loss:		
- Debt securities	**6**	15
Derivative financial instruments	**1,985**	1,881
Loans and advances to customers:		
- Wholesale lending	**14,692**	15,194
- Mortgage lending	**16,098**	16,569
- Consumer lending	**5,059**	5,138
- Small business lending	**6,363**	6,436
Less: Impairment allowance	**(10,304)**	(10,363)
Investment securities:		
- Debt securities	**10,914**	14,494
Other assets	**1,286**	1,450
Credit risk exposures relating to off-balance sheet items (note 43)	**1,438**	2,113
Total	**51,027**	57,947

The above table represents the Bank's maximum credit risk exposure as at 31 December 2016 and 31 December 2015 respectively, without taking account of any collateral held or other credit enhancements that do not qualify for offset in the Bank's financial statements.

For on-balance sheet assets, the exposures set out above are based on the net carrying amounts as reported in the balance sheet. Off-balance sheet items mentioned above include letters of guarantee, standby letters of credit, commitments to extend credit and documentary credits.

7.2.1.2 Loans and advances to customers

The section below provides a detailed overview of the Bank's exposure to credit risk arising from its customer lending portfolios in line with the guidelines set by the Hellenic Capital Markets Commission and the Bank of Greece (BoG) released on 30 September 2013. In addition, the types of the Bank's forbearance programs are in line with the BoG's Executive Committee Act 102/30.08.2016. Comparative information for the Bank's forbearance programs has been adjusted in order to conform with the information presented in 2016.

(a) Credit quality of loans and advances to customers

Loans and advances to customers are classified as 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Loans reported as 'neither past due nor impaired' include loans with no contractual payments in arrears and no other indications of impairment.

'Past due but not impaired' category includes loans with contractual payments overdue by at least one day but which are not impaired unless specific information indicates to the contrary. For retail exposures, this is typically when loans are in arrears less than 90 days while for wholesale exposures both the delinquency status and the internal rating, which reflects the borrower's overall financial condition and outlook, are assessed.

For loans in the above categories, although not considered impaired, the Bank recognizes a collective impairment loss (as set out in note 2.13 'Impairment of financial assets').

'Impaired' loans that are individually assessed include all wholesale exposures as well as small business and mortgage loans which carry an individual impairment allowance. The rest of retail exposures are considered impaired when they are in arrears for more than 90 days or earlier in case there is an objective evidence of impairment and carry a collective impairment allowance. Furthermore, impaired retail loans under forbearance measures may include loans in arrears less than 90 days. As of 1 January 2016, mortgage loans of 90 to 180 days past due have been classified as 'impaired'. Such change did not have a significant impact on the Bank's impairment allowance.

The evidence considered by the Bank in determining whether there is objective evidence of impairment is set out in note 2.13.

'Non-performing exposures' as currently monitored and reported by the Bank, in line with the guidelines set by the European Banking Authority (EBA Implementing Technical Standards), include exposures that are in arrears for more than 90 days or assessed as unlikely to pay, impaired exposures under individual or collective impairment assessment as well as exposures categorized as defaulted for regulatory purposes. As at 31 December 2016, the Bank's non performing exposures amounted to € 20,510 million (2015: € 19,980 million).

Correspondingly, 'Performing exposures' include exposures without arrears, those that are less than 90 days past due or are not assessed as unlikely to pay, non-impaired and non-defaulted exposures. As at 31 December 2016, the Bank's performing exposures amounted to € 21,702 million (2015: € 23,357 million).

'Unlikely to pay' category refers to exposures where a borrower's ability to repay his credit obligations in full without realization of collateral is assessed as unlikely, regardless the existence of any past due amounts or the number of days past due.

The following tables present the total gross amount, representing the maximum exposure to credit risk gross of impairment allowance, of loans and advances that are classified as non-impaired (i.e. 'neither past due nor impaired' and 'past due but not impaired') and those classified as impaired. They also present the total impairment allowance recognized in respect of all loans and advances, analyzed into individually or collectively assessed, based on how the respective impairment allowance has been determined, the total net amount, as well as the value of collateral held to mitigate credit risk.

For credit risk management purposes, the Public Sector, which includes exposures to the central government, local authorities, state-linked companies and entities controlled and fully or partially owned by the state, is incorporated in wholesale lending.

In addition, the value of collateral presented in the tables below is capped to the respective gross loan amount.

	31 December 2016								
	Non impaired		**Impaired**			**Impairment allowance**			
	Neither past due nor impaired € million	**Past due but not impaired € million**	**Individually assessed € million**	**Collectively assessed € million**	**Total gross amount € million**	**Individually assessed € million**	**Collectively assessed € million**	**Total net amount € million**	**Value of collateral € million**
Retail Lending	**11,107**	**2,484**	**227**	**13,702**	**27,520**	**(88)**	**(6,506)**	**20,926**	**16,218**
- Mortgage	*8,014*	*1,726*	*187*	*6,171*	16,098	*(72)*	*(2,080)*	*13,946*	*12,430*
- Consumer	*948*	*276*	-	*2,687*	3,911	-	*(2,164)*	*1,747*	*120*
- Credit card	*538*	*43*	-	*567*	1,148	-	*(408)*	*740*	*32*
- Small business	*1,607*	*439*	*40*	*4,277*	6,363	*(16)*	*(1,854)*	*4,493*	*3,636*
Wholesale Lending	**6,839**	**714**	**6,581**	**-**	**14,134**	**(3,577)**	**(125)**	**10,432**	**6,195**
- Large corporate	*5,369*	*575*	*2,811*	-	*8,755*	*(1,636)*	*(74)*	*7,045*	*3,570*
- SMEs	*1,470*	*139*	*3,770*	-	*5,379*	*(1,941)*	*(51)*	*3,387*	*2,625*
Public Sector	**558**	**-**	**0**	**-**	**558**	**(0)**	**(8)**	**550**	**4**
- Greece	*558*	-	*0*	-	*558*	*(0)*	*(8)*	*550*	*4*
Total	**18,504**	**3,198**	**6,808**	**13,702**	**42,212**	**(3,665)**	**(6,639)**	**31,908**	**22,417**

	31 December 2015								
	Non impaired		Impaired			Impairment allowance			
	Neither past due nor impaired € million	Past due but not impaired € million	Individually assessed € million	Collectively assessed € million	Total gross amount € million	Individually assessed € million	Collectively assessed € million	Total net amount € million	Value of collateral € million
Retail Lending	12,079	3,219	189	12,656	28,143	(63)	(6,425)	21,655	17,268
- Mortgage	*8,884*	*2,217*	*143*	*5,325*	*16,569*	*(48)*	*(2,029)*	*14,492*	*13,378*
- Consumer	*1,007*	*381*	-	*2,576*	*3,964*	-	*(2,000)*	*1,964*	*116*
- Credit card	*533*	*52*	-	*589*	*1,174*	-	*(455)*	*719*	*34*
- Small business [(1)]	*1,655*	*569*	*46*	*4,166*	*6,436*	*(15)*	*(1,941)*	*4,480*	*3,740*
Wholesale Lending	6,150	1,414	6,958	-	14,522	(3,737)	(131)	10,654	6,271
- Large corporate	*4,830*	*1,118*	*4,803*	-	*10,751*	*(2,887)*	*(82)*	*7,782*	*4,333*
- SMEs	*1,320*	*296*	*2,155*	-	*3,771*	*(850)*	*(49)*	*2,872*	*1,938*
Public Sector	672	0	0	-	672	(0)	(7)	665	2
- Greece	*672*	*0*	*0*	-	*672*	*(0)*	*(7)*	*665*	*2*
Total	18,901	4,633	7,147	12,656	43,337	(3,800)	(6,563)	32,974	23,541

[(1)] In respect of SBB category, the denounced loans and their respective impairment allowance have been classified within the collectively assessed portfolio. Comparative information has been adjusted accordingly; in particular, balances of denounced loans amounting to € 2,465 million and their respective impairment allowance amounting to € 1,330 million have been presented within the collectively assessed portfolio.

Loans and advances neither past due nor impaired

The Bank's internal rating systems monitor individually significant exposures based on a variety of quantitative and qualitative factors. For exposures classified as neither past due nor impaired, loans to wholesale customers are segregated into strong, satisfactory and watch list categories, while small business and mortgage loans that are assessed individually are generally segregated into satisfactory and watch list. The rest of the retail exposures that are not assessed individually, the credit quality of which is not rated but is based on their delinquency status, are classified as satisfactory.

The following tables present the risk classification of loans and advances that are neither past due nor impaired:

	31 December 2016				
	Strong € million	Satisfactory (risk) € million	Watch list (higher risk) € million	Total neither past due nor impaired € million	Value of collateral € million
Retail Lending	**-**	**11,107**	**-**	**11,107**	**7,899**
- Mortgage	-	*8,014*	-	*8,014*	*6,835*
- Consumer	-	*948*	-	*948*	-
- Credit card	-	*538*	-	*538*	-
- Small business	-	*1,607*	-	*1,607*	*1,064*
Wholesale Lending	**5,304**	**1,406**	**129**	**6,839**	**3,046**
- Large corporate	*4,403*	*872*	*94*	*5,369*	*2,220*
- SMEs	*901*	*534*	*35*	*1,470*	*826*
Public Sector	**436**	**122**	**-**	**558**	**4**
- Greece	*436*	*122*	-	*558*	*4*
Total	**5,740**	**12,635**	**129**	**18,504**	**10,949**

	31 December 2015				
	Strong € million	Satisfactory (risk) € million	Watch list (higher risk) € million	Total neither past due nor impaired € million	Value of collateral € million
Retail Lending	0	12,079	-	12,079	8,718
- Mortgage	-	*8,884*	-	*8,884*	*7,672*
- Consumer	-	*1,007*	-	*1,007*	-
- Credit card	-	*533*	-	*533*	-
- Small business	*0*	*1,655*	-	*1,655*	*1,046*
Wholesale Lending	4,750	1,290	110	6,150	2,448
- Large corporate	*3,886*	*880*	*64*	*4,830*	*1,726*
- SMEs	*864*	*410*	*46*	*1,320*	*722*
Public Sector	585	87	-	672	2
- Greece	*585*	*87*	-	*672*	*2*
Total	5,335	13,456	110	18,901	11,168

Loans and advances past due but not impaired

The following tables present the ageing analysis of past due but not impaired loans and advances by product line at their gross amounts before any impairment allowance:

	31 December 2016							
	Retail lending				Wholesale lending		Public sector	Total past due but not impaired
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	€ million
up to 29 days	**1,391**	**229**	**32**	**322**	**397**	**55**	**-**	**2,426**
30 to 59 days	**252**	**36**	**8**	**65**	**50**	**34**	**-**	**445**
60 to 89 days	**83**	**11**	**3**	**52**	**128**	**50**	**-**	**327**
Total	**1,726**	**276**	**43**	**439**	**575**	**139**	**-**	**3,198**
Value of collateral	**1,375**	**-**	**-**	**268**	**241**	**92**	**-**	**1,976**

	31 December 2015							
	Retail lending				Wholesale lending		Public sector	Total
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	past due but not impaired € million
up to 29 days	1,621	291	36	325	596	149	0	3,018
30 to 59 days	302	55	10	134	146	32	-	679
60 to 89 days	169	35	6	110	376	115	-	811
90 to 179 days	125	-	-	-	-	-	-	125
Total	2,217	381	52	569	1,118	296	0	4,633
Value of collateral	1,804	-	-	356	648	161	-	2,969

Impaired loans and advances

The following tables present the movement of impaired loans and advances by product line:

	31 December 2016							
	Retail lending				Wholesale lending		Public sector	Total
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	impaired € million
Balance at 31 December 2015	**5,468**	**2,576**	**589**	**4,212**	**4,803**	**2,155**	**-**	**19,803**
Transfers among product lines	-	-	-	0	(1,774)	1,775	(0)	**1**
Balance at 1 January	**5,468**	**2,576**	**589**	**4,212**	**3,029**	**3,930**	**(0)**	**19,804**
Impairment exposures for the year	1,248	279	18	448	322	138	0	**2,453**
Transferred to non-impaired	(370)	(146)	(37)	(310)	(183)	(56)	-	**(1,102)**
Repayments	(26)	(22)	(3)	(50)	(54)	(57)	-	**(212)**
Amounts written off	(14)	(2)	(0)	(11)	(188)	(187)	-	**(402)**
Disposals	-	-	-	-	(126)	-	-	**(126)**
Foreign exchange differences and other movements	52	2	0	28	11	2	-	**95**
Balance at 31 December	**6,358**	**2,687**	**567**	**4,317**	**2,811**	**3,770**	**0**	**20,510**
Cumulative impairment allowance	**(1,973)**	**(2,066)**	**(391)**	**(1,830)**	**(1,635)**	**(1,941)**	**(0)**	**(9,836)**
Net balance at 31 December	**4,385**	**621**	**176**	**2,487**	**1,176**	**1,829**	**0**	**10,674**

	31 December 2015							
	Retail lending				Wholesale lending		Public sector	
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	Total impaired € million
Balance at 31 December 2014	4,182	2,289	567	3,782	4,748	1,689	0	17,257
Transfers among product lines	-	-	-	-	2	(2)	-	-
Balance at 1 January	4,182	2,289	567	3,782	4,750	1,687	0	17,257
Impairment exposures for the year	1,300	387	43	488	170	534	(0)	2,922
Transferred to non-impaired	(116)	(81)	(16)	(85)	(38)	(38)	-	(374)
Repayments	(20)	(21)	(6)	(42)	(56)	(10)	-	(155)
Amounts written off	(0)	(0)	(0)	-	(76)	(19)	-	(95)
Foreign exchange differences and other movements	122	2	1	69	53	1	-	248
Balance at 31 December	5,468	2,576	589	4,212	4,803	2,155	-	19,803
Cumulative impairment allowance	(1,811)	(1,937)	(449)	(1,874)	(2,859)	(850)	-	(9,780)
Net balance at 31 December	3,657	639	140	2,338	1,944	1,305	-	10,023

The following tables present the ageing analysis of impaired loans and advances by product line at their amounts net of any impairment allowance, as well as the value of collaterals held to mitigate credit risk.

For legally denounced loans, the Bank ceases to monitor the delinquency status and therefore the respective balances have been included in the ‘over 360 days’ time band, with the exception of consumer exposures which continue to be monitored up to 360 days past due.

	31 December 2016							
	Retail lending				Wholesale lending		Public sector	
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	Total impaired € million
up to 29 days	**1,186**	**163**	**3**	**675**	**714**	**460**	**-**	**3,201**
30 to 59 days	**194**	**30**	**0**	**76**	**3**	**5**	**-**	**308**
60 to 89 days	**127**	**6**	**0**	**82**	**68**	**58**	**-**	**341**
90 to 179 days	**215**	**18**	**2**	**98**	**44**	**35**	**-**	**412**
180 to 360 days	**238**	**16**	**3**	**98**	**54**	**45**	**-**	**454**
more than 360 days	**2,425**	**388**	**168**	**1,458**	**293**	**1,226**	**-**	**5,958**
Total	**4,385**	**621**	**176**	**2,487**	**1,176**	**1,829**	**-**	**10,674**
Value of collateral	**4,220**	**120**	**32**	**2,304**	**1,109**	**1,707**	**-**	**9,492**

	31 December 2015							
	Retail lending				Wholesale lending		Public sector	
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	Total impaired € million
up to 29 days	678	95	2	374	473	264	-	1,886
30 to 59 days	145	20	0	83	13	3	-	264
60 to 89 days	87	12	0	90	416	173	-	778
90 to 179 days	238	41	7	157	69	82	-	594
180 to 360 days	288	39	8	131	76	91	-	633
more than 360 days	2,221	432	123	1,503	897	692	-	5,868
Total	3,657	639	140	2,338	1,944	1,305	-	10,023
Value of collateral	3,902	116	34	2,338	1,959	1,055	-	9,404

(b) Collaterals and repossessed assets

Collaterals

The Loan-to-Value (LTV) ratio of the mortgage lending reflects the gross loan exposure at the balance sheet date over the market value of the property held as collateral.

The LTV ratio of the mortgage portfolio is presented below:

	2016 € million	2015 € million
Mortgages		
Less than 50%	**3,250**	3,789
50%-70%	**2,119**	2,438
71%-80%	**1,084**	1,206
81%-90%	**985**	1,094
91%-100%	**961**	1,050
101%-120%	**1,765**	1,875
121%-150%	**2,214**	2,183
Greater than 150%	**3,720**	2,934
Total exposure	**16,098**	16,569
Average LTV	**103.38%**	95.32%

The breakdown of collateral and guarantees is presented below:

	31 December 2016				
	Value of collateral received				Guarantees received
	Real Estate € million	Financial € million	Other € million	Total € million	€ million
Retail Lending	**15,822**	**188**	**208**	**16,218**	**138**
Wholesale Lending [1]	**3,019**	**129**	**3,047**	**6,195**	**170**
Public sector	**2**	**2**	**0**	**4**	**8**
Total	**18,843**	**319**	**3,255**	**22,417**	**316**

	31 December 2015				
	Value of collateral received				Guarantees received
	Real Estate € million	Financial € million	Other € million	Total € million	€ million
Retail Lending	16,834	198	236	17,268	162
Wholesale Lending [1]	3,021	210	3,040	6,271	137
Public sector	-	2	0	2	18
Total	19,855	410	3,276	23,541	317

[1] *Other collaterals include assigned receivables, equipment, inventories, vessels, etc.*

Repossessed assets

The Bank recognizes collateral assets on the balance sheet by taking possession usually through legal processes or by calling upon other credit enhancements. The main type of collateral that the Bank repossesses against repayment or reduction of the outstanding loan is real estate, which is recognized within repossessed assets and carried at the lower of cost or net realizable value (see also notes 2.18 and 30). In cases where the Bank makes use of repossessed properties as part of its operations, they are classified as own-used or investment properties, as appropriate (notes 2.7, 27 and 28).

The following tables present a summary of collaterals that the Bank took possession, and were recognized as repossessed assets, as well as the net gains/ (losses) arising from the sale of such assets in the year:

	31 December 2016						
	Gross amount € million	Of which: added this year € million	Accumulated impairment € million	Of which: arising this year € million	Net amount € million	Net Sale Price € million	Net gain/ (loss) on sale € million
Real estate auction items	**360**	**3**	**(88)**	**(4)**	**272**	**19**	**(3)**
- Residential	*252*	*1*	*(61)*	*(4)*	*191*	*14*	*(2)*
- Commercial	*108*	*2*	*(27)*	*(0)*	*81*	*5*	*(1)*

	31 December 2015						
	Gross amount € million	Of which: added this year € million	Accumulated impairment € million	Of which: arising this year € million	Net amount € million	Net Sale Price € million	Net gain/ (loss) on sale € million
Real estate auction items	389	19	(84)	(32)	305	5	(1)
- Residential	*272*	*15*	*(57)*	*(24)*	*215*	*5*	*(1)*
- Commercial	*117*	*4*	*(27)*	*(8)*	*90*	*0*	*0*

There are no properties classified as investment property or own used, as a result of repossession or transfer from repossessed properties categories in 2016 and 2015.

(c) Geographical and industry concentrations of loans and advances to customers

As described above in note 7.2.1, the Bank holds diversified portfolios across markets and countries and implements limits on concentrations arising from the geographical location or the activity of groups of borrowers that could be similarly affected by changes in economic or other conditions, in order to mitigate credit risk.

The following tables break down the Bank's exposure into loans and advances to customers at their gross amounts, impaired loans and advances and impairment allowance by product line, industry and geographical region:

	31 December 2016								
	Greece			Rest of Europe			Other Countries		
	Gross amount	Out of which: impaired amount	Impairment allowance	Gross amount	Out of which: impaired amount	Impairment allowance	Gross amount	Out of which: impaired amount	Impairment allowance
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Retail Lending	**27,520**	**13,929**	**(6,594)**	**-**	**-**	**-**	**-**	**-**	**-**
-Mortgage	*16,098*	*6,358*	*(2,152)*	-	-	-	-	-	-
-Consumer	*3,911*	*2,687*	*(2,164)*	-	-	-	-	-	-
-Credit card	*1,148*	*567*	*(408)*	-	-	-	-	-	-
-Small business	*6,363*	*4,317*	*(1,870)*	-	-	-	-	-	-
Wholesale Lending	**12,564**	**5,893**	**(3,171)**	**639**	**517**	**(402)**	**931**	**171**	**(129)**
-Commerce and services	*6,689*	*3,074*	*(1,941)*	*314*	*219*	*(177)*	*185*	*105*	*(98)*
-Manufacturing	*2,401*	*1,006*	*(485)*	*49*	*48*	*(47)*	-	-	-
-Shipping	*103*	*43*	*(18)*	*97*	*80*	*(63)*	*745*	*65*	*(31)*
-Construction	*1,780*	*1,117*	*(571)*	*164*	*155*	*(105)*	*1*	*1*	*(0)*
-Tourism	*1,306*	*643*	*(145)*	-	-	-	-	-	-
-Energy	*283*	*8*	*(10)*	*4*	*4*	*(4)*	-	-	-
-Other	*2*	*2*	*(1)*	*11*	*11*	*(6)*	-	-	-
Public Sector	**558**	**0**	**(8)**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**40,642**	**19,822**	**(9,773)**	**639**	**517**	**(402)**	**931**	**171**	**(129)**

	31 December 2015								
	Greece			Rest of Europe			Other Countries		
	Gross amount	Out of which: impaired amount	Impairment allowance	Gross amount	Out of which: impaired amount	Impairment allowance	Gross amount	Out of which: impaired amount	Impairment allowance
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Retail Lending	28,142	12,844	(6,487)	-	-	-	1	1	(1)
-Mortgage	*16,569*	*5,468*	*(2,077)*	-	-	-	-	-	-
-Consumer	*3,963*	*2,575*	*(1,999)*	-	-	-	*1*	*1*	*(1)*
-Credit card	*1,174*	*589*	*(455)*	-	-	-	-	-	-
-Small business	*6,436*	*4,212*	*(1,956)*	-	-	-	-	-	-
Wholesale Lending	13,054	6,257	(3,341)	637	525	(392)	831	176	(135)
-Commerce and services	*6,991*	*3,320*	*(1,960)*	*423*	*335*	*(283)*	*227*	*138*	*(120)*
-Manufacturing	*2,759*	*1,191*	*(664)*	*5*	*5*	*(5)*	-	-	-
-Shipping	*113*	*51*	*(24)*	*26*	*12*	*(1)*	*594*	*28*	*(8)*
-Construction	*1,761*	*1,078*	*(535)*	*172*	*162*	*(97)*	*3*	*3*	*(0)*
-Tourism	*1,162*	*605*	*(126)*	-	-	-	-	-	-
-Energy	*257*	*8*	*(10)*	-	-	-	-	-	-
-Other	*11*	*4*	*(22)*	*11*	*11*	*(6)*	*7*	*7*	*(7)*
Public Sector	672	0	(7)	-	-	-	-	-	-
Total	41,868	19,101	(9,835)	637	525	(392)	832	177	(136)

(d) Forbearance practices on lending activities

Modifications of the loans' contractual terms may arise due to various factors, such as changes in market conditions, customer retention and other factors as well as due to the potential deterioration in the borrowers' financial condition. As a consequence of the current macroeconomic environment, the Bank has employed a range of forbearance options in order to enhance the management of customer relationships and the effectiveness of collection efforts, as well as to improve the recoverability of cash flows and minimize losses for both retail and wholesale portfolios.

Forbearance practices' classification

Forbearance practices as monitored and reported by the Bank, based on European Banking Authority Implementing Technical Standards (EBA ITS) guidelines, occur only in the cases where the contractual payment terms of a loan have been modified, as the borrower is considered unable to comply with the existing loan's terms due to apparent financial difficulties, and the Bank grants a concession by providing more favorable terms and conditions that it would not otherwise consider had the borrower not been in financial difficulties.

All other types of modifications granted by the Bank, where there is no apparent financial difficulty of the borrower and may be driven by factors of a business nature are not classified as forbearance measures.

Forborne loans are classified either as impaired or non-impaired by assessing their delinquency and credit quality status at the date when forbearance measures were granted as well as at each reporting date.

Impaired loans enter initially a probation period of one year where the borrowers' payment performance is closely monitored. If, at the end of the abovementioned period, the borrowers have complied with the terms of the program and there are no past due amounts and concerns regarding the loans' full repayment, the loans are then reported as non-impaired. In addition, non-impaired loans, including those that were previously classified as impaired and complied with the terms of the program, are monitored over a period of two years. If, at the end of that period, the borrowers have made regular payments of a significant amount, there are no past due amounts over 30 days and the loans are not impaired, the loans exit forborne status.

Particularly, the category of impaired loans includes those that (a) at the date when forbearance measures were granted, were more than 90 dpd or assessed as unlikely to pay, (b) at the end of the one year probation period met the criteria of entering the non impaired status and during the two years monitoring period new forbearance measures were extended or became more than 30 days past due, and (c) were initially classified as non impaired and during the two years monitoring period met the criteria for entering the impaired status.

Additionally, the non-impaired retail loans are classified as either 'neither past due nor impaired' or 'past due but not impaired' based on their delinquency status at the reporting date while for wholesale exposures' classification both the borrowers' rating and delinquency status are assessed.

Furthermore, forborne loans that fail to perform under the new modified terms and are subsequently denounced cease to be monitored as part of the Bank's forbearance activities and are reported as denounced impaired loans consistently with the Bank's management and monitoring of all denounced loans.

Forbearance programs

Forbearance programs are granted following an assessment of the borrower's ability and willingness to repay and can be of a short or longer term nature. The objective is to assist financially stressed borrowers by rearranging their repayment cash outflows into a sustainable modification, and at the same time, protect the Bank from suffering credit losses. The Bank deploys targeted segmentation strategies with the objective to tailor different short or long term and sustainable management solutions to selected groups of borrowers for addressing their specific financial needs.

The nature and type of forbearance options may include but is not necessarily limited to, one or more of the following:

- debt consolidations, whereby existing loan balances of the borrower are combined in a single loan;
- interest-only payments;
- grace period;
- capitalization of arrears whereby arrears are added to the principal balance;
- reduced payment plans;
- arrears repayment plan;
- loan term extensions;
- interest rate reduction;
- partial debt forgiveness;
- split balance (combination of forbearance options that mainly includes capitalization of arrears, loan term extensions and interest rate reduction); and
- debt to equity swaps.

Specifically for unsecured consumer loans (including credit cards), forbearance programs are applied mainly through debt consolidation whereby all existing consumer balances are pooled together. Debt consolidations are generally combined with other options (e.g. term extensions), to ensure a sufficient decrease on installment and a viable solution for the borrower. In selected cases, the debt consolidations may be combined with mortgage prenotations to convert unsecured lending exposures to secured ones.

In the case of mortgage loans, a decrease of installment may be achieved through forbearance measures such as extended payment periods, capitalization of arrears, split balance and reduced payment plans.

Wholesale exposures are subject to forbearance when there are indications of financial difficulties of the borrower, evidenced by a combination of factors including the deterioration of financials, credit rating downgrade, payment delays and other.

The Troubled Assets Group General Division (TAG) is the independent body, which has the overall responsibility for the management of the Group's troubled assets portfolio, including forborne loans, in alignment with the Bank of Greece Executive Committee Act 42/30.05.2014 as amended by Act No. 47/9.2.2015 and Act No. 102/ 30.08.2016. TAG ensures tight control and close monitoring of the effectiveness of the forbearance schemes and the performance of the portfolios under management. TAG also warrants the continuous improvement and adjustment of policies and procedures, by performing quality assurance reviews and by assessing and taking into account the macroeconomic developments, the regulatory and legal requirements and changes, international best practices, and any existing or new internal requirements.

TAG cooperates with Risk Management to reach a mutual understanding and develop an appropriate methodology for the evaluation of the risks inherent in every type of modification and delinquency bucket, per portfolio. Further information regarding TAG's structure and main responsibilities are provided in notes 7.2 and 7.2.1.

Impairment assessment

Where forbearance measures are extended, the Bank performs an assessment of the borrower's financial condition and its ability to repay, under the Bank's impairment policies, as described in notes 2.13 and 7.2.1. Specifically, the retail loans are segregated from other loan portfolios and the collective impairment assessment reflects the risk of higher losses, resulting in higher provision charges/coverage relative to non-modified loans. The impairment assessment of the wholesale exposures is performed on an individual basis taking into consideration various risk aspects (such as borrower's rating, financial position, adherence to the forbearance program and level of collaterals) and the respective impairment charge is calculated.

Debt for equity swaps

In wholesale portfolios, the Bank on occasion participates in debt for equity transactions as part of the businesses support process, as described in note 2.13. In 2016, as part of debt for equity forbearance measures the Bank acquired a minority shareholding of 2.79% of Selonda Aquaculture S.A., amounting to € 0.1 million related with the debt restructuring for DIAS Aquaculture S.A. Similarly, in 2015, the Bank acquired: (a) a minority shareholding of 10.39% of Selonda Aquaculture S.A., amounting to € 0.2 million and (b) a minority shareholding of 13.94% of Nireus Aquaculture S.A., amounting to € 2.8 million.

Loan derecognition

An existing loan whose terms have been modified may be derecognized and the forborne loan may be recognized as a new loan, when changes to the original contractual terms result in the forborne loan, being considered, as a whole, a substantially different financial asset. Examples of circumstances that will likely lead to de-recognition are described in note 2.13. Upon de-recognition, any difference between the old loan and the fair value of the new loan is recognized in the income statement. Impaired loans that are de-recognized as a result of forbearance measures continue to be classified as impaired until there is a sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and there are no other indicators of impairment.

The following table presents a summary of the types of the Bank's forborne activities:

	2016 € million	2015 € million
Forbearance measures:		
Split balance	**2,744**	326
Loan term extension	**1,831**	1,275
Reduced payment below interest owed	**1,657**	2,274
Reduced payment above interest owed	**803**	1,062
Arrears capitalisation	**732**	1,390
Interest rate reduction	**381**	135
Interest only	**111**	208
Arrears repayment plan	**105**	49
Grace period	**96**	85
Debt/equity swaps	**55**	49
Partial debt forgiveness/write-down	**34**	20
Operational restructuring	**5**	-
Other	**32**	27
Total net amount	**8,586**	6,900

The following table presents a summary of the credit quality of forborne loans and advances to customers:

	31 December 2016		
	Total loans & advances € million	Forborne loans & advances € million	% of Forborne loans & advances
Neither past due nor impaired	**18,504**	**3,164**	**17.1**
Past due but not impaired	**3,198**	**1,163**	**36.4**
Impaired	**20,510**	**6,304**	**30.7**
Total Gross Amount	**42,212**	**10,631**	**25.2**
Individual impairment allowance	**(3,665)**	**(500)**	**13.6**
Collective impairment allowance	**(6,639)**	**(1,545)**	**23.3**
Total Net amount	**31,908**	**8,586**	**26.9**
Collateral received	**22,417**	**6,355**	

	31 December 2015		
	Total loans & advances € million	Forborne loans & advances € million	% of Forborne loans & advances
Neither past due nor impaired	18,901	2,429	12.9
Past due but not impaired	4,633	1,230	26.5
Impaired	19,803	4,629	23.4
Total Gross Amount	43,337	8,288	19.1
Individual impairment allowance	(3,800)	(417)	11.0
Collective impairment allowance	(6,563)	(971)	14.8
Total Net amount	32,974	6,900	20.9
Collateral received	23,541	5,538	

The following table presents the movement of forborne loans and advances:

	2016 € million	2015 € million
Balance at 1 January	**6,900**	4,310
Forbearance measures in the year	**2,127**	2,883
Interest income	**196**	171
Repayment of loans (partial or total)	**(188)**	(86)
Loans & advances that exited forbearance status [(1)]	**(106)**	(161)
Impairment loss	**(371)**	(217)
Other	**28**	0
Net Balance at 31 December	**8,586**	6,900

[(1)] *A significant amount of loans and advances that exited forbearance status refers to denounced loans.*

The following table presents the Bank's exposure to forborne loans and advances by product line:

	2016 € million	2015 € million
Retail Lending	**7,368**	5,905
- Mortgage	*5,268*	*4,357*
- Consumer	*399*	*292*
- Credit card	*0*	*0*
- Small business	*1,701*	*1,256*
Wholesale Lending	**1,218**	995
-Large corporate	*460*	*545*
-SMEs	*758*	*450*
Total net amount	**8,586**	6,900

The following table presents the Bank's exposure to forborne loans and advances by geographical region:

	2016 € million	2015 € million
Greece	**8,488**	6,848
Rest of Europe	**52**	42
Other countries	**46**	10
Total net amount	**8,586**	6,900

7.2.1.3 Debt Securities

The following tables present an analysis of debt securities by rating agency designation at 31 December 2016 and 2015, based on Moody's ratings or their equivalent:

	31 December 2016				
	Trading securities € million	**Available-for-sale securities € million**	**Debt securities lending portfolio € million**	**Held-to-maturity securities € million**	**Total € million**
Aaa	**-**	**68**	**-**	**0**	**68**
Aa1 to Aa3	**-**	**-**	**6,843**	**53**	**6,896**
A1 to A3	**-**	**34**	**113**	**32**	**179**
Lower than A3	**5**	**2,557**	**1,137**	**41**	**3,740**
Unrated	**1**	**35**	**1**	**0**	**37**
Total	**6**	**2,694**	**8,094**	**126**	**10,920**

	31 December 2015				
	Trading securities € million	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Aaa	-	54	-	0	54
Aa1 to Aa3	-	-	10,042	50	10,092
A1 to A3	-	6	115	58	179
Lower than A3	13	3,025	1,071	41	4,150
Unrated	2	13	19	-	34
Total	15	3,098	11,247	149	14,509

Securities rated lower than A3 include: € 3,255 million related to Greek sovereign debt (2015: € 3,833 million), € 123 million related to Eurozone members sovereign debt (2015: € 100 million) and € 187 million related to sovereign debt issued mainly by European Union members and candidate members (2015: € 110 million).

The following tables present the Bank's exposure in debt securities, as categorized by counterparty's geographical region and industry sector:

	31 December 2016			
	Greece € million	**Other European countries € million**	**Other countries € million**	**Total € million**
Sovereign	**3,255**	**7,343**	**14**	**10,612**
Corporate	**100**	**183**	**25**	**308**
Total	**3,355**	**7,526**	**39**	**10,920**

	31 December 2015			
	Greece € million	Other European countries € million	Other countries € million	Total € million
Sovereign	3,833	10,420	-	14,253
Banks	1	-	-	1
Corporate	107	138	10	255
Total	3,941	10,558	10	14,509

7.2.1.4 Offsetting of financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

(a) are offset in the Bank's balance sheet according to IAS 32 'Financial Instruments: Presentation' criteria; or

(b) are subject to enforceable master netting arrangements or similar agreements that cover similar financial instruments, irrespective of whether they are offset in balance sheet.

Regarding the former, financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously (the offset criteria), as also set out in Bank's accounting policy 2.5.

Regarding the latter, the International Swaps and Derivatives Association (ISDA) and similar master netting arrangements do not meet the criteria for offsetting in the balance sheet, as they create a right of set-off that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events. In addition, the Bank and its counterparties may not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Similar agreements to ISDA include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, repos and reverse repos agreements and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not subject to this disclosure unless they are offset in the balance sheet.

The Bank has not offset any financial assets and liabilities as at 31 December 2016 and 2015, as the offset criteria mentioned above are not satisfied; thus, gross amounts of recognized financial assets and liabilities equal respective net amounts in the tables below.

Amounts that are not set off in the balance sheet, as presented below are subject to enforceable master netting arrangements and similar agreements and mainly relate to derivatives and repos.

In respect of these transactions, the Bank receives and provides collateral in the form of marketable securities and cash that are included in the tables below under columns 'financial instruments' and 'cash collateral' at their fair value.

	31 December 2016					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities offset in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral received € million	Net amount € million
Financial Assets						
Derivative financial instruments	1,960	-	1,960	(1,873)	(12)	75
Total	1,960	-	1,960	(1,873)	(12)	75

	31 December 2016					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial liabiltiies € million	Gross amounts of recognised financial assets offset in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral pledged € million	Net amount € million
Financial Liabilities						
Derivative financial instruments	2,443	-	2,443	(806)	(1,629)	8
Repurchase agreements with banks	10,007	-	10,007	(10,007)	-	-
Repurchase agreements with customers	53	-	53	(53)	-	-
Total	12,503	-	12,503	(10,866)	(1,629)	8

	31 December 2015					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities offset in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral received € million	Net amount € million
Financial Assets						
Derivative financial instruments	1,854	-	1,854	(1,777)	(25)	52
Total	1,854	-	1,854	(1,777)	(25)	52

	31 December 2015					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial liabiltiies € million	Gross amounts of recognised financial assets offset in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral pledged € million	Net amount € million
Financial Liabilities						
Derivative financial instruments	2,353	-	2,353	(795)	(1,524)	34
Repurchase agreements with banks	5,632	-	5,632	(5,577)	(55)	-
Repurchase agreements with customers	53	-	53	(53)	-	-
Total	8,038	-	8,038	(6,425)	(1,579)	34

Financial assets and financial liabilities are disclosed in the above tables at their recognized amounts, either at fair value (derivative assets and liabilities) or amortized cost (all other financial instruments), depending on the type of financial instrument.

7.2.2 Market risk

The Bank takes on exposure to market risk, which is the risk of potential financial loss due to an adverse change in market variables. Changes in interest rates, foreign exchange rates, credit spreads, equity prices and other relevant factors, such as the implied volatilities of the above, can affect the Bank's income or the fair value of its financial instruments. Specifically, the market risks the Bank is exposed to are the following:

(a) Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its cash flows and the fair value of its financial positions. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is further split into 'General' and 'Specific'. The former refers to changes in the fair valuation of positions due to the movements of benchmark interest rates, while the latter refers to changes in the fair valuation of positions due to the movements of specific issuer yields and credit spreads.

(b) Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

(c) Equity risk

Equity price risk is the risk of the decrease of fair values as a result of changes in the levels of equity indices and the value of individual stocks. The equity risk that the Bank undertakes arises mainly from the investment portfolio.

(d) Implied volatilities

The Bank carries limited implied volatility (vega) risk, mainly as a result of proprietary swaption positions.

The Board's Risk Committee sets limits on the level of exposure to market risks, which are monitored on a regular basis.

Market risk is managed and monitored using Value at Risk (VaR) methodology.

(i) VaR summary for 2016 and 2015

VaR is a methodology used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The VaR that the Bank measures is an estimate based upon a 99% confidence level and a holding period of 1 day and the methodology used for the calculation is Monte Carlo simulation (full re-pricing).

The VaR models are designed to measure market risk in a normal market environment. It is assumed that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to certain limitations. Given this, actual outcomes are monitored regularly, via back testing process, to test the validity of the assumptions and the parameters used in the VaR calculation.

Since VaR constitutes an integral part of the Bank's market risk control regime, VaR limits have been established for all (trading and investment portfolios) operations and actual exposure is reviewed daily by management. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements.

Average VaR by risk type (Trading and Investment portfolios [(1)])-Greece

	2016 **€ million**	2015 € million
Interest rate risk	**18**	38
Foreign Exchange Risk	**0**	0
Equities Risk	**2**	2
Total VaR	**18**	38

[(1)] *Interest rate volatility applied to all portfolios. Credit spread volatility applied to Trading and Available-for-sale positions.*

The aggregate VaR of the interest rate, foreign exchange and equities VaR benefits from diversification effects.

Interest Rate VaR takes into account the changes to the fair valuation of all the Bank's items that are attributable to movements in the interest rates. This includes loans and deposits (customers and interbank), Eurosystem funding and debt issued, as well as securities and derivatives held by the Bank. Despite the large relative size of the loan and deposit portfolio, Eurosystem funding and debt issued, its timing and amount matching, combined with the current level of interest rates, mean that the incremental contribution of these items to the Interest Rate VaR is not material. The largest portion of the Bank's Interest Rate VaR figures is attributable to the risk associated with interest rate sensitive securities and derivatives.

Interest rate exposure for the Bank's securities and derivatives portfolio can be analyzed into time bands as shown in the following tables:

	31 December 2016				
	Less than 1 month € million	1-3 months € million	3-12 months € million	1-5 years € million	More than 5 years € million
Financial instruments at fair value through profit or loss	**-**	**-**	**-**	**3**	**3**
Fixed coupon bonds	-	-	-	3	3
Investment securities	**413**	**971**	**7,132**	**806**	**1,514**
Fixed coupon bonds	261	802	302	806	1,514
Variable coupon bonds	152	169	6,830	-	-
Derivatives[(1)]	**512**	**(562)**	**879**	**(400)**	**(632)**

	31 December 2015				
	Less than 1 month € million	1-3 months € million	3-12 months € million	1-5 years € million	More than 5 years € million
Financial instruments at fair value through profit or loss	-	-	-	2	2
Fixed coupon bonds	-	-	-	2	2
Investment securities	509	1,333	10,585	864	938
Fixed coupon bonds	421	1,155	600	864	938
Variable coupon bonds	88	178	9,985	-	-
Derivatives[(1)]	163	(906)	1,317	(197)	(565)

[(1)] For linear interest rate derivatives, notional amounts are shown in the appropriate time band, aggregated across all currencies. For non-linear interest rate derivatives, delta equivalent notional amounts are shown in the appropriate time band, aggregated across all currencies.

(ii) Foreign exchange risk concentration

The following table presents the Bank's exposure to foreign currency exchange risk as at 31 December 2016 and 2015:

	31 December 2016							
	USD	CHF	RON	RSD	BGN	OTHER	EUR	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
ASSETS								
Cash and balances with central banks	6	1	-	-	-	3	361	371
Due from credit institutions	233	147	21	0	1	41	3,047	3,490
Financial instruments at fair value through profit or loss	1	-	-	-	-	0	7	8
Derivative financial instruments	13	2	0	-	-	0	1,970	1,985
Loans and advances to customers	914	3,864	0	-	0	29	27,101	31,908
Investment securities	129	0	1	0	-	2	10,879	11,011
Other assets[(1)]	1	1	227	221	138	37	8,484	9,109
Total Assets	1,297	4,015	249	221	139	112	51,849	57,882
LIABILITIES								
Due to central banks and credit institutions	990	2	0	0	0	8	23,995	24,995
Derivative financial instruments	21	0	(0)	-	0	0	2,427	2,448
Due to Customers	1,233	17	2	0	0	112	22,314	23,678
Debt securities in issue	0	-	-	-	-	-	60	60
Other Liabilities	12	0	-	-	-	0	516	528
Total Liabilities	2,256	19	2	0	0	120	49,312	51,709
Net on balance sheet position	(959)	3,996	247	221	139	(8)	2,537	6,173
Derivative forward foreign exchange position	962	(3,968)	(343)	-	(432)	44	3,727	(10)
Total Foreign Exchange Position	3	28	(96)	221	(293)	36	6,264	6,163

	31 December 2015							
	USD	CHF	RON	RSD	BGN	OTHER	EUR	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
ASSETS								
Cash and balances with central banks	7	1	-	-	-	3	386	397
Due from credit institutions	186	197	58	-	1	65	4,513	5,020
Financial instruments at fair value through profit or loss	1	-	-	-	-	-	16	17
Derivative financial instruments	19	2	-	-	-	-	1,860	1,881
Loans and advances to customers	780	3,950	-	-	-	34	28,210	32,974
Investment securities	60	-	1	-	-	2	14,522	14,585
Other assets[(1)]	7	1	282	221	83	37	8,577	9,208
Assets classified as held for sale	-	-	-	-	-	-	113	113
Total Assets	1,060	4,151	341	221	84	141	58,197	64,195
LIABILITIES								
Due to central banks and credit institutions	737	1	-	-	-	6	30,778	31,522
Derivative financial instruments	36	-	-	-	-	-	2,317	2,353
Due to Customers	924	20	2	-	-	115	21,741	22,802
Debt securities in issue	-	-	-	-	-	-	896	896
Other Liabilities	7	-	-	-	-	-	484	491
Total Liabilities	1,704	21	2	-	-	121	56,216	58,064
Net on balance sheet position	(644)	4,130	339	221	84	20	1,981	6,131
Derivative forward foreign exchange position	643	(4,126)	(367)	-	(377)	23	4,179	(25)
Total Foreign Exchange Position	(1)	4	(28)	221	(293)	43	6,160	6,106

[(1)] Other assets include Property, plant and equipment, Investment property, Intangible assets, Deferred tax assets and Other assets.

7.2.3 Liquidity risk

The Bank is exposed to daily calls on its available cash resources due to deposits withdrawals, maturity of medium or long term notes, maturity of secured or unsecured funding (interbank repos and money market takings), loan draw-downs and forfeiture of guarantees. Furthermore, margin calls on secured funding transactions (with ECB and the market), on risk mitigation contracts (CSAs, GMRAs) and on centrally cleared transactions (CCPs) result in liquidity exposure. The Bank maintains cash resources to meet all of these needs. The Board Risk Committee sets liquidity limits to ensure that sufficient funds are available to meet such contingencies.

Past experience shows that liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment. This is also the case with credit commitments where the outstanding contractual amount to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank.

Liquidity Risk Management Framework

The Bank’s Liquidity Risk Management Policy defines the following supervisory and control structure:

- Board Risk Committee's role is to approve all strategic liquidity risk management decisions and monitor the quantitative and qualitative aspects of liquidity risk;
- Group Assets and Liabilities Committee has the mandate to form and implement the liquidity policies and guidelines in conformity with Bank's risk appetite, and to review at least monthly the overall liquidity position of the Bank;
- Group Treasury is responsible for the implementation of the Bank's liquidity strategy, the daily management of the Bank’s liquidity and for the preparation and monitoring of the Bank’s liquidity budget; and
- Global Market and Counterparty Risk Sector is responsible for measuring, monitoring and reporting the liquidity of the Bank.

Additionally, as per BoG directive 50/08.09.2015, the Bank applies risk management policies, processes and controls regarding Asset Encumbrance. These policies, which are applicable in the specific Greek macro-economic environment, the Bank’s business model and market conditions on wholesale funding, integrate the Bank’s Asset Encumbrance strategies in its respective contingency funding plans.

The following list summarizes the main reports which are produced on a periodic basis:

(a) The regulatory liquidity gap report along with the regulatory liquidity ratios;
(b) Stress test scenarios. These scenarios evaluate the impact of a number of systemic stress events on the Bank's liquidity position;
(c) Report on market sensitivities affecting liquidity;
(d) Liquidity coverage ratios (LCR) estimation (Basel III new regulatory ratio); and
(e) Reporting on the Bank’s Asset Encumbrance.

Maturity analysis of assets and assets held for managing liquidity risk

The following tables present maturity analysis of Bank assets as at 31 December 2016 and 2015, based on their carrying values. Loans without contractual maturities are presented in the ‘less than 1 month’ time bucket. The Bank has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Under these contracts the Bank has posted or received collateral, which covers the corresponding net liabilities or net assets from derivative transactions. The collateral posted is not presented in the below tables. For derivative assets not covered by ISDA/CSA agreements the positive valuation is presented at fair value in the ‘over 1 year’ time bucket.

	31 December 2016				
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	Total € million
- Cash and balances with central banks	371	-	-	-	371
- Due from credit institutions	586	170	187	710	1,653
- Loans and advances to customers	3,451	344	1,927	26,186	31,908
- Debt Securities	77	519	768	9,556	10,920
- Equity Securities	-	-	-	99	99
- Derivative financial instruments	-	-	-	103	103
- Other assets[(1)]	3	5	21	9,080	9,109
Total	**4,488**	**1,038**	**2,903**	**45,734**	**54,163**

	31 December 2015				
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	Total € million
- Cash and balances with central banks	397	-	-	-	397
- Due from credit institutions	1,158	358	393	1,356	3,265
- Loans and advances to customers	5,288	300	2,273	25,113	32,974
- Debt Securities	426	1,150	591	12,342	14,509
- Equity Securities	-	-	-	93	93
- Derivative financial instruments	-	-	-	71	71
- Other assets[(1)]	3	5	21	9,179	9,208
- Assets classified as held for sale	-	-	-	113	113
Total	7,272	1,813	3,278	48,267	60,630

[(1)] *Other assets include Property, plant and equipment, Investment property, Intangible assets, Deferred tax assets and Other assets.*

The Bank holds a diversified portfolio of cash and high liquid assets to support payment obligations and contingent deposit withdrawals in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

(a) Cash and balances with central banks;

(b) Eligible bonds and other financial assets for collateral purposes; and

(c) Current accounts with banks and interbank placings maturing within one month.

Maturity analysis of liabilities

The amounts disclosed in the table below are the contractual undiscounted cash flows for the years 2016 and 2015. Liabilities without contractual maturities (sight and saving deposits) are presented in the ‘less than 1 month’ time bucket. The Bank has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Due to these contracts the Bank has already posted collateral which covers the valuation of its net liabilities from interbank derivatives. For derivative liabilities not covered by ISDA/CSA agreements the negative valuation is presented at fair value in the ‘less than 1 month’ time bucket.

It should be noted that this table represents the worst case scenario since it is based on the assumption that all liabilities will be paid earlier than expected (all term deposits are withdrawn at their contractual maturity). The recent experience shows that even in a period of a systemic financial crisis the likelihood of such an event is remote.

	31 December 2016				
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	Gross nominal (inflow)/ outflow € million
Non-derivative liabilities:					
- Due to credit institutions	23,552	1,131	131	211	25,025
- Due to customers	17,369	3,190	3,144	7	23,710
- EMTNs	-	11	4	49	64
- Other liabilities	62	102	363	-	527
	40,983	4,434	3,642	267	49,326
Derivative financial instruments:	14	-	-	-	14

Off-balance sheet items

	Less than 1 year € million	Over 1 year € million
Credit related commitments	597	841
Capital expenditure	21	-
Operating lease commitments	28	95
Total	646	936

	31 December 2015				
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	Gross nominal (inflow)/ outflow € million
Non-derivative liabilities:					
- Due to credit institutions	26,260	467	191	4,685	31,603
- Due to customers	17,678	2,977	1,987	187	22,829
- EMTNs	20	90	176	622	908
- Other liabilities	58	95	338	-	491
	44,016	3,629	2,692	5,494	55,831
Derivative financial instruments:	36	-	-	-	36

Off-balance sheet items

	Less than 1 year € million	Over 1 year € million
Credit related commitments	1,621	492
Capital expenditure	10	-
Operating lease commitments [(1)]	27	107
Total	1,658	599

[(1)] *For the year ended 31 December 2015, operating lease commitments have been adjusted by 4 million (note 42).*

The credibility of the Greek banking system was significantly improved during 2016, following the successful finalization of the first review of the Third Economic Adjustment Program, the ECB's decision for the reinstatement of the waiver for the instruments issued by the Hellenic Republic and the decrease of the haircuts applied for Pillar II guarantees, which gave the Bank the opportunity to reduce further its Pillar II issues (note 4).

The above positive developments resulted in an increase of the secured funding from credit institutions and to inflows from deposits, which along with the selective assets deleveraging (EFSF bonds sales, deleveraging of loans) and the utilization of part of foreign subsidiaries' liquidity surplus constituted the key factors for the significant decrease of the Bank's dependence from the Eurosystem by € 11.4 bn to € 13.9 bn at the end of December 2016 (the Bank's net funding from ECB and ELA stood at € 2.0 bn and € 11.9 bn respectively, 2015: ECB € 5.3 bn and ELA € 20 bn). As at 28 February 2017, the Eurosystem funding stood at € 14.1 bn, of which € 12.1 bn funding from ELA.

7.3 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 mainly unquoted equities or equities traded in markets that are not considered active, 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:

	31 December 2016			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Financial assets measured at fair value:				
Financial instruments held for trading	6	1	1	8
Derivative financial instruments	0	1,983	2	1,985
Available-for-sale investment securities	2,746	0	45	2,791
Total financial assets	**2,752**	**1,984**	**48**	**4,784**
Financial liabilities measured at fair value:				
Derivative financial instruments	0	2,448	-	2,448
Due to customers:				
- Structured deposits	-	4	-	4
Trading liabilities	3	-	-	3
Total financial liabilities	**3**	**2,452**	**-**	**2,455**

	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. There were no transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the year ended 31 December 2016.

During the year ended 31 December 2016, equity instruments of € 13 million were transferred from Level 1 to Level 3, as their market was not considered active and their measurement was based on valuation techniques with significant unobservable inputs.

In the same period, following the Bank's assessment on the significance of the CVA adjustment to the entire fair value measurement of OTC derivative financial instruments, calculated based on internal rating models, the Bank transferred an amount of (a) € 19 million from Level 3 to Level 2 and (b) € 1 million from Level 2 to Level 3.

Reconciliation of Level 3 fair value measurements

	2016	2015
	€ million	€ million
Balance at 1 January	**63**	45
Transfers into Level 3	**14**	25
Transfers out of Level 3	**(19)**	(1)
Additions, net of disposals and redemptions	**7**	5
Total gain/(loss) for the year included in profit or loss	**(9)**	(13)
Total gain/(loss) for the year included in other comprehensive income	**(9)**	0
Foreign exchange differences and other	**1**	2
Balance at 31 December	**48**	63

The € 9 million loss for the year ended 31 December 2016 is presented in line 'Other impairment losses and provisions' (2015: Of the total loss of € 13 million, € 6 million were presented in line 'Other impairment losses and provisions' and € 7 million in line 'Net trading income').

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 fair value hierarchy categorization of the Bank’s financial assets and liabilities not carried at fair value on the balance sheet is presented in the following tables:

	31 December 2016				
	Level 1 € million	Level 2 € million	Level 3 € million	Fair value € million	Carrying amount € million
Loans and advances to customers	-	-	31,970	31,970	31,908
Investment securities					
- Debt securities lending portfolio	221	7,402	-	7,623	8,094
- Held to maturity securities	-	117	-	117	126
Total financial assets	**221**	**7,519**	**31,970**	**39,710**	**40,128**
Debt securities in issue held by third party investors	-	36	-	36	43
Total financial liabilities	**-**	**36**	**-**	**36**	**43**

	31 December 2015				
	Level 1 € million	Level 2 € million	Level 3 € million	Fair value € million	Carrying amount € million
Loans and advances to customers	-	-	33,019	33,019	32,974
Investment securities					
- Debt securities lending portfolio	206	10,758	-	10,964	11,247
- Held to maturity securities	-	135	-	135	149
Total financial assets	206	10,893	33,019	44,118	44,370
Debt securities in issue held by third party investors	-	32	-	32	42
Total financial liabilities	-	32	-	32	42

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; and

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.

8. Net interest income

	2016 € million	2015 € million
Interest income		
Customers	**1,362**	1,481
Banks	**40**	62
Securities [1]	**146**	182
Derivatives	**307**	303
	1,855	2,028
Interest expense		
Customers	**(129)**	(264)
Banks	**(340)**	(443)
Debt securities in issue	**(5)**	(16)
Derivatives	**(296)**	(304)
	(770)	(1,027)
Total	**1,085**	1,001

[1] *The interest income from trading securities included is immaterial for the year ended 31 December 2016 and 2015.*

Interest Income recognized by quality of Loans and Advances and Product Line is further analyzed below:

	31 December 2016		
	Interest income on non-impaired loans and advances € million	**Interest income on impaired loans and advances € million**	**Total € million**
Retail lending	**538**	**306**	**844**
Wholesale lending[1]	**362**	**156**	**518**
Total interest income from customers	**900**	**462**	**1,362**

	31 December 2015		
	Interest income on non-impaired loans and advances € million	Interest income on impaired loans and advances € million	Total € million
Retail lending	661	252	913
Wholesale lending[1]	388	180	568
Total interest income from customers	1,049	432	1,481

[1] *Including interest income on loans and advances to Public Sector.*

The unwinding of the discount of the impairment allowance (note 24) amounting to € 267 million (retail lending € 187 million and wholesale lending € 80 million) is included in interest income on impaired loans and advances to customers (2015: retail lending € 171 million and wholesale lending € 82 million).

9. Net banking fee and commission income

	2016 € million	2015 € million
Lending related fees and commissions	**88**	79
Mutual funds and assets under management related fees	**19**	24
Capital markets related fees	**8**	4
Other fees [(1)]	**(7)**	(47)
Total	**108**	60

[(1)] *For the year ended 31 December 2016, the increase of other fees is mainly attributed to the reduction of the Pillar II issues and the related fees.*

10. Dividend income

During the year, the Bank recognized dividend income mainly resulting from shares in subsidiaries amounting to € 62 million (2015: € 369 million).

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

	2016 € million	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
Eurobank Private Bank Luxembourg S.A.	**20**	-
Grivalia Properties R.E.I.C.	**6**	6
Eurobank Asset Management Mutual Fund Management Company S.A.	**-**	2
Other (including AFS and trading portfolio)	**2**	2
Total	**62**	369

11. Net trading income and gains less losses from investment securities

	2016 € million	2015 € million
Debt securities and other financial instruments (note 25)	**83**	51
Equity securities (note 25)	**38**	3
Gains/(losses) on derivative financial instruments	**(11)**	(20)
Revaluation on foreign exchange positions	**8**	5
Total	**118**	39

12. Operating expenses

	2016 € million	2015 € million
Staff costs (note 13)	**(386)**	(373)
Administrative expenses	**(164)**	(167)
Contributions to resolution and deposit guarantee funds	**(58)**	(83)
Depreciation of property, plant and equipment	**(24)**	(27)
Amortisation of intangible assets	**(14)**	(15)
Operating lease rentals	**(41)**	(44)
Total	**(687)**	(709)

Contributions to resolution and deposit guarantee funds

In 2016, the Single Resolution Mechanism (SRM), which implements the EU-wide Bank Recovery and Resolution Directive (BRRD) in the euro area, became fully operational. The SRM provides that the Single Resolution Fund (SRF) will be built up over a period of eight years with 'ex-ante' contributions from the banking industry, which may include irrevocable payment commitments up to 30% of the total amount of contributions (note 43).

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.

For the year ended 31 December 2016, the contributions to the resolution and deposit guarantee funds, amounted to € 58 million (2015: € 71 million), of which € 20 million (2015: € 30 million) related to the Bank's contribution to SRF. Additionally, for the year ended 2015 an amount of € 12 million has been recognized in the income statement related to the Bank's supplementary contribution for the funding of resolution measures for 'Panellinia Bank S.A.'.

External Auditors

The Bank has adopted a Policy on External Auditors' Independence which provides amongst others, for the definition of the permitted and non-permitted services the Bank auditors may provide further to the statutory audit. For any such services to be assigned to the Bank's auditors there are specific controlling mechanisms in order for the Bank's Audit Committee to ensure there is proper balance between audit and non-audit work.

The fees charged by the Bank's independent auditor 'PricewaterhouseCoopers Certified Auditors' for audit and other services provided are analyzed as follows:

	2016 **€ million**	2015 € million
Statutory audit	**(1.1)**	(1.2)
Tax audit-article 65a, law 4174/2013	**(0.2)**	(0.2)
Other audit related assignments	**(0.2)**	(0.5)
Non audit assignments	**(0.6)**	(0.3)
Total	**(2.1)**	(2.2)

Note: For the year ended 31 December 2015, Other audit related fees mainly refer to assignments for the Bank's share capital increase.

Post balance sheet event

According to the provisions of Law 4449/2017 and following relevant proposal of the Audit Committee, the Board of Directors (BoD) at its meeting on 24 February 2017 approved KPMG Certified Auditors A.E. (KPMG) being the successful audit firm of the tendering process for conducting the statutory audit of the Bank's financial statements for the period 2018-2022, subject to preceding every year both the BoD's proposal addressed to the Bank's Shareholders' General Meeting and the decision of the General Meeting for the appointment of KPMG as statutory auditor for the period 2018-2022, as well as receiving any other necessary approvals each time in force.

13. Staff costs

	2016 € million	2015 € million
Wages, salaries and performance remuneration	**(271)**	(266)
Social security costs	**(68)**	(66)
Additional pension and other post employment costs	**(11)**	(11)
Other	**(36)**	(30)
Total	**(386)**	(373)

The average number of employees of the Bank during the year was 8,882 (2015: 9,083). As at 31 December 2016, the number of branches of the Bank amounted to 463.

14. Other impairments, restructuring costs and provisions

	2016 € million	2015 € million
Impairment losses and valuation losses on investment and repossessed properties	**(16)**	(41)
Other impairment losses and provisions [(1)]	**(17)**	(1)
Other impairment losses and provisions	**(33)**	(42)
Provision for Voluntary Exit Scheme (note 35)	**(39)**	(62)
Other restructuring costs	**(8)**	(9)
Other expenses	**-**	(5)
Restructuring costs	**(47)**	(76)
Total	**(80)**	(118)

[(1)] *Includes impairment losses/reversals on bonds, equity securities, other assets and provisions on litigations and other operational risk events.*

For the year ended 31 December 2016, the Bank recognized € 16 million impairment and valuation losses on investment and repossessed properties, after considering the macroeconomic conditions and the persistent decline in real estate market prices in Greece.

As at 31 December 2016, the Bank has recognized expenses amounting to € 8 million associated with its Non-Performing Exposures management operations, the further rationalization of its branch network and the restructuring of its international activities. As at 31 December 2015, the Bank has recognized restructuring expenses amounting to € 9 million, mainly relating to the closing of branches in the framework of its network rationalization in Greece.

As at 31 December 2016, restructuring costs included depreciation/write-offs of € 2 million (2015: € 3 million).

As at 31 December 2015, the Bank has recognized other expenses amounting to € 5 million, mainly relating to the diagnostic reviews of the Greek portfolio and the loan book of the Bank's major foreign subsidiaries, in the context of Greek banks' capital needs assessments conducted in 2014.

15. Income tax and tax adjustments

	2016 € million	2015 € million
Current tax	**(7)**	(8)
Deferred tax (note 16)	**30**	679
Income tax	**23**	671
Change in nominal tax rate	**-**	432
Tax adjustments	**31**	-
Total tax (charge)/income	**54**	1,103

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. This tax rate change resulted in an increase of net deferred tax asset by € 509 million as at 31 December 2015, out of which € 490 million have been recorded in the income statement, and € 19 million directly in equity (including Other Comprehensive Income-OCI). In particular, € 432 million of the € 490 million that have been recorded in the income statement refer to the effect of the change in tax rate applied on previous years deductible temporary differences as well as on unused tax losses and the remaining € 58 million represent the effect of the change in tax rates applied on deductible temporary differences and unused tax losses that have arisen in the first half of 2015.

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.

Furthermore, during the year ended 31 December 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.

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2016 € million	2015 € million
Profit/(loss) before tax	**(49)**	(2,154)
Tax at the applicable tax rate	**14**	625
Tax effect of:		
- income not subject to tax and non deductible expenses	**16**	54
- change in applicable tax rate	**-**	432
- tax adjustments	**31**	-
- other	**(7)**	(8)
Total tax (charge)/income	**54**	1,103

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, were 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. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however the Bank will obtain such certificate.

The Bank has been audited by tax authorities up to 2009, while tax audit for 2010 performed by tax authorities is currently in progress. Furthermore, the Bank has obtained by external auditors unqualified tax certificates for years 2011-2015, while the tax audit from external auditors is in progress for 2016. 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.

16. Deferred income taxes

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:

	2016 € million	2015 € million
Balance at 1 January	**4,902**	3,871
Income statement credit/(charge)	**30**	1,111
Available for sale investment securities	**(11)**	(35)
Cash flow hedges	**(4)**	(9)
Deferred tax on equity transactions	**-**	(55)
Effect due to change in nominal tax rate recognised directly in equity (including OCI)	**-**	19
Other	**1**	-
Balance at 31 December	**4,918**	4,902

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

	2016 € million	2015 € million
PSI+ tax related losses	**1,251**	1,302
Loan impairment and accounting write-offs	**3,134**	2,829
Unused tax losses	**30**	297
Losses from disposals and crystallized write-offs of loans	**8**	-
Valuations through the income statement	**341**	302
Costs directly attributable to equity transactions	**38**	46
Cash flow hedges	**25**	29
Valuations directly to available-for-sale revaluation reserve	**1**	12
Fixed assets	**(3)**	2
Defined benefit obligations	**12**	10
Other	**81**	73
Net deferred income tax	**4,918**	4,902

The decrease of deferred tax asset for unused tax losses is mainly attributable to the Bank's taxable gains of € 219 million resulted from the sale of insurance operations and the tax law amendment in the existing legislative framework for the tax treatment of accounting write-offs and crystallized tax losses arising from Non Performing Loans (NPLs) write-offs and disposals subject to amortization (i.e.1/20 of losses per year starting from year 2016 and onwards).

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

	2016 € million	2015 € million
Loan impairment	**305**	550
Unused tax losses	**(267)**	10
Change in nominal tax rate [1]	**-**	490
Tax deductible PSI+ losses	**(50)**	(47)
Change in fair value and other temporary differences	**42**	108
Deferred income tax (charge)/credit	**30**	1,111

[1] *The amount of change in nominal tax rate represents the total effect in the income statement for the year ended 31 December 2015 that is analyzed in note 15.*

As at 31 December 2016, the Bank recognized net deferred tax assets amounting to € 4.9 bn as follows:

(a) € 1,251 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) € 3,134 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 and to accounting debt write-offs according to the amendment of Law 4172/2013 in March 2017;

(c) € 8 million refer to the unamortized part of the crystallized tax loss arising from NPLs write-offs and disposals, which are subject to amortization (i.e.1/20 of losses per year starting from year 2016 and onwards), according to the amendment of Law 4172/2013 in March 2017;

(d) € 30 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2020;

(e) € 38 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; and

(f) € 457 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 31 December 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 and the actual tax results for the year ended 31 December 2016.

Additionally, the Bank's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of 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.

For the year ended 31 December 2016 the Bank, has conducted DTA recoverability assessment based on its three-year Business Plan that was approved by the Board of Directors in January 2017 and provides outlook of its profitability and capital position for the period up to the end of 2019. The said Business Plan has also been submitted to Hellenic Financial Stability Fund (HFSF) and to the Single Supervisory Mechanism (SSM).

For the years beyond 2019, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Bank itself.

The level of the abovementioned projections adopted in the Bank's Business Plan is mainly based on assumptions and estimates regarding (a) the further reduction of its funding cost driven by the significant decrease of the Emergency Liquidity Assistance (ELA) and the gradual elimination of Greek Government Guarantees (GGGs), the gradual repatriation of customer deposits replacing more expensive funding sources, and, the further decrease of the respective interest rates (b) the lower loan impairment losses as a result of the macroeconomic conditions in Greece that are expected to improve gradually and the strategic initiatives in line with the Non Performing Exposures (NPEs) Strategy that the Bank has committed to SSM regarding the effective management of its troubled assets' portfolio, (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 implementation of the abovementioned Business 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, in accordance with the law provisions, provided that the Bank's after tax accounting result for the period, is a loss. For the year ended 31 December 2016, the Bank's after tax result amounted to a gain of € 5 million, while deferred tax assets eligible for conversion to tax credits amounted to € 4,015 million.

Post balance sheet event

In March 2017, the amendment of Law 4172/2013, with effect from 2016 onwards, revises the existing legislative framework regarding eligible DTAs/ deferred tax credits (DTCs) accounted for on the accumulated provisions and other losses in general due to credit risk and reforms tax regime for loan losses. More specifically, the cumulative DTC will be calculated by applying the current corporate tax rate (on condition that this will not exceed the tax rate that was applicable for tax year 2015) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions recorded up to 30 June 2015.

The above tax reform provides for a gradual amortization over a 20-year period of the crystallized tax loss arising from NPLs write-offs and disposals, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from crystallized debt write-offs.

This aforementioned treatment (i.e. extension of the loan loss utilization for a longer period instead of an immediate one-off deduction subject to a five-year carry forward limitation period) safeguards the recovery of the deferred tax asset recorded on NPLs.

The new rules related to the method of calculating the DTC safeguard the Bank's regulatory capital structure, while they contribute substantially to the achievement of the NPEs reduction targets, through the acceleration of write-offs and disposals.

17. Discontinued operations

Investment in Eurolife ERB Insurance Group holdings S.A.

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 would retain a 20% stake.

The Transaction, which was in line with the Bank's restructuring plan (note 6) included: (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.

The Transaction, was completed on 4 August 2016, after all required regulatory approvals were obtained. The cash consideration pursuant to the Transaction documentation, after the distribution of a € 34 million dividend to Eurobank by Eurolife, reached € 321 million, including the adjustments performed due to the finalization of the completion statement of Eurolife.

Upon the completion of the Transaction, the Bank derecognized the cost of investment in Eurolife and recognized its retained 20% interest as an associate at its cost of € 23 million. The resulting gain on the disposal of the Bank's holding in Eurolife amounted to € 156 million, after tax.

18. Cash and balances with central banks

	2016 € million	2015 € million
Cash in hand	**332**	361
Balances with central banks	**39**	36
Total	**371**	397
of which:		
Mandatory and collateral deposits with central banks	**26**	19

Mandatory deposits with central banks include deposits of € 26 million (2015: € 19 million) with the Bank of Greece which represent the minimum level of average monthly deposits which the Bank is required to maintain; they can be withdrawn at any time provided the average monthly minimum deposits are maintained.

19. Cash and cash equivalents and other information on 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:

	2016 € million	2015 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**345**	378
Due from credit institutions	**109**	127
Total	**454**	505

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

	2016 € million	2015 € million
Amortisation of premiums/discounts and accrued interest	**(57)**	(44)
(Gains)/losses from investment securities	**(113)**	4
Dividends	**(2)**	(2)
Total	**(172)**	(42)

20. Due from credit institutions

	2016 € million	2015 € million
Pledged deposits with banks	**3,202**	4,333
Placements and other receivables from banks	**234**	588
Current accounts and settlement balances with banks	**54**	99
Total	**3,490**	5,020

	2016 € million	2015 € million
Included in due from credit institutions were unsubordinated amounts due from:		
-subsidiary undertakings	**1,362**	2,838
Included in due from credit institutions were subordinated amounts due from:		
-subsidiary undertakings	**160**	210

The Bank's exposure in due from credit institutions, as categorized by counterparty's geographical region, is presented in the following table:

	2016 € million	2015 € million
Greece	**23**	-
Other European countries	**3,420**	4,983
Other countries	**47**	37
Total	**3,490**	5,020

21. Financial instruments at fair value through profit or loss

	2016 € million	2015 € million
Debt securities		
- Greek government bonds	**2**	12
- Greek government treasury bills	**0**	-
- Other issuers	**4**	3
	6	15
Equity securities	**2**	2
Total	**8**	17

22. Derivative financial instruments and hedge accounting

The Bank uses derivative financial instruments both for hedging and non-hedging purposes.

The table below presents the fair values of the Bank's derivative financial instruments by product type and hedge relationship along with their notional amounts. The notional amounts of derivative instruments provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, are not indicative of the Bank's exposure at the reporting date.

	31 December 2016			31 December 2015		
	Contract/ notional amount	Fair values Assets	Fair values Liabilities	Contract/ notional amount	Fair values Assets	Fair values Liabilities
	€ million	€ million	€ million	€ million	€ million	€ million
Derivatives that do not qualify for hedge accounting and held for trading						
- Interest rate swaps	16,801	1,763	1,519	17,538	1,649	1,432
- Interest rate options	3,225	52	113	3,964	49	99
- Cross currency interest rate swaps	1,043	50	128	1,313	74	147
- Currency forwards/currency swaps	2,327	19	20	3,137	13	29
- Currency options	465	2	3	418	3	1
- Commodity derivatives	126	7	7	142	17	17
- Warrants	1,381	3	-	2,403	10	-
- Other (see below)	11	0	0	19	0	0
		1,896	1,790		1,815	1,725
Derivatives designated as fair value hedges						
Interest rate swaps	761	2	364	755	0	328
		2	364		0	328
Derivatives designated as cash flow hedges						
- Interest rate swaps	359	0	75	459	-	94
- Cross currency interest rate swaps	3,291	87	219	3,266	66	206
		87	294		66	300
Total derivatives assets/liabilities		1,985	2,448		1,881	2,353

Other derivative contracts relate to exchange traded interest futures.

Information on the fair value measurement and offsetting of derivatives is provided in notes 7.3 and 7.2.1.4, respectively.

The Bank uses certain derivatives and other financial instruments, designated in a qualifying hedge relationship, to reduce its exposure to market risks. The hedging practices applied by the Bank, as well as the relevant accounting treatment are disclosed in note 2.4. In particular:

(a) Fair value hedges

The Bank hedges a proportion of its existing interest rate risk resulting from any potential change in the fair value of fixed rate debt securities held or fixed rate loans, denominated both in local and foreign currencies, using interest rate swaps. In 2016, the Bank recognized a loss of € 37 million (2015: € 31 million gain) from changes in the fair value of the hedging instruments and € 37 million gain (2015: € 25 million loss) from changes in the fair value of the hedged items attributable to the hedged risk.

(b) Cash flow hedges

The Bank hedges a proportion of its existing interest rate and foreign currency risk resulting from any cash flow variability on floating rate performing customer loans or deposits, denominated both in local and foreign currency, or unrecognized highly probable forecast transactions, using interest rate and cross currency interest rate swaps. In 2016, the ineffectiveness recognized in the income statement that arose from cash flow hedges was nil (2015: nil).

In addition, the Bank uses other derivatives, not designated in a qualifying hedge relationship, to manage its exposure primarily to interest rate and foreign currency risks. Non qualifying hedges are derivatives entered into as economic hedges of assets and liabilities for which hedge accounting was not applied. The said derivative instruments are monitored and have been classified along with those held for trading purposes.

The Bank's exposure in derivative financial instruments, as categorized by counterparty's geographical region and industry sector, is presented in the following table:

	31 December 2016			
	Greece € million	**Other European countries € million**	**Other countries € million**	**Total € million**
Sovereign	**1,119**	**-**	**-**	**1,119**
Banks	**0**	**359**	**429**	**788**
Corporate	**78**	**0**	**0**	**78**
Total	**1,197**	**359**	**429**	**1,985**

	31 December 2015			
	Greece € million	Other European countries € million	Other countries € million	Total € million
Sovereign	1,065	-	-	1,065
Banks	17	334	418	769
Corporate	46	0	1	47
Total	1,128	334	419	1,881

Note: The Bank's geographical exposure in derivative financial instruments is presented based on the counterparty's domicile country (immediate risk), except where there is a signed ISDA/CSA agreement with a parent guarantee where the parent's domicile country is taken into account (ultimate country of risk).

23. Loans and advances to customers

	2016 € million	2015 € million
Wholesale lending	**14,692**	15,194
Mortgage lending	**16,098**	16,569
Consumer lending [(1)]	**5,059**	5,138
Small business lending	**6,363**	6,436
	42,212	43,337
Less: Impairment allowance (note 24)	**(10,304)**	(10,363)
Total	**31,908**	32,974

[(1)] *Credit cards balances are included.*

As of 30 September 2014, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', 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 31 December 2016, the carrying amount of these loans is € 82 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 fourth quarter of 2016, following an international competitive process, the Bank reduced its exposure to Marfin Investment Group (MIG) through the sale of a corporate bond loan issued by MIG of € 150 million (€ 125 million, net of impairment allowance) to funds managed by Fortress Investment Group LLC. The disposal was capital neutral for the Bank.

The aforementioned transaction is in line with the Bank'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.

Loans and advances to customers include finance lease receivables, as detailed below:

	2016 € million	2015 € million
Gross investment in finance leases receivable:		
Not later than 1 year	**30**	33
Later than 1 year and not later than 5 years	**8**	10
Later than 5 years	**10**	7
	48	50
Unearned future finance income on finance leases	**(1)**	(1)
Net investment in finance leases	**47**	49
Less: impairment allowance	**(25)**	(21)
Total	**22**	28
The net investment in finance leases is analysed as follows:		
Not later than 1 year	**29**	33
Later than 1 year and not later than 5 years	**8**	9
Later than 5 years	**10**	7
	47	49
Less: impairment allowance	**(25)**	(21)
Total	**22**	28

24. 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:

	31 December 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 year [2]	285	175	202	34	**696**
Recoveries of amounts previously written off	0	0	2	0	**2**
Amounts written off [3]	(373)	(21)	(4)	(26)	**(424)**
NPV unwinding	(80)	(58)	(52)	(77)	**(267)**
Foreign exchange differences and other movements	3	(21)	(31)	(17)	**(66)**
Balance at 31 December	**3,710**	**2,152**	**2,572**	**1,870**	**10,304**

	31 December 2015				
	Wholesale € million	Mortgage € million	Consumer [1] € million	Small business € million	Total € million
Balance at 1 January	3,374	1,381	2,143	1,540	8,438
Impairment loss for the year [2]	720	797	350	531	2,398
Recoveries of amounts previously written off	-	-	4	1	5
Amounts written off	(156)	(14)	(2)	(13)	(185)
NPV unwinding	(82)	(71)	(9)	(91)	(253)
Foreign exchange differences and other movements	19	(16)	(31)	(12)	(40)
Balance at 31 December	3,875	2,077	2,455	1,956	10,363

[1] Credit cards balances are included.

[2] Impairment losses on loans and advances as presented in the income statement for the year ended 31 December 2016 include an amount of € 140 million, which has been provided against the Bank's placements to its banking subsidiary 'Eurobank Private Bank Luxembourg S.A.' that are pledged as collateral for the funding of other Bank's subsidiaries (note 45) (2015: € 105 million, which had been provided against the interbank placement and other receivables with the Bank's indirect subsidiary 'PJSC Universal Bank' in Ukraine).

[3] An amount of € 25 million included relates with the non performing loans sale transaction (note 23).

The critical accounting estimates and judgments that are made by the Bank's Management in assessing the impairment losses on loans and advances to customers are evaluated constantly, particularly in circumstances of economic uncertainty, based on the latest available information and expectations of future events that are considered reasonable, as described in note 3.1.

Specifically, the Bank assesses the borrowers' financial performance, the recovery value of the underlying collaterals as well as forecasts for macroeconomic indicators and calibrates its provisioning models accordingly.

25. Investment securities

	2016 **€ million**	2015 € million
Available-for-sale investment securities	**2,791**	3,189
Debt securities lending portfolio	**8,094**	11,247
Held-to-maturity investment securities	**126**	149
Total	**11,011**	14,585

In 2008 and 2010, in accordance with the amendments to IAS 39 'Financial Instruments: Recognition and Measurement', 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 31 December 2016, the carrying amount of the reclassified securities was € 905 million. Had the financial assets not been reclassified, changes in the fair value for the period from the reclassification date until 31 December 2016 would have resulted in € 370 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 31 December 2016 had proceeded with the sale of EFSF notes of face value of € 3,149 million, recognizing a gain of € 73 million in 'Gains less losses from investment securities'.

Post balance sheet event

In the context of the European Stability Mechanism (ESM)/EFSF decision for the implementation of the short term Greek debt relief measures and following the relevant Board of Directors (BoD) decision on 20 January 2017, the Bank, together with the other Greek banks, have entered into an agreement with the EFSF, the Hellenic Republic, the HFSF and the Bank of Greece on 16 March 2017 for the exchange of the remaining EFSF notes. The exchange is expected to take place gradually within the next months and the agreement will be implemented with a series of separate transactions, which will result in the sale of the Bank's remaining EFSF notes at their book value.

Prior to the BoD decision, during January 2017 the Bank proceeded with an additional sale of EFSF bonds of face value of € 187 million, recognizing a gain of € 5 million.

25.1 Classification of investment securities by type

	31 December 2016			
	Available-for-sale securities € million	**Debt securities lending portfolio € million**	**Held-to-maturity securities € million**	**Total € million**
Debt securities				
- EFSF bonds	**-**	**6,843**	**-**	**6,843**
- Greek government bonds	**1,039**	**929**	**-**	**1,968**
- Greek government treasury bills	**1,285**	**-**	**-**	**1,285**
- Other government bonds	**207**	**307**	**-**	**514**
- Other issuers	**163**	**15**	**126**	**304**
	2,694	**8,094**	**126**	**10,914**
Equity securities	**97**	**-**	**-**	**97**
Total	**2,791**	**8,094**	**126**	**11,011**

	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

25.2 Movement of investment securities

	31 December 2016			
	Available--for-sale securities € million	Debt securities lending portfolio € million	Held-to--maturity securities € million	Total € million
Balance at 1 January	**3,189**	**11,247**	**149**	**14,585**
Additions net off disposals and redemptions	(515)	(3,183)	(24)	**(3,722)**
Net gains/(losses) from changes in fair value for the year	40	-	-	**40**
Amortisation of premiums/discounts and interest	74	(17)	0	**57**
Amortisation of mark-to-market of reclassified securities	-	1	1	**2**
Changes in fair value due to hedging	-	45	-	**45**
Impairment losses/reversal	(9)	-	-	**(9)**
Exchange adjustments and other [(1)]	12	1	-	**13**
Balance at 31 December	**2,791**	**8,094**	**126**	**11,011**

	31 December 2015			
	Available--for-sale securities € million	Debt securities lending portfolio € million	Held-to--maturity securities € million	Total € million
Balance at 1 January	2,913	11,700	346	14,959
Additions net off disposals and redemptions	118	(423)	(216)	(521)
Net gains/(losses) from changes in fair value for the year	93	-	-	93
Amortisation of premiums/discounts and interest	67	(22)	(1)	44
Amortisation of mark-to-market of reclassified securities	-	1	2	3
Changes in fair value due to hedging	-	(13)	-	(13)
Impairment losses/reversal	(6)	-	9	3
Exchange adjustments and other	4	4	9	17
Balance at 31 December	3,189	11,247	149	14,585

[(1)] *It includes € 9 million of Visa Inc. preferred shares.*

25.3 Equity reserve: revaluation of the available-for-sale investments

Gains and losses arising from the changes in the fair value of available-for-sale investments are recognized in a revaluation reserve for available for sale financial assets in equity. The movement of the reserve is as follows:

	2016 € million	2015 € million
Balance at 1 January	**(26)**	(101)
Net gains/(losses) from changes in fair value	**40**	93
Tax (expense)/benefit	**(11)**	(24)
	29	69
Net (gains)/losses transferred to net profit on disposal	**(7)**	(5)
Impairment losses transferred to net profit	**1**	4
Tax (expense)/benefit on net (gains)/losses transferred to net profit on disposal	**2**	1
Tax (expense)/benefit on impairment losses transferred to net profit	**(0)**	(1)
	(4)	(1)
Net (gains)/losses transferred to net profit from fair value hedges/amortisation of mark-to-market	**8**	8
Tax (expense)/benefit	**(3)**	(1)
	5	7
Balance at 31 December	**4**	(26)

26. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 31 December 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
Eurobank Asset Management Mutual Fund Mngt Company S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Business Services S.A.	h	100.00	Greece	Payroll and advisory services
Eurobank Equities S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing S.A.	b	100.00	Greece	Leasing
Eurobank Factors S.A.		100.00	Greece	Factoring
Eurobank FPS Loans and Credits Claim Management S.A.		100.00	Greece	Loans and Credits Claim Management
Eurobank Household Lending Services S.A.		100.00	Greece	Promotion/management of household products
Grivalia Properties R.E.I.C.		20.00	Greece	Real estate
Eurobank Property Services S.A.		100.00	Greece	Real estate services
Hellenic Post Credit S.A.		50.00	Greece	Credit card management and other services
Eurobank ERB Mutual Funds Mngt Company S.A. (2)		100.00	Greece	Mutual fund management
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
Eurobank Bulgaria A.D. (1)	a	47.12	Bulgaria	Banking
ERB Property Services Sofia A.D.		80.00	Bulgaria	Real estate services
ERB Leasing E.A.D.		100.00	Bulgaria	Leasing
Berberis Investments Ltd		100.00	Channel Islands	Holding company
ERB Hellas Funding Ltd	c	100.00	Channel Islands	Special purpose financing vehicle
CEH Balkan Holdings Ltd		100.00	Cyprus	Holding company
Chamia Enterprises Company Ltd		100.00	Cyprus	Special purpose investment vehicle
NEU Property Holdings Ltd	i	100.00	Cyprus	Holding company
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		99.99	Luxembourg	Fund management
Eurobank Holding (Luxembourg) S.A.		100.00	Luxembourg	Holding company
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company
Bancpost S.A.		93.78	Romania	Banking
ERB IT Shared Services S.A. (1)		1.10	Romania	Informatics data processing
ERB Leasing IFN S.A. (1)		2.36	Romania	Leasing
Eurobank Finance S.A. (1)		19.65	Romania	Investment banking
Eurobank Property Services S.A.		80.00	Romania	Real estate services
Eurobank A.D. Beograd		55.80	Serbia	Banking
ERB Leasing A.D. Beograd (1)		25.81	Serbia	Leasing
ERB Property Services d.o.o. Beograd		80.00	Serbia	Real estate services
ERB Istanbul Holding A.S.		100.00	Turkey	Holding company
ERB Hellas Plc		99.99	United Kingdom	Special purpose financing vehicle
Anaptyxi II Plc (2)		-	United Kingdom	Special purpose financing vehicle
Anaptyxi SME I Plc		-	United Kingdom	Special purpose financing vehicle
Daneion 2007-1 Plc (2)		-	United Kingdom	Special purpose financing vehicle
Daneion APC Ltd (2)		-	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion II Mortgage Finance Plc (2)		-	United Kingdom	Special purpose financing vehicle
Themeleion III Mortgage Finance Plc (2)		-	United Kingdom	Special purpose financing vehicle
Themeleion IV Mortgage Finance Plc (2)		-	United Kingdom	Special purpose financing vehicle
Themeleion Mortgage Finance Plc (2)		-	United Kingdom	Special purpose financing vehicle
Tegea Plc	f	-	United Kingdom	Special purpose financing vehicle

(1) *Not direct control by the Bank.*

(2) *Entities under liquidation.*

In addition, the following entities are controlled by the Bank:

(i) Holding and other 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 (b) Anaptyxi SME I Holdings Ltd, Karta II Holdings Ltd and Tegea Holdings Ltd, which was established in July 2016 and (c) Themeleion V Mortgage Finance Plc, Themeleion VI Mortgage Finance Plc and Anaptyxi APC Ltd, which are revived and under liquidation.

(ii) Dormant/under liquidation entities: Enalios Real Estate Development S.A., Hotels of Greece S.A.

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

(a) 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.

(b) Eurobank Ergasias Leasing S.A., Greece

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

(c) ERB Hellas Funding Ltd, Channel Islands

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

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

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

(e) Imo Rila E.A.D.

In June 2016, the Bank acquired from its indirect subsidiary NEU II Property Holdings Ltd, 100% of Imo Rila E.A.D. In September 2016, the Bank announced the completion of the sale of 100% of IMO Rila E.A.D for a cash consideration of € 10.2 million. The resulting loss on the disposal amounted to 12 million.

(f) Tegea Plc, United Kingdom

In July 2016, Tegea Plc was established as the Bank's special purpose financing vehicle (note 34).

(g) Eurolife ERB Insurance Group Holdings S.A., Greece

On 4 August 2016, the Bank announced the completion of the sale of 80% of Eurolife ERB Insurance Group Holdings S.A. (note 17 and note 30).

(h) Eurobank Business Services S.A., Greece

In October 2016, the Bank entered into a pre-sale agreement for the disposal of the company for a total cash consideration of € 2.1 million, 50% of which was received in November 2016, while the remaining amount will be received into two equal annual installments. The sale is expected to be completed in the second quarter of 2017. In October 2016 the share capital of the company decreased by € 0.8 million.

(i) NEU Property Holdings Ltd, Cyprus

In December 2016, the share capital of the company increased by € 3.5 million.

Post balance sheet events

Standard Ktimatiki S.A., Greece

In January 2017, the Bank acquired 100% of the shares and voting rights of the real estate company Standard Ktimatiki S.A. for a cash consideration of € 0.75 million. The acquisition took place following an enforcement of collateral on the company's shares under a Bank's subsidiary finance lease arrangement.

Eurobank FPS Loans and Credits Claim Management S.A., Greece

In the first quarter of 2017, the company's purpose as defined in its articles of association was amended and its name was changed from Eurobank Financial Planning Services S.A. to Eurobank FPS Loans and Credits Claim Management S.A. Following the above, the company obtained a license from the Bank of Greece that allows it to operate as an independent servicer of loans granted by credit or financial institutions pursuant to the Law 4354/2015.

Impairment in Subsidiaries undertakings

In the context of the impairment review of its investment in subsidiary undertakings, the Bank reassessed the recoverable amounts of its subsidiaries under the current economic environment. Accordingly, the following impairment charge was recorded:

	2016 € million	2015 € million
Eurobank Ergasias Leasing S.A.	**29**	124
ERB New Europe Holding B.V	**-**	159
Bancpost S.A	**55**	-
Eurobank Equities S.A.	**-**	17
ERB Leasing E.A.D.	**-**	8
Total	**84**	308

27. Property, plant and equipment

	31 December 2016			
	Land, buildings, leasehold improvements € million	**Furniture, equipment, motor vehicles € million**	**Computer hardware, software € million**	**Total € million**
Cost:				
Balance at 1 January	**361**	**116**	**314**	**791**
Transfers	(1)	-	(1)	**(2)**
Additions	4	3	5	**12**
Disposals and write-offs	(3)	(2)	(1)	**(6)**
Balance at 31 December	**361**	**117**	**317**	**795**
Accumulated depreciation:				
Balance at 1 January	**(150)**	**(102)**	**(283)**	**(535)**
Transfers	0	-	0	**0**
Disposals and write-offs	1	1	1	**3**
Charge for the year	(12)	(4)	(9)	**(25)**
Balance at 31 December	**(161)**	**(105)**	**(291)**	**(557)**
Net book value at 31 December	**200**	**12**	**26**	**238**

	31 December 2015			
	Land, buildings, leasehold improvements € million	Furniture, equipment, motor vehicles € million	Computer hardware, software € million	Total € million
Cost:				
Balance at 1 January	366	119	319	804
Transfers	(3)	(1)	(11)	(15)
Additions	2	3	8	13
Disposals and write-offs	(4)	(5)	(2)	(11)
Balance at 31 December	361	116	314	791
Accumulated depreciation:				
Balance at 1 January	(139)	(103)	(280)	(522)
Transfers	0	1	4	5
Disposals and write-offs	1	5	2	8
Charge for the year	(12)	(5)	(9)	(26)
Balance at 31 December	(150)	(102)	(283)	(535)
Net book value at 31 December	211	14	31	256

Leasehold improvements relate to premises occupied by the Bank for its own activities.

28. Investment property

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

	2016 € million	2015 € million
Cost:		
Balance at 1 January	**68**	71
Transfers from/ to property plant and equipment	**1**	3
Additions	**1**	0
Disposals and write-offs	**(2)**	-
Impairments	**(1)**	(6)
Balance at 31 December	**67**	68
Accumulated depreciation:		
Balance at 1 January	**(7)**	(7)
Transfers from/ to property plant and equipment	**(0)**	(0)
Disposals and write-offs	**0**	-
Charge for the year	**(1)**	(0)
Balance at 31 December	**(8)**	(7)
Net book value at 31 December	**59**	61

During the year ended 31 December 2016, an amount of € 3 million (2015: € 3 million) was recognized as rental income from investment property in income from non banking services. As at 31 December 2016 and 2015, there were no capital commitments in relation to investment property.

The fair value measurements as at 31 December 2016 for each class of investment property are presented in the below table. The main classes of investment property have been determined based on the nature, the characteristics and the risks of the Bank's properties. The fair value measurements of the Bank's investment property are categorized within level 3 of the fair value hierarchy.

	31 December 2016		31 December 2015	
	Fair Value € million	Book Value € million	Fair Value € million	Book Value € million
Class of Property				
-Commercial	**65**	**57**	67	59
-Land Plots	**2**	**2**	2	2
Total	**67**	**59**	69	61

The basic methods used for estimating the fair value of the Bank's investment property are the income approach (income capitalization/discounted cash flow method) and the comparative method, which are also used in combination depending on the class of property being valued.

The discounted cash flow method is used for estimating the fair value of the Bank's commercial investment property. Fair value is calculated through the projection of a series of cash flows using explicit assumptions regarding the benefits and liabilities of ownership (income and operating costs, vacancy rates, income growth), including the residual value anticipated at the end of the projection period. To this projected cash flows series, an appropriate, market-derived discount rate is applied to establish its present value.

Under the income capitalization method, also used for the commercial class of investment property, a property's fair value is estimated based on the normalized net operating income generated by the property, which is divided by the capitalization rate (the investor's rate of return).

The comparative method is used for the commercial and land plot classes of investment property. Fair value is estimated based on data for comparable transactions, by analyzing either real transaction prices of similar properties, or by asking prices after performing the necessary adjustments.

The Bank's investment property valuations are performed taking into consideration the highest and best use of each asset that is physically possible, legally permissible and financially feasible.

29. Intangible assets

	2016 € million	2015 € million
Cost:		
Balance at 1 January	**181**	159
Additions and transfers	**30**	22
Disposals and write-offs	**-**	(0)
Balance at 31 December	**211**	181
Accumulated amortisation:		
Balance at 1 January	**(117)**	(99)
Transfers	**(0)**	(3)
Amortisation charge for the year	**(14)**	(15)
Disposals and write-offs	**-**	0
Balance at 31 December	**(131)**	(117)
Net book value at 31 December	**80**	64

Computer software

In 2016, the amortization period for certain core banking software systems was changed from 4-10 to 4-15 years, based on revised estimates about their useful life. The change was applied prospectively, with no significant impact on the Bank's income statement for the year ended 31 December 2016, and is not expected to have a significant impact on the Bank's profit or loss in future periods.

30. Other assets

	2016 € million	2015 € million
Receivable from Deposit Guarantee and Investment Fund	**695**	677
Repossessed properties and relative prepayments	**277**	309
Pledged amount for a Greek sovereign risk financial guarantee	**242**	258
Other guarantees	**38**	109
Income tax receivable	**163**	237
Prepaid expenses and accrued income	**40**	27
Investments in associated undertakings and joint ventures (see below)	**27**	5
Other assets	**108**	142
Total	**1,590**	1,764

As at 31 December 2016, other assets amounting to € 108 million (2015: € 142 million) mainly consist of receivables from (a) public entities and (b) legal cases, net of provisions.

The following is the listing of the Bank's associated undertakings and joint ventures as at 31 December 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	c	Cyprus	Special purpose investment vehicle	48.00
Global Finance S.A. [(2)]		Greece	Investment financing	9.91
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00
Eurolife ERB Insurance Group Holdings S.A.	b	Greece	Holding company	20.00

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

[(2)] *Global Finance group (Global Finance S.A. and its subsidiaries) is considered as a Bank's associated undertaking.*

(a) Unitfinance S.A., Greece

In the first quarter of 2016, the liquidation of the company was completed.

(b) Eurolife ERB Insurance Group Holdings S.A., Greece

As of 4 August 2016, following the completion of the sale of 80% of Eurolife ERB Insurance Group Holdings S.A., the Bank holds 20% ownership in the company. Hence, thereafter, Eurolife insurance group (Eurolife ERB Insurance Group Holdings S.A. and its subsidiaries) is considered as a Bank's associated undertaking (note 17).

(c) Sinda Enterprises Company Ltd, Cyprus

In December 2016, an impairment charge of € 0.6 million was recorded, following the Bank's assessment of the recoverable amount of its investment to the company.

Post Balance sheet events

Alpha Investment Property Kefalariou S.A., Greece

In January 2017, in the context of the debt restructuring of NIKAS S.A. and its subsidiaries, the Bank acquired 41.67% of the shares and voting rights of Alpha Investment Property Kefalariou S.A. for € 0.01 million. The Bank subsequently participated, along with the other banks holding a collateralized bond loan to NIKAS S.A. (Alpha Bank and Attica Bank), in the share capital increase of Alpha Investment Property Kefalariou S.A. on a pro rata basis with € 7.5 million, out of a total amount of € 18 million.

Following the execution of the Nikas' Debt Restructuring Agreement, that includes among others the debt to asset swap of a certain real estate property, Alpha Investment Property Kefalariou S.A. acquired from NIKAS S.A. the property which served at the time as collateral to the related bond loan for a total consideration of € 17 million. The proceeds from the disposal of the property were used by NIKAS S.A. to partially settle its debt obligations against the banks.

Alpha Investment Property Kefalariou S.A. will be accounted for as an associated undertaking of the Bank.

Famar S.A., Luxembourg

On 7 March 2017, the Bank acquired 24.37% of the shares and voting rights of Famar S.A for a cash consideration of € 2. The acquisition took place following the execution of a Restructuring Protocol, according to which Marinopoulos Holding S.à r.l. had agreed to sell the company's shares to Eurobank, Alpha Bank, National Bank of Greece and Piraeus Bank (the Greek banks). On the same date, the company's Extraordinary General Meeting resolved, among others, the conversion of the existing company's shares into new shares of certain classes and rights, which were reallocated among its new shareholders. As a result, the Bank's participation to the company's share capital decreased to 23.55%.

In accordance with the terms of the shareholders' agreement signed on 7 March 2017, the management of Famar S.A was assumed by Pillarstone and the Greek banks. It was further agreed that the Greek banks will make available to Famar new funds equal to € 40 million (Eurobank to participate at a proportion of 24.37%) and that the outstanding senior debt facility of Famar Holding will be restructured.

The purpose of the acquisition of Famar S.A by the Greek banks was to maximize the potential recovery of the loans granted to Famar Group and the loans to Marinopoulos Group, which were secured by a pledge over Famar's shares.

31. Due to central banks

	2016 € million	2015 € million
Secured borrowing from ECB and BoG	**13,906**	25,267

As at 31 December 2016, the Bank has lowered its dependency on Eurosystem financing facilities to € 13.9 bn (of which € 11.9 bn funding from ELA), mainly through the increase of wholesale secured funding, the selective assets deleveraging, the utilization of part of foreign subsidiaries' liquidity surplus and due to inflows from deposits. As at 28 February 2017, the Eurosystem funding stood at € 14.1 bn, of which € 12.1 bn funding from ELA.

32. Due to credit institutions

	2016 € million	2015 € million
Secured borrowing from credit institutions	**10,007**	5,632
Borrowings from international financial and other institutions	**190**	321
Interbank takings	**863**	269
Current accounts and settlement balances with banks	**29**	33
Total	**11,089**	6,255

As at 31 December 2016, the majority of secured borrowing transactions with other banks were conducted with foreign financial institutions with collaterals EFSF bonds, covered bonds and Greek government guaranteed bonds issued and retained by the Bank (notes 25 and 34).

As at 31 December 2016, borrowings from international financial and other institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions, of which secured borrowing € 29 million (2015: € 180 million).

33. Due to customers

	2016 € million	2015 € million
Savings and current accounts	**13,424**	13,286
Term deposits	**10,169**	9,430
Repurchase agreements	**53**	53
Other term products (note 34)	**32**	33
Total	**23,678**	22,802

As at 31 December 2016, the carrying amount of structured deposits designated at fair-value-through-profit-or-loss was € 4 million (2015: € 4 million) and their cumulative fair value change was € 1 million gain (2015: € 1 million gain), which is attributable to changes in market conditions.

The fair value change of structured deposits is offset in the income statement against changes in the fair value of structured derivatives.

Under the Law 4151/2013, the dormant deposits accounts balances are statute barred for the benefit of the Greek State after the 20-year lapse of the last transaction. Accordingly, in Arpil 2016 the Bank transferred to the Greek State an amount of 0.5 million (2015: € 8 million).

The other term products concern subordinated notes held by the Bank's customers, amounting to € 32 million (2015: € 33 million).

34. Debt securities in issue

	2016 € million	2015 € million
Securitized	-	805
Subordinated-Lower Tier II (note 33)	43	42
Medium-term notes (EMTN)	17	49
Total	**60**	896

The Bank's funding consists of notes under Euro Medium Term Note (EMTN) program, securitizations of various classes of loans, covered bonds and government guaranteed bonds:

Securitized

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 total issue was fully retained by the Bank.

During the year the Bank proceeded with the repurchase of bond loan asset backed securities of face value of € 805 million issued by Anaptyxi SME I Plc, previously held by a Bank's subsidiary. Consequently, as at 31 December 2016 the total issue was fully retained by the Bank (2015: € 805 million).

Subordinated (Lower TIER II)

The Lower Tier II unsecured subordinated notes issued by the Bank as at 31 December 2015, amounted to € 75 million, 32 million of which were held by Bank's customers (note 33). The notes have a ten year maturity with a call provision after five years. The notes pay floating rate interest quarterly based on a coupon of three month Euribor plus 160 basis points, qualify as Lower Tier II capital for the Bank and are listed on the Luxembourg Stock Exchange.

On 29 October 2015, the Bank launched a Liability Management Exercise (LME), in combination with its share capital increase (note 37). On 23 November 2015, the Bank announced that the aggregate purchase proceeds of the securities accepted as part of the LME amounted to € 418 million, of which subordinated loan notes € 154 million. The corresponding face value of the said notes amounted to € 192 million. Accordingly, the LME of subordinated debt generated a gain € 27 million after tax, presented in line 'Net trading income' of Bank's income statement, for the year ended 31 December 2015.

Medium-term notes (EMTN)

As at 31 December 2016, the notes issued by the Bank under the EMTN program, totaling to € 17 million (2015: € 49 million), were fully retained by the Bank's subsidiaries.

During the year, the Bank proceeded with the redemption of notes of face value of € 34 million.

Government guaranteed and covered bonds

As at 31 December 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 € 2,500 million and € 2,275 million respectively, were retained by the Bank and its subsidiaries.

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

During the year, government guaranteed bonds of face value € 6,650 million matured while € 3,893 million were redeemed.

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).

35. Other liabilities

	2016 € million	2015 € million
Balances under settlement [1]	**162**	91
Other provisions	**99**	127
Deferred income and accrued expenses	**45**	38
Standard legal staff retirement indemnity obligations (note 36)	**40**	36
Sovereign risk financial guarantee	**48**	50
Other liabilities	**134**	149
Total	**528**	491

[1] Includes settlement balances relating to bank cheques and remittances, credit card transactions and other banking activities.

As at 31 December 2016, other liabilities amounting to € 134 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations and (c) duties and other taxes.

As at 31 December 2016, other provisions amounting to € 99 million mainly include outstanding litigations and claims dispute of € 55 million (note 43), restructuring costs of € 31 million related to the Voluntary Exit Scheme (VES), net of actual payments and other provisions for operational risk events of € 12 million.

The movement of the Bank's other provisions, is presented in the following table:

	31 December 2016		
	Litigations and claims in dispute € million	**Other € million**	**Total € million**
Balance at 1 January	**56**	**71**	**127**
Amounts charged during the year	3	44	**47**
Amounts used during the year	-	(2)	**(2)**
Amounts reversed during the year	(4)	-	**(4)**
Other movements [1]	(0)	(69)	**(69)**
Balance at 31 December	**55**	**44**	**99**

	31 December 2015		
	Litigations and claims in dispute € million	Other € million	Total € million
Balance at 1 January	53	20	73
Amounts charged during the year	5	63	68
Amounts used during the year	(0)	(10)	(10)
Amounts reversed during the year	(2)	(1)	(3)
Other movements	0	(1)	(1)
Balance at 31 December	56	71	127

[1] Other movements include an amount of € 69 million for benefits paid under the VES program, which is presented in the movement of the liability for standard legal staff retirement indemnity obligations (note 36).

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. The remeasurement resulted in the increase of the retirement benefit obligations by € 2 million in total.

As of 31 December 2016, the estimated cost for the VES amounted to approximately € 101 million, net of provision for retirement benefits, out of which € 39 million has been recognized in the Bank's profit or loss for 2016 (2015: € 62 million) (note 14). The VES aims to increase the Bank's operating efficiency and is expected to result in an estimated annual saving of € 41 million.

36. Standard legal staff retirement indemnity obligations

The Bank provides for staff retirement indemnity obligation for its employees in Greece and abroad, who are entitled to a lump sum payment based on the number of years of service and the level of remuneration at the date of retirement, if they remain in the employment of the Bank until normal retirement age, in accordance with the local labor legislation. The above retirement indemnity obligations typically expose the Bank to actuarial risks such as interest rate risk and salary risk. Therefore, a decrease in the discount rate used to calculate the present value of the estimated future cash outflows or an increase in future salaries will increase the staff retirement indemnity obligations of the Bank.

The movement of the liability for standard legal staff retirement indemnity obligations is as follows:

	2016 € million	2015 € million
Balance at 1 January	**36**	32
Current service cost	**3**	2
Interest cost	**1**	1
Past service cost and (gains)/losses on settlements	**68**	4
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	**5**	1
Actuarial (gains)/losses arising from changes in demographic assumptions	**2**	-
Actuarial (gains)/losses arising from experience adjustments	**(1)**	(0)
Benefits paid	**(74)**	(4)
Balance at 31 December	**40**	36

The benefits paid by the Bank during 2016, in the context of the Voluntary Exit Scheme (VES) (note 35), amounted to € 74 million. The provision for staff retirement obligations of the staff that participated in the above scheme, amounted to € 5 million.

The significant actuarial assumptions (expressed as weighted averages) were as follows:

	2016 %	2015 %
Discount rate	**1.8**	2.6
Future salary increases	**2.3**	2.2

As at 31 December 2016, the average duration of the standard legal staff retirement indemnity obligation was 18 years (2015: 18 years).

A quantitative sensitivity analysis based on reasonable changes to significant actuarial assumptions as at 31 December 2016 is as follows:

An increase /(decrease) of the discount rate assumed, by 50 bps/(50 bps), would result in a (decrease)/ increase of the standard legal staff retirement obligations by (€ 2.9 million)/ € 3.2 million.

An increase /(decrease) of the future salary growth assumed, by 0.5%/(0.5%), would result in an increase /(decrease) of the standard legal staff retirement obligations by € 3.2 million/ (€ 2.9 million).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and assumptions used in preparing the above sensitivity analysis were consistent with those used to estimate the retirement benefit obligation and did not change compared to the previous year.

37. Ordinary share capital and share premium

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

	Ordinary share capital € million	Share premium € million	Number of issued ordinary shares
Balance at 1 January 2015	4,412	6,682	14,707,876,542
Share capital decrease through reverse split	(4,368)	-	(14,560,797,777)
Share capital increase, net of expenses	612	1,374	2,038,920,000
Balance at 31 December 2015	656	8,056	2,185,998,765
Balance at 31 December 2016	**656**	**8,056**	**2,185,998,765**

Following the announcement of the results of the Comprehensive Assessment (CA), performed by the European Central Bank (ECB) on 31 October 2015, and according to Law 4340/2015 reforming the banks' recapitalization framework, on 3 November 2015, the Bank's Board of Directors, resolved to call an Extraordinary General Meeting on 16 November 2015 to approve a share capital increase (SCI) of the Bank. In combination with the SCI, a Liability Management Exercise (LME) was launched by the Bank on 29 October 2015.

On 16 November 2015, the Extraordinary General Meeting of the Bank's Shareholders, approved:

(a) the decrease of the ordinary share capital, amounting to € 4,412 million by the amount of € 4,368 million with concurrent (i) increase of the nominal value of each ordinary registered share of the Bank and the decrease of the total number of the Bank's ordinary registered shares through a reverse split at a ratio of one hundred (100) existing to one (1) new ordinary registered share, and (ii) the decrease of the new nominal value of the ordinary registered shares (as it would result after the reverse split) to € 0.30, aiming at offsetting equal losses carried forward by forming of a special reserve of an equal amount.

(b) the increase of the Bank's share capital up to € 2,039 million, through payment in cash and/or contribution in kind, the abrogation of the pre-emption rights of its ordinary shareholders, including the Hellenic Financial Stability Fund (the HFSF), and its sole preference shareholder, namely the Greek State, and the issuance of new ordinary registered shares, each having a nominal value of € 0.30.

On 23 November 2015, following the completion of the SCI of a total amount of € 2,039 million, the Bank announced that the 2,038,920,000 new ordinary registered shares were allocated as follows: (a) 1,621,150,153 of the new shares (80% of all new shares) to qualified investors, eligible institutional and other investors who met certain criteria and (b) 417,769,847 of the new shares (20% of total of all new shares) to investors whose securities had been finally accepted for purchase in accordance with the terms and conditions of the Bank's LME.

Incremental costs directly attributable to the aforementioned capital increase amounted to € 78 million, including € 3 million intragroup cost (€ 55 million, net of tax) of which an amount of € 72 million had been paid by 31 December 2015.

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.

38. Preference shares

Preference Shares		
Number of shares	2016 € million	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 of 10% of the issue price of each of the preference shares, 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 of the preference shares by the Bank 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 2016 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.

39. Hybrid capital

On 18 March 2005, the Bank, through its Special Purpose Entity, ERB Hellas Funding Limited, issued € 200 million preferred securities which represent Lower Tier I capital for the Bank (Tier I Series A). As at 31 December 2016 the outstanding amount of Series A was € 2 million (including allocated issue costs). The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 18 March 2010 and annually thereafter and are listed on the Luxembourg and Frankfurt Stock Exchanges.

On 2 November 2005, the Bank, through its Special Purpose Entity, ERB Hellas Funding Limited, issued € 400 million preferred securities which represent Lower Tier I capital for the Bank (Tier I Series B). As at 31 December 2016 the outstanding amount of Series B was € 4 million (including allocated issue costs). The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 2 November 2015 and quarterly thereafter and are listed on the London Stock Exchange.

On 9 November and on 21 December 2005 the Bank, through its Special Purpose Entity, ERB Hellas Funding Limited, issued € 150 million and € 50 million preferred securities respectively, which represent Lower Tier I capital for the Bank (Tier I, form a single Series C). As at 31 December 2016 the outstanding amount of Series C was € 18 million (including allocated issue costs). The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 9 January 2011 and quarterly thereafter. The preferred securities are listed on the London, Frankfurt and Euronext Amsterdam Stock Exchanges.

On 29 July 2009, the Bank, through its Special Purpose Entity, ERB Hellas Funding Limited, issued € 300 million preferred securities which represent Tier I capital for the Bank (Tier I Series D). As at 31 December 2016 the outstanding amount of Series D was € 19 million (including allocated issue costs). The preferred securities have no fixed redemption date and give the issuer the right to call the issue after five years from the issue date and annually thereafter. In addition the securities, subject to certain conditions, are convertible at the option of the bondholder and the issuer after October 2014 into Eurobank ordinary shares at the lower of an exchange ratio based on (a) a 12% discount to the share market price during the period preceding the exchange or (b) the nominal value of Bank's ordinary share. The preferred securities are listed on the London Stock Exchange.

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. In 2016 and 2015, the Bank did not distribute any dividend (note 47). Accordingly, ERB Hellas Funding Ltd announced the non payment of the non cumulative preferred dividend of the above series of preferred securities.

The movement of hybrid capital issued by the Bank in the form of preferred securities, through its Special Purpose Entity, ERB Hellas Funding Limited, is as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
Balance at 1 January 2015	72	151	154	21	398
Purchase of preferred securities (including LME)	(71)	(148)	(138)	(2)	(359)
Issue costs transferred to retained earnings upon purchase	1	1	2	0	4
Balance at 31 December 2015	2	4	18	19	43
Balance at 31 December 2016	**2**	**4**	**18**	**19**	**43**

On 29 October 2015, the Bank launched a Liability Management Exercise (LME), in combination with its share capital increase (note 37). On 23 November 2015, the Bank announced the aggregate purchase proceeds of the securities accepted as part of the LME amounted to €418 million of which Tier I securities €17 million, corresponding to face value of €34 million. Accordingly, the LME of preferred securities generated a gain of € 17 million (€ 12 million after tax), which was recognized directly in the Bank's equity, for the year ended 31 December 2015.

In addition, in October 2015, the Bank proceeded with the buy-back and the subsequent cancelation of its hybrid instruments of face value of € 325 million, previously held by its subsidiary ERB Hellas Cayman with a resulting gain of € 252 million (€ 175 million after deferred tax liability of € 73 million and related costs), which was recorded directly in the Bank's equity, for the year ended 31 December 2015.

40. Special reserves

	Statutory reserves € million	Non-taxed reserves € million	IAS 39 reserves € million	Other reserves € million	Total € million
Balance at 1 January 2015	204	889	(202)	2,181	3,072
Share capital decrease (note 37)				4,368	4,368
Available-for-sale securities					
- changes in fair value, net of tax	-	-	69	-	69
- transfer to net profit, net of tax	-	-	6	-	6
Cash flow hedges					
- changes in fair value, net of tax	-	-	28	-	28
- transfer to net profit, net of tax	-	-	1	-	1
Actuarial gains/(losses) on post employment benefit obligations, net of tax	-	-	-	0	0
Balance at 31 December 2015	204	889	(98)	6,549	7,544
Balance at 1 January 2016	**204**	**889**	**(98)**	**6,549**	**7,544**
Transfers between reserves	-	2	-	(43)	**(41)**
Available-for-sale securities					
- changes in fair value, net of tax	-	-	29	-	**29**
- transfer to net profit, net of tax	-	-	1	-	**1**
Cash flow hedges					
- changes in fair value, net of tax	-	-	16	-	**16**
- transfer to net profit, net of tax	-	-	(5)	-	**(5)**
Actuarial gains/(losses) on post employment benefit obligations, net of tax	-	-	-	(4)	**(4)**
Balance at 31 December 2016	**204**	**891**	**(57)**	**6,502**	**7,540**

As at 31 December 2016, the Bank has included in other reserves an amount of € 5,579 million (2015: € 5,579 million) which can be only either capitalized or offset against losses carried forward pursuant to article 4, par. 4a of Law 2190/1920.

Included in IAS 39 reserves as at 31 December 2016 is € 61 million loss (2015: € 72 million loss) relating to cash flow hedging reserve.

Statutory reserves and IAS 39 reserves are not distributable while non-taxed reserves are taxed when distributed.

41. Transfers of financial assets

The Bank enters into transactions by which it transfers recognized financial assets directly to third parties or to Special Purpose Entities (SPEs).

(a) The Bank sells, in exchange for cash, securities under an agreement to repurchase them (repos) and assumes a liability to repay to the counterparty the cash received. In addition, the Bank pledges, in exchange for cash, securities and loans and receivables and assumes a liability to repay to the counterparty the cash received. The Bank has determined that it retains substantially all the risks, including associated credit and interest rate risks, and rewards of these financial assets and therefore has not derecognized them. As a result of the above transactions, the Bank is unable to use, sell or pledge the transferred assets for the duration of the transaction. The related liability is recognized in Due to central banks and credit institutions (notes 31 and 32) and Due to customers (note 33), as appropriate.

The Bank enters into securitizations of various classes of loans (bond loans and credit cards), under which it assumes an obligation to pass on the cash flows from the loans to the holders of the notes. The Bank has determined that it retains substantially all risks, including associated credit and interest rate risks, and rewards of these loans and therefore has not derecognized them. As a result of the above transactions, the Bank is unable to use, sell or pledge the transferred assets for the duration of their retention by the SPE. Moreover, the note holders' recourse is limited to the transferred loans. The related liability is recognized in Debt securities in issue. As at 31 December 2016, the securitizations' issues were fully retained by the Bank (note 34).

The table below sets out the details of Bank's financial assets that have been sold or otherwise transferred, but which do not qualify for derecognition:

	Carrying amount	
	2016	2015
	€ million	€ million
Financial instruments at fair value through profit or loss	**2**	9
Loans and advances to customers	**24,757**	22,324
-securitized loans	***400***	*440*
-pledged loans under covered bond program	***2,646***	*145*
-pledged loans with central banks	***21,629***	*21,510*
-other pledged loans	***82***	*229*
Investment securities [(1)]	**10,885**	13,380
Total	**35,644**	35,713

[(1)] It includes EFSF bonds of face value € 6,809 million (2015: € 9,958 million).

(b) As at 31 December 2016 the Government guaranteed bonds issued by the Bank of total face value of € 2,500 million (2015: € 13,043 million) and cash value € 1,895 million (2015: € 7,173 million), under the second stream of Greek Economy Liquidity Support Program (note 4), were fully retained by the Bank. Of the total issue, bonds of face value of € 1,160 million and cash value € 875 million were pledged to ELA (2015: face value € 13,043 million and cash value € 7,173 million), while the remaining € 1,340 million with cash value € 1,020 million were sold under repurchase agreements (2015: face and cash value nil).

(c) In addition, the Bank may sell or re-pledge any securities borrowed or obtained through reverse repos and has an obligation to return the securities. The counterparty retains substantially all the risks and rewards of ownership and therefore the securities are not recognized by the Bank. As at 31 December 2016, the Bank had not sold or re-pledged securities borrowed or obtained through reverse repos (2015: nil).

As at 31 December 2016, the cash value of the assets transferred or borrowed by the Bank through securities lending, reverse repo and other agreements (points a, b and c) amounted to € 27,519 million, while the associated liability from the above transactions amounted to € 23,995 million (notes 31, 32, 33 and 34) (2015: cash value € 35,318 million and liability € 31,937 million). In addition, the Bank's financial assets pledged as collaterals for repos, derivatives, securitizations and other transactions other than the financial assets presented in the table above are provided in notes 20 and 30.

42. Operating leases

The Bank has entered into commercial leases for premises, equipment and motor vehicles. The majority of the Bank's leases are under long-term agreements, according to the usual terms and conditions of commercial leases, including renewal options. In particular, as provided by the Greek Commercial Leases Law currently in force, the minimum lease period for commercial real estate leases starting after the end of February 2014 is three years. The Bank's lease agreements, do not include any clauses that impose any restriction on the Bank's ability to pay dividends, engage in debt financing transactions or enter into further lease agreements.

Leases as lessee-Non-cancellable operating lease rentals are payable as follows:

	2016 € million	2015 [1] € million
Not later than one year	**28**	27
Later than one year and no later than five years	**50**	50
Later than five years	**45**	57
Total	**123**	134

[1] For the year ended 31 December 2015, non-cancelable operating lease rentals have been adjusted by 4 million to include operating leases for certain types of equipment and motor vehicles.

The total of future minimum sublease payments to be received under non-cancellable subleases at the balance sheet date is € 0.5 million (2015: € 1 million).

Leases as lessor-Non-cancellable operating lease rentals are receivable as follows:

	2016 € million	2015 € million
Not later than one year	**2**	1
Later than one year and no later than five years	**2**	2
Later than five years	**1**	0
Total	**5**	3

43. Contingent liabilities and other commitments

Credit related commitments are analyzed as follows:

	2016 € million	2015 € million
Guarantees [1] and standby letters of credit	**832**	1,302
Guarantees to Bank's SPV's issuing EMTNs	**121**	284
Other guarantees (medium risk) and documentary credits	**383**	409
Commitments to extend credit	**102**	118
Total	**1,438**	2,113

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

Other commitments

(a) Pursuant to a decision of the Single Resolution Board (SRB) notified to financial institutions, the Bank signed in May 2016 an irrevocable payment commitment and collateral arrangement agreement with the SRB of an amount of € 3.7 million representing 15% of its resolution contribution payment obligation to the Single Resolution Fund (SRF) for the year 2016 (note 12).

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 was recognized as a financial asset as of 30 June 2016 (note 30).

(b) As at 31 December 2016, the commitments related to capital expenditure amounted to € 21 million (2015: € 10 million).

Legal Proceedings

As at 31 December 2016 there were a number of legal proceedings outstanding against the Bank for which a provision of € 55 million was recorded (2015: € 56 million), as set out in note 35. 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, has already filed an appeal against the first instance judgment scheduled to be heard in September 2017. In relation to the individual lawsuits the majority of the judgments issued are in favor of the Bank.

Furthermore, the Bank is involved in a number of legal proceedings, in the normal course of business, which may be in early stages, their settlement may take years before they are resolved or their final outcome may be considered uncertain. For such cases, after considering the opinion of Legal Services, Management does not expect that there will be an outflow of resources and therefore no provision is recognized.

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.

44. 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 7.2.3 - Liquidity Risk

Note 12 - Operating expenses

Note 16 - Deferred income taxes

Note 25 - Investment Securities

Note 26 - Shares in subsidiary undertakings

Note 30 - Other Assets

Note 31 - Due to central banks

Note 46 - Board of Directors

45. 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 (NPLs) management framework and of the Bank's performance on NPLs 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 any amendment, extension, revision or deviation thereof 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 transactions with: (a) the subsidiaries, (b) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP and (c) the associates and joint ventures, as well as the relating income and expenses are as follows:

	31 December 2016			31 December 2015		
	Subsidiaries [2] € million	KMP [1] and entities controlled or jointly controlled by KMP € million	Associates [3] and joint ventures € million	Subsidiaries € million	KMP [1] and entities controlled or jointly controlled by KMP € million	Associates [3] and joint ventures € million
Due from credit institutions	**1,521.76**	**-**	**-**	3,047.94	-	-
Financial Instruments at fair value through P&L	**1.03**	**-**	**-**	1.92	-	-
Derivative financial instruments assets	**7.00**	**-**	**-**	9.00	-	-
Investment Securities	**1.70**	**-**	**-**	23.91	-	-
Loans & advances to customers, net of provision	**1,501.24**	**7.12**	**5.67**	1,640.35	6.61	5.91
Other assets	**8.12**	**-**	**6.08**	27.24	-	-
Due to credit institutions	**3,658.26**	**-**	**-**	1,954.47	-	-
Derivative financial instruments liabilities	**10.09**	**-**	**-**	4.14	-	-
Due to customers	**336.01**	**2.29**	**99.73**	727.28	2.17	8.57
Debt securities in issue	**16.29**	**-**	**-**	853.47	-	-
Other liabilities	**14.89**	**-**	**2.97**	15.43	-	-
Net interest income	**18.03**	**0.03**	**(0.84)**	31.61	0.04	0.11
Net banking fee and commission income	**6.39**	**-**	**5.66**	13.91	-	-
Dividend income	**60.00**	**-**	**0.31**	367.11	-	-
Net trading income	**0.53**	**-**	**(1.29)**	47.42	-	-
Gains less losses from investment securities [4]	**-**	**-**	**0.16**	(8.25)	-	-
Other operating income/(expense)	**(27.17)**	**-**	**(5.45)**	(24.72)	(0.22)	-
Impairment losses on loans and advances and collectors fees	**(232.26)**	**-**	**(0.08)**	(122.08)	-	-
Guarantees issued	**394.21**	**-**	**-**	936.01	-	-
Guarantees received	**-**	**0.05**	**-**	-	0.10	-

[1] Includes the key management personnel of the Bank and their close family members.

[2] Equity contributions and other transactions with subsidiaries are presented in notes 26, 34 and 39.

[3] As of 4 August 2016, Eurolife insurance Group has been accounted for as an associate (note 30).

[4] From August to December 2016, the Bank proceeded with the sale of GTBs of € 244 million face value to the Eurolife insurance Group.

For the year ended 31 December 2016, there were no material transactions with the HFSF. As at 31 December 2015, the Bank had recorded a receivable of € 2 million from HFSF, which has been collected in the first quarter of 2016.

In addition, as at 31 December 2016 the loans, net of provisions, granted to entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements (note 26) amounted to € 5.3 million (2015: € 4.3 million).

Following the assessment of the recoverable amount of the Bank's funding to its subsidiaries included in international segment, either directly or indirectly through pledged deposits to its banking subsidiary 'Eurobank Private Bank Luxembourg S.A.', an impairment loss of € 215 million (of which € 75 million against the loan to ERB New Europe Funding III Ltd) has been recorded in 2016, to reflect the carrying values of their loans' and properties' portfolios. As at 31 December 2016, the impairment allowance for loans and receivables with the Bank's consolidated subsidiaries, associates and joint ventures amounted to € 209 million (2015: € 125 million).

In relation to the guarantees issued, the Bank has received cash collateral of € 60 million as at 31 December 2016 (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 € 4.79 million (2015: € 5.67 million) and long-term employee benefits (excluding share-based payments) of € 0.53 million (2015: € 0.65 million). In addition, the Bank has formed a defined benefit obligation for the KMP amounting to € 0.81 million as at 31 December 2016 (2015: € 0.59 million), while the respective cost for the year amounts to € 0.05 million (2015: € 0.07 million).

46. 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.

On 26 October 2016, the Board of Directors appointed Mr. George Myhal as new Board member in replacement of the resigned Board member Mr. Jon Steven Haick, for an equal term to the remaining term of the resigned member.

On 12 January 2017, the Board of Directors appointed Mr. Richard Boucher as new Board member in replacement of the Mr. Spyros Lorentziadis who resigned from the Board on 3 November 2016, for an equal term to the remaining term of the resigned member.

Following the above, the Board of Directors is as follows:

N. Karamouzis	Chairman, Non-Executive
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
R. Boucher	Non-Executive Independent
G. Myhal	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)

47. Dividends

Final dividends are not accounted for until they have been ratified by the Annual General Meeting.

Based on the 2016 results of the Bank 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 (note 38). Under article 1 par. 3 of Law 3723/2008, during the period of the participation of the banks in the first stream of the Greek Economy Liquidity Support Program, the amount of dividends that may distributed to ordinary shareholders of the Bank cannot exceed 35% of the profits as provided in article 3 par. 1 of Law 148/1967. As per the Restructuring Plan commitments, unless the European Commission otherwise agrees to an exception, the Bank will not pay any dividend until the earlier of 31 December 2017 or the date of the full repayment of the Bank's non-voting preference shares held by the Greek State, other than where there is a legal obligation to do so, while it will not release reserves to put itself in such a position.

Athens, 28 March 2017

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. Website Address for Information on Subsidiaries of the Bank

The Financial Statements of the companies which are required by law to publish financial statements in their local language prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which are included in the Consolidated Financial Statements of Eurobank Ergasias S.A., accompanied by their Auditor's Report and the Directors' Report, are posted to at the website address: http://www.eurobank.gr

VI. Provision Information of Group Eurobank Ergasias S.A. for the period 1.1-31.12.2016 pursuant to article 6 of l. 4374/2016

PROVISION INFORMATION OF GROUP EUROBANK ERGASIAS SA FOR THE PERIOD 01/01 - 31/12/2016
UNDER ARTICLE 6 OF L.4374 / 2016

PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 2 OF ARTICLE 6 OF L.4374 / 2016 REGARDING LEGAL ENTITIES

LEGAL ENTITY NAME	AMOUNTS WITHOUT TAX
1984 PRODUCTIONS S.A	12,000.00
24 MEDIA S.L.T.D	14,615.00
96 MEDIA AND COMMUNICATION PC	14,915.00
A. MIKONIATIS PUBLISHING SA	3,035.00
A.S.M. PUBLICATIONS P.C.	8,048.97
A.VASILAKI- D. GLASS G.P.	370.00
AB NOVA SOLUTIONS COM. TECH. CONSTR. SA	5,691.06
ADAMOPOULOS DIAMANTIS	360.00
ADWEB LTD	10,983.87
AEGEAN COMMUNICATION SA	400.00
AGGELAKI KIRIAKI	100.00
AIRLINK S.A	3,704.40
AKRITES ANONUMOUS TELEVISION COMPANY S.A.	997.00
AKTI MIAOULI PUBLICATIONS P.C	2,000.00
ALEXIOU G. Co SA	529.88
ALITHIA PUBLICATIONS LTD	250.00
ALLIANCE FOR GREECE CIVIL NON-PROFIT ORGANIZATION	4,000.00
ALPHA RADIO SA	44,734.22
ALPHA SATELLITE TELEVISION SA	470,372.63
ALPHA TERRANOVA S.A	2,439.02
ANONIMOUS COMPANY RADIOTELEVISION ENTERPRISES	1,001.10
ANTENNA GROUP (SERBIA)	211,081.46
ANTENNA TV S.A.	594,215.29
APOSPASMA SINGLE MEMBER PRIVATE COMPANY	3,500.00
ARABATZIS A. ATHANASIOS	1,413.02
ARABATZIS ALEX DIMITRIOS	2,272.96
ARETI-ANNA E. TZALLA & CO LP	1,867.06
ARGIROPOULOU P.& Co LP	530.00
ARGYROPOULOU POLYXENI	437.25
ATHANASIOU DAMIANOS	1,154.00
ATHANASIOU EVAGGELOS & CO GP	1,800.00
ATHENS COLLEGE ALUMNI ASSOCIATION	94.00
ATHENS VOICE PUBLISHING & ADVERTISING SA	8,930.00
ATTIKES EKDOSEIS PUBLISHING SA	1,500.00
A-V KONSTANTOPOULOU - LOEB GP	1,500.00
B2B TECH S.A.	2,000.00
BAKOLAS VAS. NIKOLAOS	210.00
BARKA-PARASCHI ANASTASIA	169.95
BIOGROUP SINGLE MEMBER LTD	2,553.60
BLOOMBERG HELLAS SINGLE MEMBER LTD	26,950.27
BOULEVARD FREE PRESS PC	1,530.00
BOUSIAS COMMUNICATIONS LTD	36,590.96
BOUTHAS P.-A. BOUTHA G.P.	317.82
BOUTHAS P.KONSTANTINOS	1,500.00
BRAINFOOD PUBLISHING SOLE SHAREHOLDER LTD	900.00
BROADCASTING PROMOTION S.A. SPORT TV	10,608.94
BUSINESS ORGANIZATION INTERNATIONAL SERVICES SA ALFA TELEVISION	17,118.30
CAPITAL.GR SERVICES PRINTED AND ELECTRONIC INFORMATION S.A.	116,666.65
CHATZIS NIKOLAOS & CO GP	13,200.00
CHIOTI CHRISTINA-ANNA LAKONIKOS	139.92
CHOUTZOUMI BROS P. LTD	415.00
CHRISI EFKERIA EDITIONS S.A.	31,291.01
CHRISI EMMANOUILIDOU GRAPHIC ARTS SA	49.97
CHRISTAKAKIS PAN. GEORGIOS	55.90
CHRONOS SINGLE MEMBER PRIVATE COMPANY	265.00
CLOCKWORK ORANGE MINDTRAP LIMITED	16,194.60
COSMOS BROADCASTING TELECOMMUNICATIONS PUBLISHING COMMERSIAL SA	16,368.30
CPAN CONNECT PUBLIC AFFAIRS	12,103.00
CREATIVE INTERNET SERVICES SINGLE MEMBER LTD	8,130.00
D.A ANONYMOUS COMMERCIAL PUBLISHING HOLDING COMPANY	84,193.55
D.G. NEWSAGENCY S.A.	32,196.75
DAI VAS. ANDIGONI-THESPROTIKI	150.00
DANILOUDIS N. DIMITRIOS	912.00
DEMOCRATIC PRESS NEWS PUBLISHING TRADE S.A.	81,220.81
DESMI PUBLISHING SA	45,900.00
DIAFONIDOU I. ELENI	750.00
DIALOGOS SOLE SHAREHOLDER LTD	99.94
DIAMADAKIS KON. ADREAS	286.40
DIM.ROUCHOTAS & Co G.P.	1,850.00
DIMAKOPOULOS PAD. CHRISTOS	308.40
DIMOURGIA LTD	159.00

DIO DEKA PUBLISHING COMPANY SA	1,200.00
DIONATOS I AND Co. LP	3,000.00
DOCUMENTATION SINGLE MEMBER LTD	3,338.84
DOL DIGITAL S.A.	78,000.00
DOT COM NEWS SA	475,373.29
DOUSIS ANASTASIOS & CO LP	20,000.00
DPG DIGITAL MEDIA S.A	16,696.00
E.SPIROU-Γ. -K.SPIROU & Co GP	731.71
ECONOMIC CHAMBER OF GREECE	1,000.00
EKREMES S.A.	1,400.00
ELEFTHERIA SA	2,195.00
ELNAVI L.T.D.	700.00
ENTYPOEKDOTIKI INDUSTRIAL AND COMMERCIAL S.A.	3,000.00
EPENDISI PUBLISHING S.A.	7,680.00
ESTIA NEWSPAPER C.S.A	23,533.49
ETHNOS PUBLISHING S.A.	257,680.56
ETHOS MEDIA S.A.	3,941.60
EUROMEDIA ACTION SA	9,000.00
EXPLORER E.U.M.M.	188,338.82
FACEBOOK IRELAND LIMITED	52,571.76
FANFANIS ALEX. STAVROS	265.00
FAROSNET EXPLOITATION OF INTERNET MEDIA AND COMMUNICATION S.A.	7,334.00
FELNIKOS ELECTRONIC MEDIA S.M. L.T.D.	22,500.00
FINANCIAL MARKETS VOICE PUBLISHING COMPANY LIMITED	7,000.00
FINANCIAL PRESS P.C	6,000.00
FORTHNET MEDIA S.A	44,955.96
FOTINH PAPAGEORGIOU TZEKA	1,900.80
FREE SUNDAY LP	10,773.60
FREE SUNDAY PUBLISHING S.A.	22,525.22
FREENET ANONYMOUS PUBLISHING COMPANY	4,020.00
FRONTSTAGE ENTERTAINMENT SA	5,821.20
G. LASKARAKI & CO GP	212.00
GALANOMATIS GAVR.GEORGIOS	1,100.00
GENERAL RADIOTELEVISON ENTERPRISES SA	6,213.66
GEORGIADIS KOSMAS & CO LP	790.00
GIANNIS THEOFANIDIS & CO GP	581.72
GINOUDIS ANT. APOSTOLIS	360.00
GOOGLE IRELAND LIMITED LTD	244,866.58
GRAFOTEHNIKI CRETE SA	150.00
GRATIA PUBLICATIONS L.T.D	650.00
GREEK SHIPPING PUBLICATIONS	188.68
GREEK-FRENCH COMMERCIAL AND INDUSTRIAL CHAMBER OF GREECE	5,032.26
HANIOTIKA NEA PUBLISHING PRINTING COMPANY	283.02
HELLENIC TELECOMMUNICATION ORGANIZATION SA	96,962.34
HERMES BROADCASTING AND PUBLISHING SA	599.89
HERMES COMPANY PUBLICATIONS AND PRINTING	45.00
HERODOTUS RADIO PRIVATE COMPANY	500.00
I & E KOUTSOLIONTOU GP	2,762.87
I AVGI - PUBLISHING AND JOURNALISTIC ORGANIZATION S.A.	76,167.36
I NAFTEMPORIKI - PANOS ATHANASIADIS & CO, S.A	128,087.26
I.P. LIBERTYPRESS SINGLE MEMBER P.C	2,000.00
ICAP GROUP SA	4,300.00
ICHOS & RITHMOS SA	5,292.00
IDENTITY S.A.	2,000.00
IKAROS RADIOTELEVISION COMPANY SA	1,520.00
IMERISIA COMMERCIAL SA	1,547.21
INDEPENDENT MEDIA S.A.	61,773.61
INFOTAINMENT PUBLISHING BUSINESS S.A.	14,900.00
INTERNATIONAL HERALD TRIBUNE-KATHIMERINI	430.00
INTERNATIONAL RADIO NETWORKS SA	9,432.00
INTERNATIONAL SERVICES & SUBSCRIPTIONS	3,012.00
IOANNIS KYRIAKOPOULOS & CO LP	5,000.00
IRINE.DRAKATOU-M.DRAKATOU G.P.	2,400.00
IRO DADI	1,305.60
JOURNALISTIC ORGANIZATION KONDILI SA	811.76
KALAFATIS E.GRIGORIS	105.94
KALAITZAKIS PUBLISHING COMPANY SA	411.89
KALANTZIS A. CHRISTOS	480.00
KAMBOUROPOYLOS AND Co LP	11,000.00
KAMPIOTIS SPYROS & CO GP	449.92
KANIS A. NIKOLAOS	318.75
KARYDIS VAS.I.& CO G.P.	762.00
KASMIRLIS DIMITRIOS	55.00
KASTORINI-TOMELITOU I. (NEWSPAPER)	1,056.60
KATHIMERINES PUBLICATIONS S.A.	193,403.34
KATSAITIS S. GEORGE NEWSPAPER-INFORMATION	734.29
KAZANDIDIS CHR.CHARALAMPOS	800.00
KOMITOUDIS DIM. VASILIOS	212.00
KONTRA MEDIA SA	13,763.50

KOROMILIS I SA OLYMBIO BIMA	307.92
KOTROTSOS SERAPHIM PAUL	6,065.04
KOUTSIS I. DIMITRIOS	159.00
KOZIRI KALLIOPI-KOZIRIS MICHALIS GP	727.81
KTIRIOEDITIONS PC	80.19
LABRAKI JOURNALISTIC ORGANIZATION S.A	334,093.29
LAMIAKOS TYPOS S.A.	5,182.04
LEFT MEDIA ANONYMOUS RADIO-TELEVISION S.A.	27,506.80
LEMAS EYAGGELOS	300.00
LEOTSAKOS P.& CO G.P.	63,400.00
LIAKOPOULOS KONSTANTINOS	333.20
LIBARIS NIKOLAOS	14,374.49
LIQUID MEDIA S.A.	13,032.26
M PRESS PUBLISHING SA	10,283.97
M TSAROUCHAS AND Co. MORNING NEWSPAPER SPEECH SA	4,878.00
MAGKONAKIS EL. STAVROS	1,232.00
MALAPETSAS I. KOSTAS	212.50
MANESIOTIS NIKOLAOS-PSOMIADIS KONSTANTINOS G.P.	16,500.00
MARIA EVAG.VOULGARI	2,016.00
MARIA VASILAKI PUBLISHING BUSINESS SINGLE MEMBER LTD	2,000.00
MASOURIS K. SPYRIDON	212.00
MATHIOUDAKIS MEDIA SA	790.00
MAVROMATIS G. KONSTANTINOS	148.40
MAXITIS LTD	280.00
MEDIA INSIGHT LTD	499.48
MEDIA2DAY PUBLISHING S.A.	114,701.13
MENTZELOPOULOS GAL. PANAGIOTIS	1,103.77
METALLINOS KONSTANTINOS XENOFON	500.00
METAMEDIA SINGLE MEMBER PRIVATE COMPANY	3,000.00
METRODEAL SINGLE MEMBER PRIVATE COMPANY	842.40
MICHALAKIS A PANAGIOTIS	9,000.00
MORAX MEDIA PUBLISHING COMPANY SA	5,367.96
MOTORI PUBLICATIONS LTD	2,000.00
MUNICIPAL ORGANIZATION ELEFTHERIA LARISA SA	2,560.00
MUNICIPAL RADIO CORPORATION ATHENA	17,500.00
MUNICIPAL TV CORPORATION OF MUNICIPALITY OF ASPROPIRGOS	3,280.10
NEA TELEORASI SA	426,533.12
NEO CHRIMA PUBLISHING S.A.	79,030.00
NEW CRETA KYKLOS S.A.	11,490.02
NEW MEDIA NETWORK SYNAPSIS S.A.	65,500.00
NEWPOST PRIVATE COMPANY	15,400.00
NEWSIT L.T.D	73,000.00
NEWSMEDIA LP	2,100.00
NIKOLOPOULOU IRENE	5,000.00
NK HOLDING P.C PUBLISHING HOLDING COMPANY	62,064.01
NORTHERN GREECE PUBLISHING SA	1,556.60
NSK PUBLISHING LTD EDIT. PRINT. MATER. KARAMANOGLOU	5,700.00
OLIVE MEDIA SA	20,627.67
ON LINE TECHPRESS LTD	1,200.00
P. BOUSMPOURELIS & CO LP	1,612.90
P.D.PUBLICATIONS L.T.D	12,328.00
P.PAPATHANASIOU BROS GP	1,250.00
PALO DIGITAL TECHNOLOGIES L.T.D.	19,097.55
PANAGIOTOPOULOS CHRISTOS AND CO G.P.	6,000.00
PAPADATOS CHR. AND CO LP	529.70
PAPADOGIANNI MELPOMENI & CO GP	323.94
PAPAGIANNIS MICH.IOANNIS	27,400.00
PARAENA L.T.D PUBLISHING - INTERNET SERVICES	84,000.00
PARAPOLITIKA EDITIONS S.A.	90,713.99
PATSIKA BROS LP	2,285.82
PELOPONNESE PATRON EDITIONS S.A.	4,005.69
PETINI M. & CO EWC-MAGAZINE "PRESS LABOUR LEGISLATION"	1,727.61
PHILELEFTHEROS PUBLISHING S.A.	56,681.09
PIKELLOW TRADING LTD	5,600.00
PITHAGORAS PUBLISHING S.A.	40,500.00
PLAKIAS DIMITRIOS	359.90
PLEFSIS SINGLE MEMBERED L.T.D.	2,000.00
POLITI -SIAFAKA MARIELIZE-VASILIKI INTERNET SERVICES	4,700.00
PONTOS TV SA	1,656.00
POUGARIDIS K.ANTONIOS	201.40
PREMIUM S.A.	44,000.00
PRIME APPLICATIONS S.A.	30,814.42
PROTAGKON S.A.	28,800.00
PROTI TIS ILIAS SA	226.20
PROTO THEMA PUBLISHING S.A.	341,860.00
PROVOLI SALES PROMOTION S.A.	1,100.00
PUBLISHING ADVERTISING SA-JOURNAL-PLANET	1,000.00
PUBLISHING KERKYRA SA	1,200.00
PUBLISHING TELEVISION SA	2,397.60

QUIZDOM GREECE LTD	1,000.00
R MEDIA SINGLE MEMBER LTD	1,500.00
R.I.E.M.E. SA RADIOTILEOPL ILEK	36,000.00
RADIO BROADCASTING COMPANIES MITILINIS S.A.	1,086.00
RADIO BROADCASTING COMPANIES REAL FM S.A.	197,014.34
RADIO BROADCASTING SA	53,535.91
RADIO THESSALONIKI SA	982.80
RADIOTELEVISION COMPANIES STEREAS ELLADOS-ENA SA	12,243.80
RADIOTELEVISION TOURIST ENTERPRISES-IRIDA SA	2,001.00
REAL MEDIA S.A.	195,003.10
REPORT PRIVATE COMPANY P.C	9,000.00
RIGA BROS PUBLISHING SA	290.29
RIGAS LISANDROS "PROINOS LOGOS "	120.00
S PAVLOPOULOS SOCIALDIGITALINFORMATION ADVERTISING OTHER ELECTRONIC SERVICES	2,000.00
S.RIZOPOULOS & CO LP	25,000.00
S.TSOPANAKI-H.KVTIADIS BROS & CO GP	976.42
S.ZINIATIS & CO LP	90.10
SABD PUBLISHING S.A	127,800.00
SARISA L.T.D.	14,400.00
SBC SINGLE MEMBER PRIVATE COMPANY COMMUNICATION SERVICES	11,993.44
SBC TV TELEVISION ENTERPRISES S.A.	2,908.00
SELANA PUBLICATIONS AND MEDIA SA	4,000.00
SERDELLAS DIM. NIKOLAOS	779.25
SERRAIKES PUBLICATIONS SOLE SHAREHOLDER LTD	400.00
SICHRONI EPOXI PUBLISHING INDUSTRIAL AND COMMERCIAL SA-'RIZOSPASTIS'	54.20
SKROUTZ SA- INTERNET SERVICES	62,250.00
SPACE FM STEREO RADIOTELEVISION SA	5,292.00
SPIRAKIS MICH. KONSTANTINOS	180.00
STAR GREEK BROADCASTING S.A.	4,068.22
STAR SA RADIOTELEVISION ORGANIZATION CENTRAL GREECE	3,036.00
STAVRIDOU I. STYLIANI	473.33
T LIFE LTD WEB APPLICATIONS	5,000.00
TAILWIND BUSINESS FAST FORWARD	77,205.83
TB NEWS & TOLIS GEORGE SOLE SHAREHOLDER COMPANY LIMITED	251.00
TELETYPOS S.A.	219,554.04
THARROS PUBLISHING LTD	50.50
THE CHAMBERS GREEK ISLANDS DEVELOPMENT GROUP E.O.A.E.N.	1,000.00
THE TOC DIGITAL MEDIA COMMUNICATION SERVICES S.A.	36,249.99
THESSALIKES PUBLISHING-PRINTING	157.08
THESSALIKI RADIOTELEVISION SA	17,991.20
THETA COMMUNICATION LTD	3,223.49
THOMA ANTONIA "PRESS THESSALONIKI"	1,942.95
THOMA THEODORA	670.50
THOMSON REUTERS HELLAS S.A.	41,937.74
THRAKIKI COMMUNICATION SOLE SHAREHOLDER LTD	127.20
TIF HELEXPO SA	140.40
TODAYS WORLD PUBLICATION PUBLISHING BUSINESS SA	5,000.00
TRAPEZIKO VIMA NON PROFIT COMPANY	1,350.00
TRIANTAFILLOU N. DIONYSIOS	318.00
TRIANTAFILLOU ODYS. GEORGIOS	337.00
TSATSARONIS GEORG. CHRISTOS	10,246.85
TSOUKALA THEOLOGIA	100.47
TZEKAS P. CHARALAMPOS	1,900.80
VAGOURIDIS S. INDUSTRIAL AND COMMERCIAL S.A.	286.11
VAROUXIS ELEYTHERIOS & SONS GP	870.00
VASILAKOPOULOS GEORGIOS AND Co LP	880.00
VASILIKI KITSA DIMITRIOS EXARHOS GP	106.00
Vima FM RADIO ENTERPRISES S.A.	60,805.43
VOICE OF NAOUSA GP	1,744.20
WAVE MEDIA OPERATIONS LTD	10,575.04
ZACHARIOUDAKIS A.STYLIANOS	1,200.00
ZISAKIS GEORGIOS	339.62
ZISIMOU N. ASIMENIA	940.00
ZOUGLA.GR S.A.	55,000.00
	7,762,527.76

NOTES:

1.Not including charges in favor of Greek government (V.A.T, Special TV tax.) and in favor of third parties (advertisement tax), total amount **€ 2.716.092,11**

2. Above figures include the payments of the Greek subsidiary insurance companies until 04.08.2016 , date on which completed the sale of 80% of the share capital of Eurolife ERB Insurance Group Holdings SA.

3. Above figures include subscriptions amounts too.

PROVISION INFORMATION OF GROUP EUROBANK ERGASIAS SA FOR THE PERIOD 01/01 - 31/12/2016 UNDER ARTICLE 6 OF L.4374 / 2016

PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 2 OF ARTICLE 6 OF L.4374 / 2016 REGARDING LEGAL ENTITIES

LEGAL ENTITY NAME STATE	AMOUNTS WITHOUT TAX
11th PRIMARY PATRAS*	5,882.55
1st HIGH SCHOOL MOSCHATOU*	1,258.85
1st SPECIAL SCHOOL ILION*	2,490.38
2nd PRIMARY TAVROU*	16,571.06
5th PRIMARY SCHOOL MOSCHATOU*	2,150.00
AA UNION APOLLONION AO ISTIEAS	50.00
ACT THEATRICAL URBAN COMPANY	1,000.00
AELIA URBAN NPO	300.00
AMERICAN COLLEGE ALUMNI ASSOCIATION	16,220.00
AMERICAN EDUCATIONAL FOUNDATION	3,500.00
AMUSIC FREEATER THEATRE SERVICES AND OTHER SHOWS	15,000.00
APOSTOLI NON-PROFIT CIVIL PARTNERSHIP	400,000.00
ARCHDIOCESE OF ATHENS*	11,281.00
ARFA HERCULES CHALKIDAS	5,000.00
ARISTOTLE UNIVERSITY PROPERTY DEVELOPMENT AND MANAGEMENT COM	500.00
ASSOCIATION ARGITHEATON OF TRIKALA	100.00
ASSOCIATION OF BUSINESS HEALTH INTEREST OF TINOS	300.00
ASSOCIATION OF LOVE "SAINT SPYRIDON"*	601.70
ASSOCIATION OF SOCIAL INITIATIVE VEROIAS	7,000.00
ASSOCIATION OF UNIVERSITY GRADUATE ARCHITECTS	4,000.00
ATHENS HELLENIC EXCHANGES EXAE	17,500.00
ATHLETIC ASSOCIATION OF THIRA	3,000.00
ATHLETIC CULTURAL RUNNERS CLUB PIERIAS	300.00
B' ARSAKEIO-TOSITSEIO EKALI GENERAL LYCEUM	2,000.00
BEYOND CSR NET LIMITED	2,000.00
BOUSIAS COMMUNICATIONS LTD	3,853.40
BRITISH HELLENIC CHAMBER OF COMMERCE	8,064.52
CAPITAL LINK INC	10,000.00
CENTRE FOR RESEARCH AND TECHNOLOGY HELLAS (CERTH)	1,612.90
CEO CLUBS GREECE	10,000.00
CHIOS ELDERLY RESIDENTIAL CARE "ZORZIS MICHALINOS	1,300.00
CHRISTIAN CHARITY ASSOCIATION "ASSOCIATION OF LOVE"	100.00
COEURS POUR TOUS HELLAS	20,000.00
COLLEGE ALUMNI ASSOCIATION ANATOLIA IN ATHENS	5,000.00
COLUMBIA UNIVERSITY OF NEW YORK	1,236.87
COMMERCIAL & PROFESSIONAL ASSOCIATION ISTIEAS	150.00
COMMERCIAL & PROFESSIONAL ASSOCIATION OF ISTIAIA	150.00
COMMERCIAL ASSOCIATION OF LIVADIA	500.00
COMMERCIAL ASSOCIATION OF THESSALONIKI	10,000.00
COMMERCIAL CHAMBER OF THESSALONICA	8,090.74
COMMERCIAL-PROFESSIONAL & INDUSTRIAL ASSOCIATION OF TINOS	100.00
CONFEDERATION OF ENTREPRENEURS TOURIST ACCOMMODATION GREECE*	3,000.00
CORFU COMMERCIAL ASSOCIATION	400.00
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
DROMOKAITIO PSYCHIATRIC HOSPITAL OF ATTICA	500.00
EKALI HOTELS AND TOURIST BUSINESS SA	3,000.00
ELPIDA ASSOCIATION OF FRIENDS OF CHILDREN WITH CANCER	110,300.00
EMBELLISH CULTURAL CULTURAL ASSOCIATION OF SAINT DIMITRIOS	500.00
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*	4,728.00
EUROPEAN & INTERNATIONAL CRIMINAL LAW INSTITUTE	2,000.00
EUROPEAN CULTURAL CENTRE OF DELPHI	32,258.06
FACTORS CHAIN INTERNATIONAL	3,200.00
FEDERATION OF INDUSTRIES OF PELOPONNESE AND WESTERN GREECE	1,000.00
FLOGA, PARENTS ASSOCIATION OF OF CHILDREN WITH NEOPLASTIC DISEASES	2,320.00
FLOGA, PARENTS ASSOCIATION OF OF CHILDREN WITH NEOPLASTIC DISEASES	250.00
FOUNDATION CARE LONG SUFFERERS SAINT PANTELEIMONAS	1,000.00
FOUNDATION MAKERS PLACE PRIVATE COMPANY BUSINESS INCUBATOR	500.00
FRIENDS OF CHILDREN IN INTENSIVE CARE	24,890.62
GALILEE PALLIATIVE CARE UNIT/HOLY DIOCESE OF MESOGAIAS AND LAVREOTIKI	25,000.00
GENERAL HOSPITAL OF XANTHI*	806.45
GENERAL ONCOLOGY CANCER HOSPITAL	1,000.00
GLOBAL EVENTS LTD	800.00
GREEK FESTIVAL S.A	17,893.00
GREEK INTERNATIONAL BUSINESS ASSOSIATION	11,000.00
GREEK NATIONAL OPERA	41,640.40
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
GYMNASTIC ASSOCIATION OF KYMIS BC	10,000.00
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	1,232,574.98
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 INSTITUTE OF ELECTRIC VEHICLES	2,419.35
HELLENIC MANAGEMENT ASSOCIATION	3,740.00
HELLENIC MARKLIN CLUB	300.00
HELLENIC NETWORK FOR CORPORATE SOCIAL RESPONSIBILITY	1,240.00
HELLENIC OLYMPIC ACADEMY	8,130.08
HELLENIC POLICE	100.00
HELLENIC-AMERICAN EDUCATIONAL FOUNDATION	14,090.00
HIGH SCHOOL KASTELORIZOU*	4,242.92
HOLY CATHEDRAL CHURCH OF SAINT GEORGE	1,650.00
HOLY METROPOLIS OF IOANNINA	2,000.00
HOLY METROPOLIS TRIFYLIAS-OLYMPIAS	1,000.00
HOSPITALITY CENTER FOR SICK CHILD AND FAMILY "ILIACHTIDA"	330.00
ICAP GROUP S.A	7,500.00
IMH CREATING SOLUTIONS CONSULT	800.00
IMPERIA MOBILE LTD	2,250.00
INFORMA GROUP PLC	10,000.00
INSTITUTE OF COMMUNICATION AND COMPUTER SYSTEMS NTUA	2,200.00
IOANNIS AND PAOLA NESTORIDOU	750.00
KOS HOTEL ASSOCIATION	5,000.00
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	6,000.00
MINDWORK BUSINESS SOLUTIONS CONSULTING SERVICES LIMITED LIABILITY COMPANY	4,032.26
MINISTRY OF CITIZEN PROTECTION	1,281.91
MINISTRY OF CITIZEN PROTECTION*	750.00
MORAITIS SCHOOL S.A.*	50.00
MUNICIPAL PENITENTIARY OF CHANIA	1,000.00
MUNICIPAL SCHOOL COMMITTEE SECONDARY EDUCATION MUNICIPALITY FILOTHEIS-PSYCHICO	1,500.00
MUNICIPALITY OF AGIA PARASKEVI*	1,940.00
MUNICIPALITY OF AIGALEO	2,000.00
MUNICIPALITY OF ALMIROS	3,000.00
MUNICIPALITY OF CHALKIS	10,000.00
MUNICIPALITY OF CORFU*	2,067.66
MUNICIPALITY OF CORFU*	809.56
MUNICIPALITY OF LASITHI PLATEAU*	203.24
MUNICIPALITY OF MEGALOPOLIS	3,350.00
MUNICIPALITY OF MESSINI*	820.50
MUNICIPALITY OF TEMPI	1,000.00
MUNICIPALITY OF THERMAIKOS*	2,425.58
MUNICIPALITY OF VRILISSIA SOCIAL GROCERY *	300.00
MUSEUM FOR THE MACEDONIAN STRUGGLE	5,200.00
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 TECHNICAL UNIVERSITY	6,000.00
NATIONAL UNION TRAINOSE STAFF	500.00
NATIONAL VETERINARY ASSOCIATION	2,000.00
NICHOLAS & NTOLIS GOULANDRIS FOUNDATION	3,000.00
ORTHODOX ACADEMY OF CRETE (OAC)	2,000.00
OZEL ZOGRAFYON LISESI (ΖΩΓΡΑΦΕΙΟ ΛΥΚΕΙΟ ΚΩΝΣΤΑΝΤΙΝΟΥΠΟΛΗΣ)	2,000.00
PALLADIAN COMMUNICATIONS SPECIALISTS CONSULTANTS COMMUNICATION - ADVERTISING-BUSINESS SA	5,000.00
PANAGIA FANEROMENI HOSPITAL CHARITY FOUNDATION ATHANASIOU AND VERAS KOULOURA	200.00
"AMYMONI"	2,000.00
PANOS AND CHRISYIDA CHILDREN HELP	3,000.00
PAPAGOU - HOLARGOS MUNICIPALITY	3,000.00
PAPAPETROU PATROKLOS AND Co LP	2,300.00
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)	800.00
POLICE DIRECTORATE OF ATHENS AIRPORT*	1,209.68
PORT AUTHORITY OF SAMOS	300.00
PRIMARY SCHOOL KASTELORIZOU*	1,664.11
PROPERTY DEVELOPMENT AND MANAGEMENT COMPANY OF ATHENS UNIVERSITY OF ECONOMICS S.A	5,268.16
PUBLIC BENEFIT ORGANISATION OF THE CITY OF KAVALA DIMOFELIA	2,000.00
RESEARCH CENTRE FOR STRATEGIC MANAGEMENT OF BUSINESS AND ENTREPRENEURSHIP	5,000.00
RESEARCH CENTRE UNIVERSITY OF PIRAEUS	11,500.00

RESEARCH CENTRE UNIVERSITY OF PIRAEUS*	2,845.50
RESIDENTIAL CARE FOR THE ELDERLY AGIA MARINA KARDAMYLA CHIOS	1,000.00
RODOTHEA STASINOU AND Co LP	6,000.00
SAINOPOULIO INSTITUTION	500.00
SANI S.A.	15,000.00
SCHOOL COMMITTEE PRIMARY EDUCATION MUNICIPALITY KIFISIAS	2,000.00
SCHOOL COMMITTEE PRIMARY EDUCATION MUNICIPALITY OF THESSALONIKI - 1st PRIMARY SCHOOL TRIANDRIAS*	4,777.76
SCHOOL COMMITTEE SECONDARY EDUCATION MUNICIPALITY KIFISIAS	4,000.00
SCIENTIFIC ASSOCIATION FOR THE PROMOTION OF EDUCATIONAL INNOVATION	1,000.00
SIKIARIDIO MISFITS CHILDREN FOUNDATION	500.00
SINGLE SCHOOL COMMITTEE PRIMARY EDUCATION MUNICIPALITY OF CORFU	900.00
SOCIETY OF MENTAL HEALTH FOR CHILD AND ADOLESCENT AETOLOAKARNANIAS - APHCA	300.00
SOKOLI ATHINA & Co. PUBLISHING BUSINESS	11,500.00
SOS CHILDREN’S VILLAGE OF GREECE	16,362.00
SPECIAL ACCOUNT ECONOMIC UNIVERSITY OF ATHENS	3,140.00
SPECIAL ACCOUNT FOR RESEARCH I.H.U	2,000.00
SPECIAL ACCOUNT RECLAIM OF FUNDS NTUA	1,500.00
SPECIAL RESEARCH FUNDS ACCOUNT TECHNICAL UNIVERSITY OF CRETE	806.45
SPECIAL RESEARCH FUNDS ACCOUNT UNIVERSITY OF MACEDONIA	1,306.45
SPORTS MOTORCYCLE FEDERATION OF GREECE	500.00
ST ANTONY'S COLLEGE/SOUTH EAST EUROPEAN STUDIES AT OXFORD	31,815.20
STANDARD NATIONAL NURSING	300.00
TARGET-PREVENTION HELLENIC SOCIETY FOR THE PREVENTION OF CANCER	14,000.00
TEI OF IONIAN ISLANDS	1,000.00
TENNIS ASSOCIATION VETERANS GREECE	3,000.00
THE ARK OF THE WORLD	7,650.00
THE ASSOCIATION OF CHIEF EXECUTIVE OFFICERS - ACEO	6,000.00
THE ATHENS CONCERT HALL ORGANIZATION	47,537.65
THE FEDERATION OF INDUSTRIES OF NORTHERN GREECE	20,000.00
THE GREEK PEOPLE MANAGEMENT ASSOCIATION	5,000.00
THE HELLENIC CONFEDERATION OF COMMERCE AND ENTREPRENEURSHIP	5,000.00
THE INSTITUTE OF INTERNAL AUDITORS GREECE	1,500.00
THE ORMYLIA FOUNDATION	2,000.00
THE SMILE OF THE CHILD	2,450.00
THE SMILE OF THE CHILD*	1,810.08
THEOTOKIS CONFERENCES TRAVEL LTD	2,777.73
THESSALONIKI MUSEUM OF PHOTOGRAPHY	493.00
TOGETHER FOR CHILDREN P.L.L.P NON PROFIT ORGANIZATION	2,900.00
TRIAENA TOURS & CONGRESS S.A.	1,000.00
U.S EDUCATIONAL FOUNDATION	3,500.00
UNION DAILY NEWSPAPER EDITORS MACEDONIA-THRACE	2,000.00
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
VOLLEYBALL ATHLETIC ASSOCIATION OF KIFISSIA	14,000.00
VOLUNTARY RISK RESPONSE UNIT OF HIPPOCRATIC STATE	1,000.00
VOULIAGMENI NAUTICAL CLUB	1,000.00
WAVE MEDIA OPERATIONS LTD	6,500.00
XENEPEL (SOLE SHAREHOLDER) L.T.D	3,000.00
YMCA NON-PROFIT ORGANIZATION*	1,500.00
	2,685,214.67

NOTES:
1.NOT INCLUDING CHARGES FOR GREEK GOVERNMENT AND IN FAVOR OF THIRD PARTIES (V.A.T, ETC.), TOTAL AMOUNT **€ 429.101,24**
2.WHERE (*) RELATES TO GRANTS / DONATIONS IN KIND.
3. THE ABOVE FIGURES INCLUDE THE PAYMENTS OF THE GREEK SUBSIDIARIES INSURANCE COMPANIES UNTIL 04.08.2016, COMPLETION DATE OF THE SALE OF 80% OF EUROLIFE ERB INSURANCE GROUP HOLDINGS S.A

INFORMATION UNDER PARAGRAPH 2 OF ARTICLE 6 OF L.4374 / 2016 CONCERNING INDIVIDUALS	
	AMOUNTS WITHOUT TAX
535 DISTINGUISHED HIGH SCHOOL GRADUATES - "GREAT MOMENT FOR EDUCATION" PROGRAM	428,000.00 €
20 INDIVIDUALS	161,300.00 €
TOTAL	**589,300.00 €**

FIXED ASSETS DONATIONS	
NAME	**ITEM**
1st KINDERGARTEN OF GERAKAS	ELECTRONIC EQUIPMENT
A NURSERY SCHOOL OF MUNICIPALITY OF FYLIS	ELECTRONIC EQUIPMENT
A.S.M/H.C.G.-AIR SERVICE MEANS/HELLENIC COAST GUARD	OFFICE FURNITURE

ADE M. ATHINA	ELECTRONIC EQUIPMENT
AIGINITEIO HOSPITAL	ELECTRONIC EQUIPMENT, OFFICE FURNITURE
ASSOCIATION "MPORO"	ELECTRONIC EQUIPMENT, OFFICE FURNITURE
ASSOCIATION AGIODIMITRIOTON MONEMVASIAS "O AGIOS DIMITRIOS"	ELECTRONIC EQUIPMENT
ASSOCIATION MACEDONIAN-THRACIAN N. CHANION "ALEXANDER THE GREAT"	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 1th L.S.V.E.T THESSALONIKIS	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 20th PRIMARY SCHOOL KALITHEAS	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 2th PRIMARY SCHOOL KALYNION THORIKOU ATTIKIS	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 2th PRIMARY SCHOOL KOZANIS	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 3th PRIMARY& NURSERY SCHOOL ERMOUPOLIS	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 5th PRIMARY SCHOOL AIGALEO	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 5th PRIMARY SCHOOL GERAKA	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 5th PRIMARY SCHOOL ST. NICHOLAS	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 9th PRIMARY SCHOOL EDESSAS	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS ARSAKION PRIMARY SCHOOL THESSALONIKIS	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS HIGH SCHOOL ERESOS	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS NURSERY SCHOOL AGKAIRIAS PAROU	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS AND GUARDIANS 8th PRIMARY SCHOOL ARGYROUPOLIS	ELECTRONIC EQUIPMENT
ASSOCIATION OF PATIENTS WITH NEOPLASIES & SUPPORTERS "TOGETHER OUTPLAY" /N.G.O	TELECOMMUNICATION EQUIPMENT
ASSOCIATION OF RESERVE OFFICERS P. EASTERN ATTICA	ELECTRONIC EQUIPMENT, OFFICE FURNITURE
ASSOCIATION OF VETERAN SECURITY FORCES "AGIA IRINI"	TELECOMMUNICATION EQUIPMENT
ATHENS MUNICIPAL CRECHE	ELECTRONIC EQUIPMENT/DEVICES, OFFICE FURNITURE
BODY SOCIAL. PROTECT. & EDUCATION M. PAIANIAS	ELECTRONIC EQUIPMENT/TELECOMMUNICATION
BORDER GUARD UNION OF KASTORIA PREFECTURE POLICE FORCE	ELECTRONIC EQUIPMENT
CHILD AND ADOLESCENT CENTRE	ELECTRONIC EQUIPMENT
CHILDREN'S HOSPITAL 'SAINT SOFIA'	ELECTRONIC EQUIPMENT
CHURCH OF PROPHET DANIIL METAXOURGEIO	ELECTRONIC EQUIPMENT
CULTURAL ASSOCIATION KALO HORIO- UNION PANKALOHORIANOS	ELECTRONIC EQUIPMENT
CULTURAL ASSOCIATION OF MENIDI AITOLOAKARNANIAS ' O AMVRAKIKOS'	ELECTRONIC EQUIPMENT
CULTURAL ASSOCIATION OF TOUMBA FRIENDS ' I ANO KATO'	ELECTRONIC EQUIPMENT
DANCING & CULTURAL ASSOCIATION "DEROPOLI"	OFFICE FURNITURE
DIADRASIS NON PROFIT ORGANIZATION	ELECTRONIC EQUIPMENT
DIAGNOSIS AND SUPPORT CENTRE FOR SPECIAL EDUCATIONAL NEEDS- KALYMNOS	ELECTRONIC EQUIPMENT
DIAGNOSIS AND SUPPORT CENTRE FOR SPECIAL EDUCATIONAL NEEDS- MUNICIPALITY OF AITOLOAKARNANIA	ELECTRONIC EQUIPMENT
ELDERLY PROTECTION CENTER /HELLENIC RED CROSS IRAKLIO ATTIKI	ELECTRONIC EQUIPMENT
EPLO - EUROPEAN PUBLIC LAW ORGANIZATION	ELECTRONIC EQUIPMENT
FAMILIES PARENTS ASSOCIATION EORDAIAS	ELECTRONIC EQUIPMENT
GENERAL HOSPITAL-HEALTH CENTER OF NEAPOLIS 'DIALYNAKEIO'	ELECTRONIC EQUIPMENT

GREEK HISTORICAL EVANGELICAL ARCHIVE	ELECTRONIC EQUIPMENT, OFFICE FURNITURE
GREEK RESCUE TEAM OF ATTICA	ELECTRONIC EQUIPMENT
GREEK UNION OF ATTICA VOLUNTEERS FOR RESEARCH AND RESCUE	OFFICE FURNITURE ,ELECTRONIC EQUIPMENT
HELLENIC ASSOCIATION FOR PSYCHOSOCIAL RESTITUTION AND PROFESSIONAL REINTERGRATION	OFFICE FURNITURE
HELLENIC ASSOCIATION OF GRADUATES	ELECTRONIC EQUIPMENT
HELLENIC FEDERATION OF CYCLING	ELECTRONIC EQUIPMENT
HELLENIC FREE EVANGELICAL CHURCHES FEDERATION	OFFICE FURNITURE ,ELECTRONIC EQUIPMENT
HELLENIC SCRIPTURE UNION	FURNITURE
HELLENIC UNION OF EUROBANK EMPLOYEES	OFFICE FURNITURE
INSTITUTE OF RESEARCH AND EDUCATION FOR PSYCIATRIC DESEASE ALZHEIMER	ELECTRONIC EQUIPMENT
KIMISI THEOTOKOU CHURCH KYPRIADOS	OFFICE FURNITURE ,ELECTRONIC EQUIPMENT
KONSTANTINOS S. KAPSASKIS FOUNDATION	TELECOMMUNICATION EQUIPMENT,FURNITURE
KOS THEATRICAL WORKSHOP- ACTA	ELECTRONIC EQUIPMENT
KRETEAN ASSOCIATION BYRONA	ELECTRONIC EQUIPMENT, OFFICE FURNITURE
LABOR UNION G.H. VOLOS "ACHILLOPOULIO"	ELECTRONIC EQUIPMENT
LASITHI GENERAL HOSPITAL	ELECTRONIC EQUIPMENT
LEGAL ENTITY FOR SOCIAL SOLIDARITY & SPORTS 'IRODOROS'	OFFICE FURNITURE ,ELECTRONIC EQUIPMENT
MINISTRY OF CITIZEN PROTECTION	ELECTRONIC EQUIPMENT/DEVICES, OFFICE FURNITURE,TELECOMMUNICATION
MINISTRY OF DEFENSE	ELECTRONIC EQUIPMENT, OFFICE FURNITURE,TELECOMMUNICATION
MUNICIPAL AND PUBLIC BENEFIT ORGANIZATION OF MEGARA MUNICIPALITY	ELECTRONIC EQUIPMENT
MUNICIPAL NURSERY SCHOOLS OF PALAIO FALIRO	ELECTRONIC EQUIPMENT, OFFICE FURNITURE
MUNICIPAL PORT FUND OF MYKONOS	ELECTRONIC EQUIPMENT
MUNICIPALITY OF AIGALEO	OFFICE FURNITURE
MUNICIPALITY OF ALMIROS	ELECTRONIC EQUIPMENT
MUNICIPALITY OF ALMOPIA / FILOTEIA LOCAL COMMUNITY	ELECTRONIC EQUIPMENT
MUNICIPALITY OF ANDROS	ELECTRONIC EQUIPMENT
MUNICIPALITY OF ASPROPYRGOS	ELECTRONIC EQUIPMENT
MUNICIPALITY OF CHALANDRI	ELECTRONIC EQUIPMENT
MUNICIPALITY OF KAISARIANI	ELECTRONIC EQUIPMENT
MUNICIPALITY OF KERATSINI-DRAPETSONA	ELECTRONIC EQUIPMENT
MUNICIPALITY OF KIFISIA	ELECTRONIC EQUIPMENT
MUNICIPALITY OF ORAIOKASTRO	ELECTRONIC EQUIPMENT
MUNICIPALITY OF PAPAGOS- HOLARGOS	ELECTRONIC EQUIPMENT
MUNICIPALITY OF PENTELI	ELECTRONIC EQUIPMENT

MUNICIPALITY OF SARONIKOS	ELECTRONIC EQUIPMENT
MUNICIPALITY OF SOUTHERN KYNOURIA	ELECTRONIC EQUIPMENT
MUNICIPALITY OF VRILYSSIA	ELECTRONIC EQUIPMENT
MUNICIPALITY OF VYRONAS	ELECTRONIC EQUIPMENT
NATIONAL EMERGENCY CENTER	ELECTRONIC EQUIPMENT,OFFICE
NEOI EYGENEIAS, SPORTS FOOTBALL AND RECREATIVE CLUB	ELECTRONIC EQUIPMENT
PAMVOUPRASIAKOS SPORTS CLUB OF VARDA	ELECTRONIC EQUIPMENT
PANARTEMISIAKOS SPORTS CLUB	ELECTRONIC EQUIPMENT
PAROUKAS IOANNIS	ELECTRIC DEVICES,FURNITURE
PENSIONERS ASSOCIATION HW. INSURANCE LAKONIAS	ELECTRONIC EQUIPMENT, OFFICE FURNITURE
POLICE OFFICERS UNION OF FTHIOTIDA	ELECTRONIC EQUIPMENT
PORT AUTHORITIES IRAKLIO	ELECTRONIC EQUIPMENT
PRIMARY EDUCATION MANAGEMENT FOR WESTERN ATTICA	ELECTRONIC EQUIPMENT
PRIMARY SCHOOL OF PERDIKKA EORDAIA	OFFICE FURNITURE
PUBLIC INSTITUTE OF EDUCATIONAL TRAINING FILIS	ELECTRONIC EQUIPMENT
RESEARCH AND PROMOTION CENTRE OF NATIONAL MUSIC	ELECTRONIC EQUIPMENT, OFFICE FURNITURE
SAINT GEORGE CATHEDRAL CHURCH NAFPLIO	ELECTRONIC EQUIPMENT
SAINT GEORGE CHURCH KAMATERO	ELECTRONIC EQUIPMENT
SAINT GLYKERIA CHURCH THESSALONIKI	ELECTRONIC EQUIPMENT
SCOUTS OF GREECE- 8TH SCOUTS DEPARTMENT AKROPOLI	OFFICE FURNITURE ,ELECTRONIC EQUIPMENT
SECONDARY EDUCATION MANAGEMENT FOR ATHENS A	ELECTRONIC EQUIPMENT
SECONDARY EDUCATION MANAGEMENT FOR WESTERN ATTICA	ELECTRONIC EQUIPMENT
SEDE- 1ST MUNICIPAL COMMUNITY OF MUNICIPALITY OF ATHENS	ELECTRONIC EQUIPMENT
SEDE M. ACHARNON	ELECTRONIC EQUIPMENT
SEDE M. AGIAS	ELECTRONIC EQUIPMENT
SEDE M. ALEXANDROUPOLIS	ELECTRONIC EQUIPMENT
SEDE M. ALIMOU	ELECTRONIC EQUIPMENT
SEDE M. ATHINAION	ELECTRONIC EQUIPMENT
SEDE M. AVDIRON	ELECTRONIC EQUIPMENT
SEDE M. CHALKIDEON	ELECTRONIC EQUIPMENT
SEDE M. CHERSONISOU	ELECTRONIC EQUIPMENT
SEDE M. FLORINAS	ELECTRONIC EQUIPMENT
SEDE M. GLIFADAS	ELECTRONIC EQUIPMENT
SEDE M. ILIOUPOLIS	ELECTRONIC EQUIPMENT
SEDE M. KALAMATAS	ELECTRONIC EQUIPMENT
SEDE M. KALLITHEAS	ELECTRONIC EQUIPMENT
SEDE M. KERATSINIOU-DRAPETSONAS	OFFICE FURNITURE ,ELECTRONIC EQUIPMENT
SEDE M. KILELER HIGH SCHOOL PLATYKAMBOU LARISAS	ELECTRONIC EQUIPMENT
SEDE M. KORDELIOU-EVOSMOU	ELECTRONIC EQUIPMENT
SEDE M. KORINTHION	ELECTRONIC EQUIPMENT

SEDE M. KORYDALLOU	ELECTRONIC EQUIPMENT
SEDE M. LANGADA	OFFICE FURNITURE ,ELECTRONIC EQUIPMENT
SEDE M. LEVADAION	ELECTRONIC EQUIPMENT
SEDE M. MESSINIS	ELECTRONIC EQUIPMENT
SEDE M. NEAPOLIS-SYKEON THESSALONIKIS	TELECOMMUNICATION EQUIPMENT
SEDE M. PALAIOU FALIROU	ELECTRONIC EQUIPMENT
SEDE M. PEIRAIA	ELECTRONIC EQUIPMENT
SEDE M. PENDELIS	ELECTRONIC EQUIPMENT
SEDE M. PIRGOU	ELECTRONIC EQUIPMENT
SEDE M. SALAMINAS	ELECTRONIC EQUIPMENT
SEDE M. SKINDRAS	ELECTRONIC EQUIPMENT
SEDE M. THERMAIKOU	ELECTRONIC EQUIPMENT
SEDE M. THESSALONIKIS	ELECTRONIC EQUIPMENT
SEDE M. TOPEIROU	ELECTRONIC EQUIPMENT
SEDE M.DIONISOU	ELECTRONIC EQUIPMENT
SEDE MUNICIPALITY OF CHOLARGOS-PAPAGOS	ELECTRONIC EQUIPMENT
SEDE MUNICIPALITY OF PERISTERI	ELECTRONIC EQUIPMENT
SEDE MUNICIPALITY OF PLATANIA	ELECTRONIC EQUIPMENT
SEDE MUNICIPALITY OF XANTHI	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF AIGALEO	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF ARGOS MIKINES	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF CHALANDRI	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF DELFOI	TELECOMMUNICATION EQUIPMENT
SEDE-MUNICIPALITY OF EDESSA	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF GALATSI	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF ISTIAIA-EDIPSOS	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF KOMOTINI	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF KORIDALLOS	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF LAMIA	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF LARISA	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF MAKRAKOMI	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF NEA IONIA	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF ORESTIADA	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF PALLINI	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF PATRA	TELECOMMUNICATION EQUIPMENT
SEDE-MUNICIPALITY OF PREVEZA	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF SARONIKOS	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF THESSALONIKI	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF TRIPOLI	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF WESTERN ACHAIA	ELECTRONIC EQUIPMENT
SEDE-MUNICIPALITY OF XANTHI	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M NAOUSAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. 2th. PRIMARY COMMUNITY M. ATHINAION	ELECTRONIC EQUIPMENT

Sch. Com. Ed. 3th. M. ATHINAION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. 4th M.D. ATHINAION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. 5th DISTR. M. ATHINAION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ACHARNON	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. AG. ANARGYRON-KAMATEROU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. AG. PARASKEVIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. AGIOU NIKOLAOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. AGRINIOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. AIGINAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ALIVERIOU-KIMIS	TELECOMMUNICATION EQUIPMENT
Sch. Com. Ed. M. ARTAION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ATHINAION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ATHINAION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ATHINAION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. CHAIDARIOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. CHALANDRIOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. CHALKIDAION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. CHANION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. DAFNIS-IMITTOY	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. DELTA THESSALONIKIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. DIONYSOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. DITIKIS ACHAIAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. DITIKIS THESSALONIKIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. DRAMAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. EDESSAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ELEFSINAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. FLORINAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. IERAS POLIS MESOLOGGIOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ILIOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ILIOUPOLIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ISTIAIAS-AIDIPSOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. KALAMARIAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. KALAMATAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. KALLITHEAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. KANDANOU-SELINOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. KATERINIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. KIFISIAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. KILELER NURSERY KALAMAKIOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. KORINTHION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. LARISAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. LEVADEON	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. MARATHONA	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. MEGAREON	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. METAMORFOSIS	ELECTRONIC EQUIPMENT

Sch. Com. Ed. M. NAOUSAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. NEAPOLIS-SYKEON	OFFICE FURNITURE ,ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. NEAS IONIAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. NESTOU	TELECOMMUNICATION EQUIPMENT
Sch. Com. Ed. M. NIKAIAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ORAIOKASTROU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. OROPOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. PAVLOU MELA	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. PEIRAIA	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. PENDELIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. PERISTERIOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. PETTROUPOLIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. PLATANIA	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. PREVEZAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. RETHIMNIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. SERRON	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. SPATON-ARTEMIDOS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. TEMBON	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. THERMIS THESSALONIKISΘΕΡΜΗΣ ΘΕΣΣΑΛΟΝΙΚΗΣ	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. THESSALONIKIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. TINOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. TIRNAVOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. TRIKAION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. VEROIAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. VRILISSION	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. ZOGRAFOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M. N. CHALKIDONAS-N. FILADELFEIAS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. M.AG. VARVARAS	TELECOMMUNICATION EQUIPMENT
Sch. Com. Ed. M.ILIOU	ELECTRONIC EQUIPMENT
Sch. Com. Ed. MUNICIPALITY ATHINA	ELECTRONIC EQUIPMENT
Sch. Com. Ed. MUNICIPALITY BYRONA	ELECTRONIC EQUIPMENT, OFFICE FURNITURE
Sch. Com. Ed. MUNICIPALITY HERACLION ATTIKIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. MUNICIPALITY LAVREOTIKIS	ELECTRONIC EQUIPMENT
Sch. Com. Ed. MUNICIPALITY SARONIKOU	ELECTRONIC EQUIPMENT
SOCIAL WELFARE-CARE & EARLY CHILDHOOD EDUCATION CENTRE -MUNICIPALITI OF THERMI	ELECTRONIC EQUIPMENT
SPATA AGRICULTURAL VINTNERS ASSOCIATION	OFFICE EQUIPMENT
THESSALONIKI COURT OF APPEAL	ELECTRONIC EQUIPMENT
TIMIOU PRODROMOU MONASTERY ARTOTINA	ELECTRONIC EQUIPMENT, OFFICE FURNITURE
TRAINING SCHOOL OF PEOPLE WITH DISABILITIES	ELECTRONIC EQUIPMENT
UNITED SCHOOL COMMITTEE FOR PRIMARY EDUCATION OF EGALAIO MUNICIPALITY	ELECTRONIC EQUIPMENT
UNITED SCHOOL COMMITTEE FOR PRIMARY EDUCATION OF PALAIO FALIRO MUNICIPAITY	ELECTRONIC EQUIPMENT

UNITED SCHOOL COMMITTEE FOR SECONDARY EDUCATION OF APOKORONOS MUNICIPALITY	ELECTRONIC EQUIPMENT
UNITED SCHOOL COMMITTEE FOR SECONDARY EDUCATION OF RAFINA-PIKERMI MUNICIPALITY	ELECTRONIC EQUIPMENT
UNITED SCHOOL COMMITTEE FOR SECONDARY EDUCATION OF RIGAS FERAIOS MUNICIPALITY	ELECTRONIC EQUIPMENT
UNITED SCHOOL COMMITTEE FOR SECONDARY EDUCATION OF SERVIA -VELVENTO MUNICIPALITY	ELECTRONIC EQUIPMENT
UNITED SCHOOL COMMITTEE FOR SECONDARY EDUCATION OF VOLOS MUNICIPALITY	ELECTRONIC EQUIPMENT
UNITS SCHOOL COMMITTEE SECONDARY EDUCATION D. KALAMATAS	ELECTRONIC EQUIPMENT
UNIVERSITY OF THESSALIA	ELECTRONIC EQUIPMENT
ZANTE SPORTS NAUTICAL CLUB	ELECTRONIC EQUIPMENT, OFFICE FURNITURE

THE ABOVE TABLE RELATES TO BANK'S FIXED ASSETS DONATIONS WITH RESIDUAL VALUE € 811,04