HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A. (ATHEX)

ANNUAL FINANCIAL REPORT

For the period 1 January 2016 – 31 December 2016

In accordance with the International Financial Reporting Standards

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1. DECLARATIONS BY MEMBERS OF THE BOARD OF DIRECTORS

(in accordance with article 4 §2 of Law 3556/2007)

WE DECLARE THAT

1. to the best of our knowledge, the attached 2016 Financial Statements of the Group and the Company, which have been prepared in accordance with the International Financial Accounting Standards in effect, reflect in a true manner the assets, liabilities and equity on 31.12.2016 and the results for fiscal year 2016 of HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A. (ATHEX), as well as of the companies that are included in the consolidation taken as a whole.

2. to the best of our knowledge, the attached report of the Board of Directors for 2016 reports in a truthful manner the performance and position of HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A. (ATHEX), as well as of the companies that are included in the consolidation taken as a whole, including a description of the main risks and uncertainties that they face.

3. to the best of our knowledge, the attached 2016 Financial Statements are those that have been approved by the Board of Directors of HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A. (ATHEX) on 27.03.2017 and have been published by being uploaded on the internet, at www.athexgroup.gr.

Athens, 27 March 2017

THE CHAIRMAN OF THE BoD	THE CHIEF EXECUTIVE OFFICER	THE MEMBER OF THE BoD
IAKOVOS GEORGANAS	**SOCRATES LAZARIDIS**	**NIKOLAOS MYLONAS**
ID: X-066165	**ID: AK-218278**	**ID: AK-088810**

2. REPORT OF THE BOARD OF DIRECTORS

OF HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A.
FOR FISCAL YEAR 1 JANUARY TO 31 DECEMBER 2016
(in accordance with article 4 of Law 3556/2007)

The Board of Directors of **HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE SA** (Athens Exchange or the Company) publishes its report on the annual separate and consolidated Financial Statements for the period that ended on 31.12.2016, in accordance with article 136 of Codified Law 2190/1920 and articles 4 & 5 of Law 3556/2007.

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

The Greek capital market

The Athens Exchange General Index closed on 31.12.2016 at 643.6 points, up 1.9% from the 631.4 points at the end of 2015. The average capitalization of the market was €41.3bn, reduced by 5.7% compared to 2015 (€43.8bn).

The total value of transactions (€15.1bn) is 20.9% lower compared to 2015 (€19.1bn), while the average daily value of transactions in was €60.5m compared to €85.7m in 2015, posting a 29.4% reduction.

It should be noted that in 2015 the Athens Exchange was closed for 25 working days (the last 2 days of June and the whole of July), due to the bank holiday and the imposition of capital controls.

In the derivatives market, despite the 3.3% increase in total traded volume (2016: 15.8m contracts, 2015: 15.3m contracts), the drop in prices in the underlying cash market resulted in a 40% reduction in the average revenue per contract (2016: €0.105, 2015: €0.175). The average daily volume dropped by 7.4% (63.5 thousand contracts) compared to 2015 (68.6 thousand contracts).

Business Development

Organized market – new listings

In August 2016, the listing of the shares of INTERCONTINENTAL INTERNATIONAL REIC took place in the Main Market of the Athens Exchange, through a rights issue that was covered by private placement, raising €14.5m. This was the first company that listed by making use of the option provided by the regulatory framework of the Exchange, in accordance with which a company may list its shares provided that it achieves a sufficient dispersion through a private placement.

In December 2016, CENERGY HOLDINS S.A., a member of the VIOHALCO SA/NV Group of companies, completed a dual listing of its shares in the Main market of the Athens Exchange, following the completion of the cross-border merger by absorbing the listed companies CORINTH PIPEWORKS S.A. and HELLENIC CABLES S.A.

In October 2016, the listing of the €40m corporate bond of HOUSEMARKET S.A., a member of the FOURLIS Group took place in the Fixed Income Segment of the Athens Exchange Organized Market. The corporate bond issue was covered by public offer, using the Electronic Book Building (EBB), the new mechanism for capital raising provided by the Athens Exchange.

Organized market – significant corporate actions – Rights issues

During 2016, three listed companies (NEXANS HELLAS S.A., EUROCONSULTANTS S.A. and TRASTOR REIC) increased their share capital by exercising the preemption right of old shareholders, raising €41.9m.

ATHENA S.A. increased its share capital by capitalizing liabilities and waiving the preemption right of old shareholders in favor of J. & P. - AVAX S.A., raising €35m.

In October 2016, the listing of the corporate bond issues by FORTHNET S.A. in the Fixed Income Segment of the Main Market of the Athens Exchange; the issue was covered through a public offer and a private placement. The total amount raised was €70m.

GEK TERNA S.A., NIREUS S.A. and MARFIN INVESTMENT GROUP S.A. listed new shares from the conversion of an existing convertible bonds.

Five corporate transformations took place. In particular:

- SIDMA S.A. STEEL PRODUCTS absorbed the non-listed company PANELCO S.A.
- VIOHALCO SA/NV absorbed the listed company ELVAL and the non-listed companies DIATOUR, MANAGEMENT AND TOURISM S.A., ALCOMET S.A. and EUFINA S.A.
- NIREUS S.A. absorbed the non-listed company SEAFARM IONIAN S.A.
- AUTOHELLAS S.A. absorbed the non-listed companies TECHNOCAR SA and VELMAR SA.
- JUMBO S.A. absorbed the non-listed company TANOSIRIAN S.A.

Alternative Market

In July 2016 the €4m MLS MULTIMEDIA S.A. corporate bond started trading in the Bond Segment of the Alternative Market of the Athens Exchange took place. This was the first corporate bond in the Alternative Market, which was subscribed by private placement.

Recognition

In July 2016, the U.S. Securities and Exchange Commission (SEC), the supervisory authority of the U.S. capital markets, has recognized the Athens Exchange as a "Designated Offshore Securities Market (DOSM)" within the meaning of Rule 902 (b) of Regulation S under the U.S. Securities Act of 1933. With this designation, ATHEX joins a number of leading international stock exchanges which have already received this recognition.

The designation of the Athens Exchange as DOSM provides several advantages to both investors and issuers:

- All kinds of securities issued in Greece and listed and traded on the Athens Exchange may now be resold, without requiring the seller to form a prior reasonable belief that the buyer is outside of the United States. Prior to that, investors who wished to sell such securities (i.e., equity or debt securities issued by ATHEX listed companies in a private placement under U.S. securities laws) had to take certain measures to ascertain the location of the purchaser prior to re-selling. With this designation, investors will be able to resell such securities without having to follow procedures to ensure that the securities are not being purchased by a buyer in the United States or a U.S. person.
- A more liquid resale market is expected to develop, which is likely to make private placements of Greek securities issued by ATHEX-listed companies more attractive to U.S. investors.
- Moreover, the DOSM designation will also facilitate the dissemination of research reports during offerings of securities (including private placements of debt and equity securities) by issuers whose shares traded on ATHEX for at least twelve months.

Improvements in the trading model

As part of the continuous effort to adjust the trading model of the markets operated by ATHEX, along the standards of other European markets, a number of improvements in Markets and Products were launched, which in turn contributed to a similar institutional adaptation of the regulatory framework and the Systems it supports.

These improvements are summarily as follows:

- Determination of liquidity criteria, based on which stock in the Main Market will be classified in Trading Activity Zones in order henceforth to allow for the configuration of parameters in the trading model (such as indicatively daily price fluctuation limits, the, obligations of market makers) per Trading Activity Zone.
- Readjusting contract size for Futures and Options on the FTSE/ATHEX Large Cap index.
- Readjusting the derivative product management procedures after the underlying security is Suspended or Delisted.
- Modernizing the Market Making Model in the ATHEX cash market
- More effective method for determining share closing prices

Upgrading surveillance capabilities

The upgrade of both the infrastructure as well as the know-how of the surveillance capabilities of ATHEX has resulted in the significant improvement in the understanding of existing trading behavior, and made proactive surveillance – which ATHEX is obliged to carry out - more effective, in a manner that is acceptable by Members.

Modernizing support services to market participants

In order to improve the level of services provided to ATHEX market participants (members, clearing members, custodians, data vendors and software providers) and more effectively deal with operating issues that may arise, the following actions were taken:

- Redefinition, modernization and optimization of processes
- More effective ticket management, by taking advantage of the technological capabilities of modern ticketing tools.

Annual regulatory compliance audit

The Annual Regulatory Compliance Audit of all Members and Operators of the Group, as foreseen in the Regulations and the demands of the European Securities & Markets Authority (ESMA), was completed with very positive results both in terms of the audit, but also in terms of the actual response to it.

The main goal and achievement of this audit was to create a framework of constructive and continuous cooperation with those in charge of regulatory compliance in order to confirm, as required by regulatory framework, regulatory compliance and through this process take, wherever needed, the necessary corrective measures so that the whole market remains organizationally, financially and operationally at a level corresponding with European standards.

Regional cooperation: SIBEX

2016 was the second year of collaboration with SIBEX, during which the goals was to further develop the markets and the collaboration in general. Towards this end, the following were either implemented or the groundwork prepared in order to implement:

- Support the SIBEX promotional pricing in order to increase investor interest in its markets, by adjusting the relevant ATHEXClear clearing fees.
- Support and provide consulting services to SIBEX with regards to the design of derivatives products with Greek bank stocks as underlying securities.
- In order to investigate interest for the abovementioned products, and with the aim of promoting the SIBEX's existing products in the Greek market, a roadshow was organized at the largest Greek Members of the Derivatives Market that also have the status of Market Maker. These meetings were held by SIBEX executives together with executives of the Group that were responsible for cooperating and organizing them.
- An important event was the joint participation with SIBEX in the Horizon 2020 program, which happened as part of the discussions regarding the collaboration in developing Energy Markets. Participation in the program was jointly between ATHEX, CSE, SIBEX and 6 other partners (entities, research and educational institutions), and in particular the call titled Making the energy efficiency market investible.
- In order to improve the post-trading activities of Members from Romania, a number of meetings took place on the subject of changing the cash movement model through the participation of ATHEXClear in the payments system of the Central bank of Romania (NBR).
- It should be noted that SIBEX is in official discussions with the Bucharest Stock Exchange (BVB) concerning a takeover of the former by the latter.

Regional cooperation: CSE

During 2016, the Athens Exchange Group in close collaboration with CSE presented significant progress, or completed a number of pending issues, or that arose as business needs during the year and concerned the operation of the two Exchanges.

- At a request last year by CSE, the option of listing for trading at OASIS of transferable securities in € (besides the already existing GBP), which are not sent for clearing and settlement to the Central Registry. As part of this request, the option was developed in OASIS of flagging different clearing entities by product.
- In response to a request by CSE, improvements were made to the DSS for the needs of the project "Public Debt Management" in order to complete the new specifications of its 2nd phase.
- The Group during the year was in close collaboration with CSE and the Bank of Cyprus for the delisting of the Bank of Cyprus and its transfer to the London Stock Exchange (LSE), with a dual listing at CSE. Within this framework, a project for providing services to CSE has been prepared.
- Satisfy a request by CSE concerning the monthly calculation of DSS Operator fees, and the creation of an Operator log file
- An important event concerning the collaboration with CSE was the joint participation in the European program Horizon 2020. Participation in the program was jointly between ATHEX, CSE, SIBEX and 6 other partners (entities, research and educational institutions), and in particular the call titled Making the energy efficiency market investible.
- It should be noted that 2016 marks the ten year collaboration between the two Exchanges that began with the ATHEX-CSE Common Platform in a production environment o 30 October 2006.

XNET network

With regards to the XNET Services Network, in an environment where XNET network participants with a Greek settlement bank continue to be affected by capital controls, the following was achieved:

- An increase in the number of participants, by 3 (PERVANAS, MERIT and MAVRIKIS), and the number of markets, as the Frankfurt market was added to the network.
- An increase in trading activity and the average daily traded value by 5% (compared to 2015).

It is important that, to support and maintain this positive response in the XNET Services Network, the following actions have already been planned and completed:

- The settlement of trades in the German market was transferred from CBF to Citi, thus allowing trade execution in that market, and
- The transfer of trade settlement in euro of XNET markets (except Belgium) to a commercial account at Alpha Bank was implemented, as a solution to the inability of XNET participants with a Greek settlement bank to trade in euro.

Continuing the effort to develop the XNET service:

- The ability to trade in peripheral German markets and in the market trading in Euro in London was added.
- The migration of the Spanish market to a two-day settlement cycle (T+2) was supported.
- Managing days that are working days for settlement services but holidays for clearing processes in foreign markets was implemented.
- The option to settle in euro outside of Target2 (at a commercial settlement bank) was supported, in order to support the required checks concerning capital controls and to make possible the use of foreign capital for stock purchases for XNET members with a Greek settlement bank.

In order to support all of the above, changes were made to the DSS and also to peripheral clearing, settlement and pricing systems.

Strategic collaboration plan for the intended restructuring of the Greek market for electricity

The strategic choice for ATHEX to expand into new products, services and markets, by significantly diversifying its portfolio and revenue sources, while also utilizing its infrastructure and know-how to achieve economies of scale was, following an initial feasibility study, the starting point for collaborating with all involved in the Greek energy market, in order to achieve the national target of adapting to the European model of market operation (Target Model), within the required time frame.

Data vendors

During 2016 an important communication effort was made in order to highlight the advantages of the current ATHEX data feed distribution policy, the accessibility facilities provided, as well as the ways through which they can be fully exploited.

As a result, despite the negative environment, it is noteworthy that 7 international non-display customers were added to ATHEX's client base (2 terminated the collaboration, so there was a net increase of 5 in the number of customers), and the data feed revenue amounted to €3.3m, increased 3.1% compared to €3.2m in 2015.

Modifications in the Dematerialized Securities System (DSS) Regulation in accordance with decisions 1/736/2.11.2015 (Government Gazette B' 2558/26.11.2015) & 7/759/29.6.2016 (Government Gazette B' 2130/11.07.2016) of the Board of Directors of the Hellenic Capital Market Commission (HCMC), and decision 6/27.06.2016 of the Board of Directors of Hellenic Central Securities Depository (HCSD) as in force since 30.6.2016.

As part of the particular project, which forms part of the preparation of the Group in order to timely implement (in 2017) the necessary adjustment to the operation of the Greek capital market in accordance with Regulation 909/2014 of the European Parliament and Council concerning Central Securities Depositories (CSD Regulation or CSDR), the main changes to the DSS Rulebook of Operation which gradually, from 2.11.2015 until 2.1.2017, are being implemented and go into effect, concern the following:

- More precise definition of the services provided by the DSS Administrator, through the registration of securities in the Special Investor Account in order to: a) not provide the option to transfer securities to the Special Investor Account solely for safekeeping purposes; b) eliminate the phenomenon of the existence of Investor Accounts in the DSS that do not have an Operator. Given that in the new environment under the CSDR Regulation ATHEXCSD will not be able to operate, as it does today, as Operator of the Special Account, together with the campaigns by Operators to their clients, relevant information campaigns will be undertaken by ATHEXCSD (as DSS Administrator).
- Establishment of additional obligations by DSS operators concerning the registration of Investor Account data, and the timely update in the DSS, as soon as their investors-clients inform them of changes, and at least once (1) a year.
- Improvement in the cash distribution services provided to listed companies, especially for beneficiaries that do not wish to collect the cash distributions through their Operators, resulting in a significant number of beneficiaries ultimately never receiving the amounts they are entitled to, out of ignorance concerning the corporate actions, or failure to receive the information on time. In particular, provided that there are reasons for not imposing the obligatory collection of cash distributions to shareholders exclusively through one Operator, aiming to modernize the existing framework to the benefit (savings in time and total cost) of beneficiaries, the option is provided for the declare and register in the DSS through an Operator of at least one (1) International Bank Account Number (IBAN) in which the beneficiary wishes to collect the amounts being distributed. In order for beneficiaries to exploit the options provided, alongside the information campaigns by Operators to their clients, relevant information campaigns are being planned by ATHEXCSD (as DSS Administrator).
- Establishment of additional obligations for the DSS Administrator (ATHEXCSD), arising from Law 4182/2013 "Code of communal property, vacant succession and other provisions") for the smooth execution of transfers by inheritance, bequest or near universal succession. In particular, the changes concern the provision, on receiving notice of an investor's death, for the DSS to register on the

Investor's Account in DSS, indication of the date of death, the date of death notification, as well as the last action (securities transfer due to inheritance or provision of information) made by the legal heirs of the deceased.

Execution of complex corporate actions of Athens Exchange listed companies, through the links of ATHEXCSD with foreign capital markets, and provision of Depository services on foreign securities ("Investor CSD services")

The following corporate actions are indicatively mentioned:

- February 2016: Cross-border merger of ELVAL with VIOHALCI (by absorption of the first by the second).
- December 2016: Cross-border merger of CORINTH PIPEWORKS and HELLENIC CABLES with CENERGY HOLDINGS (by absorption of the first two by the latter).
- November 2016 – March 2017: Delisting of the BANK OF CYPRUS from the Athens Exchange, creation of a new parent company and listing/trading of the shares at LSE (together with CSE).

Improvement and expansion of existing Depository services on foreign securities ("Investor CSD services") by ATHEXCSD, as part of the expansion of the services provided by the XNET Network

The actions and projects concern:

- Improvement of the operational infrastructure of the services provided to existing XNET Network markets, especially to cover the needs in the existing framework of capital controls.
- The expansion of services into new markets, in SE Europe (Romania, Bulgaria, FYROM, Croatia, Serbia) as part of the SEELink Network, as well as in the Middle East (Iran).

Improvements in the OASIS trading system performance

The improvement in the performance and quality of trading services contributes to the competitiveness of the Exchange, but also makes it possible to better service the demands of the Members.

The improvements in the performance of the OASIS trading system, with 100% stability for the duration of the trading session was achieved with the combination:

- Investment in new IT equipment with the latest technology
- Adjustments in the arrangement and connectivity, making use of the advanced capabilities of the new equipment
- Fine tuning of each individual element of the arrangement

Participation in the European project VINEYARD

Since February 2016, the Group participates in the consortium that is implementing the Versatile Integrated Accelerator-based Heterogeneous Data Centres (VINEYARD) project, which has a 3-year duration. It is a research project aiming to increase the efficiency of data centers and reduce energy through hardware accelerators. The project is financed by the Horizon 2020 European program (http://vineyard-h2020.eu/en/), and has the advantage that technologies developed during the project will allow the Exchange to significantly increase the efficiency and at the same time reduce the energy consumption of the systems used to execute financial applications, such as the applications for trading in the cash and derivatives markets, clearing and settlement of trades, and calculating trade risk in real time.

SEElink

Software development took place in the data dissemination systems of the Group, which allowed it to provide ATHEX market data feed to the SEElink network. Even though it has not been put into production, while awaiting the finalization of the terms of the collaboration, the response in a short period of time proved to partners the technological possibilities and the Group's interest in the project.

ATHEXCSD – CSDI (Iranian CSD) link settlement technical model

Advisory services to the Central Securities Depository of Iran (CSDI) with the goal of facilitating the project of connecting the depositories for securities and cash settlement, corporate actions and Registry. From ATHEX the technical model at the level of ISO 15022 messages that will be used for the connection was defined and provided for consultation with the Iranian side. Even though it has not been put into production, pending the finalization of the connection, the agreement on a technical model whose implementation is feasible without significantly differentiating the manner by which other connections in western markets operate will support the opening of the Iranian market to international investors through Greece.

Implementation of a paperless office with the use of remote signing

The goal of the project is to transform all communication processes that make use of a manual signature (proposal memos, committee minutes, approvals etc.) into digital processes incorporating workflow technologies and "remote digital signature" – remote (server site) signing at the Group (i.e. the use of a recognized digital signature without an intermediary medium or device such as smart card / smart reader, USB token etc). The electronic movement of documents will, besides improving process execution in time and cost, also assist, through automated categorization and filing, in the creation of a reliable repository of documents, with the option version control, browsing and search, which is a compliance issue in EU Regulations EMIR and CSDR.

It is noted that this particular remote digital signature technology, over the past year and a half is enjoying widespread acceptance in Europe/Americas, while the competent regulating authority has defined a new international standard (ETSI EN 419).

At the same time, the Athens Exchange as Certification Authority (CA) signed on 6 June 2016 a Memorandum of Cooperation with DocuSign (www.docusign.com), a leader in digital signature and workflow collaboration worldwide. The goal of this strategic collaboration, as part of which the Athens Exchange as a provider of Digital Signatures/ Certificates will participate as the only Trusted Service Provider (TSP) from Greece, in a closed network of TSPs worldwide, is to further promote and provide digital signatures / certificates, both in Greece as well as abroad.

Migration of the DSS to a web environment

The technological opening of access allows project development and provision of services to members and markets to which it was not until now possible, but also provides greater flexibility to current users of DSS and reduces operating risk.

The development of a client application of the Dematerialized Securities System (DSS) with the use of internet technologies has made it possible to provide safe access to post-trading processes to a greater number of clearers and custodians, beyond the geographical and technological restrictions of the closed ATHEX Exchange Trade Network. In addition, it upgraded the DSS core software to the latest version supported by the provider Oracle.

In order to complete the project and put the platform into production, a full review of the system (forms, processes, reports) was required, in order to ensure its correct operation.

During the first six months of 2016, the audit of the applications was completed, and issues with the translation and with the transition to the new environment were corrected.

In addition, in order to familiarize users with the new environment, Clearing Members and DSS Operators were given the opportunity to carry out tests over a two month period (March & April) in the test environment.

Lastly, a general test was carried out, in order for Clearing Members and DSS Operators to have the opportunity to carry out technical controls, so as to try out the new version before its activation in the production environment. In order to support the general test, a number of scenaria had to be prepared, and the manuals that described the clearing procedures had to be updated in order to be consistent with the changes.

On 23.5.2016 the new environment for internal users went into production; on 30.5.2016 it went into production for external users.

Development of an Electronic Book Building service for bonds

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

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

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

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

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

The development of software and procedures was successfully completed with the use of the EBB service to support the issue of the first bond in the Main Market.

The software development and procedures for supporting the EBB for the needs of Housemarket S.A. that were executed successfully, and its further development to cover the needs of new underwriters preparing for 2017, gives the Exchange a central role in supporting issuers as well as underwriters, with the advantage of simplified processes and the ability to contain the cost of a primary offering, thus facilitating capital raising through the Exchange.

Introduction of Covered Sales

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

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

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

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

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

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

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

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

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

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

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

Improvement in the tax withholding process for OTC securities lending transactions

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

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

Annual certification of the risk management models

As part of the annual update of the risk management models, in accordance with Article 49 of Regulation (EU) 648/2012 (EMIR), ATHEXClear was audited by an independent specialized external consultant. During the audit, that was carried out in accordance with the provisions of Article 47 of Regulation (EU) 153/2013 concerning Technical Standards, no deviation was found for the provisions and requirements of EMIR; and no significant finding was recorded.

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

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

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

Improvements in the IT Risk Management System

As part of the continuous improvement and automation of the risk management operation, improvements were made in the Risk Management System (RMS). Indicatively noted are the display of cash collateral requested by a clearing member in order to more reflect risk more transparently, and the creation of new reports to audit the degree of concentration of clearing members.

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

Development of a data warehouse for risk management data

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

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

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

Improvements in the EMIR-TR services

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

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

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

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

Information security

During 2016, as part of the Strategic Planning of the Group and the projects undertaken, the Data Safety and Organization Unit mainly focused on continuing and expanding these projects, and establishing and consolidating the corresponding services.

The contract for the Information Security Management System project was signed, and the initial administrative deliverables have begun being delivered. From these, a gap analysis is being processed, and a number of adjustment actions for the Group have arisen.

In addition, the partial Information Safety Policies “Access to the Internet and use of Internet Services Policy" and "Classification of Information Resources Policy" have been drafted, the first of which has already been approved, while the second is expected to be approved soon.

Market promotion

In order to further promote the Greek capital market, inform companies – listed and non-listed – about the new tools and trends for financing that are taking shape in Europe, as well as to widen the investment network and improve contacts of listed companies with fund managers abroad, the Athens Exchange organized the following:

- In September 2016 it organized the 11th roadshow of Greek listed companies in London, with Bloomberg’s support. During the conference, the 26 listed companies that participated had the opportunity to present, in the 550 meetings that took place, the business developments and prospects for growth to 80 institutional investors represented by 120 analysts and fund managers.
- In June 2016, in cooperation with the Hellenic American Chamber of Commerce, it organized the 5th Greek Investment Forum in New York. At the Investment Forum, 20 Athens Exchange listed companies participated, and during the approximately 250 meetings held with institutional investors, they had the opportunity to present their strategy and investment plans.

- In March 2016, together with the European Bank of Reconstruction and Development (EBRD), it organized an event titled “The capital market touch – financing businesses and projects. Trends, tools and solutions. Attracting international liquidity through capital markets.” The aim of the event was to promote the solutions, tools and showcase the trends for financing small and medium sized enterprises.
- In January 2016, as part of the initiative to promote non-listed companies to market participants, it welcomed the companies B&T Composites, Chaitoglou Bros and Pindos, as distinguished businesses in the Federation of Industries of Northern Greece “Greek Value – Northern Greece 2015 awards; in May 2016 it welcomed the companies Systems Sunlight, Demo, Raymetrics and Sychem as distinguished businesses in the “Greek Exports Awards 2015.” Finally, in July 2016 it welcomed Gaea, Epsa, Eza, Taxibeat and Incelligent, which have been included and showcased in a recent documentary and event titled “Greek Crisis Success Stories” by the” by the Greek Liberties Monitor and the Friedrich Naumann Foundation.
- Finally the Athens Exchange, in support of the Hellenic Fund and Asset Management Association, provided its premises in order for listed companies to make their presentations. As part of this effort, 16 listed companies presented their results, their strategy for development and prospects for growth.

Comment on the results

Fiscal year 2016 results of the Group

Turnover in 2016 for the Athens Exchange Group was €27m compared to €35.0m in 2015, decreased by 23%. Almost 52.5% of the turnover of the Group is from fees on trading, clearing and settlement of transaction on the Athens Exchange.

At the EBITDA level, 2016 was at €8.1m compared to €14.9m in 2015, reduced by 46%.

The reduction in the bottom line is due to the 29.4% drop in the average daily traded value, to €60.5m vs. €85.7m last year.

Earnings Before Interest and Taxes (EBIT) in 2016 were €5.2m vs. €12.9m in 2015, reduced by 60%.

After deducting €2.003 thousand in income tax, the net after tax profits of the Athens Exchange Group amounted to €1.43m vs. €9.0m, reduced by 84.1%. After including Other Comprehensive Income (valuation of shares), profits amount to €2.45m corresponding to four cents (€0.04) per share vs. fourteen cents (€0.14) per share in 2015, reduced by 71%.

It should be noted that the income tax rate used by the Group is 29%.

Parent Company of the Athens Exchange Group

For the parent company Athens Exchange, turnover was €14.1m, reduced by 21.9% compared to 2015, while net after tax profits amounted to €4.1m in 2016 compared to €12.9m in 2015, decreased by 68%.

Available-for-sale financial assets

The significant reduction in the fair value compared with the acquisition value of the securities in the first nine months of 2016 (price on 30.09.2016: €0.134), is an impairment indication. For this reason the Company / the Group, in accordance with IAS 39, charged the results of the period and in particular the Provisions for devaluation of participations and securities account with the amount of €2,219 thousand which concerns the securities impairment provision of the Piraeus Bank shares from the initial acquisition date. The amount of €2,219 thousand includes the €294 loss that had been booked in Other Comprehensive Income on 31.12.2015.

On 31.12.2016 the share price recovered to €0.209, however the positive difference of €1,002 thousand did not reduce the loss but, in accordance with IAS 39, was transferred to Other Comprehensive Income.

As a result of the above, the Company booked in the results the €2,219 thousand loss on 31.12.2016, and in Other Comprehensive Income the positive deviation of the share price in the last quarter of 2016 in the amount of €1,002 thousand.

Third party balances in ATHEXClear bank accounts

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

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

Share Capital

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

With the decision of the 1st Repetitive General Meeting of 9.6.2016 to return €0.22 per share with an equal reduction in the stock's par value, equity amounted to €70,598,048.04 divided into 65,368,563 shares with a par value of €1.08 each.

The Equity of the Group on 31.12.2016 was €140,723 thousand and the Company's €129,254 thousand.

Treasury Stock

At the 14th Annual General Meeting on 20.5.2015, shareholders approved a share buyback program to purchase up to 10% of the share capital at a price range of €1.50 to €7.00 over two years (May 2015 – May 2017) with the intention of cancelling at least 95% of shares thus purchased (the remaining 5% may be distributed to personnel).

Share buybacks began on 09.02.2016 and up to 31.12.2016 4,035,813 shares (6.17% of the share capital) had been purchased, at an average price of €4.62 at a total cost of €18.634.173. The share buyback program continued after 31.12.2016. Up until 24.03.2017, 4,745,730 shares (7.26% of the number of shares outstanding) had been purchased, at an average price of €4.62 per share, and a total cost of €21.9m.

Dividend policy

The Annual General Meeting of Athens Exchange shareholders on 25.5.2016 decided to distribute dividend amounting to €6,536,856.3 or €0.10 per share to shareholders.

The ex-date of the right to the dividend was on 31.5.2016, and the dividend was paid on 6.6.2016. The dividend per share was increased to €0.1026 due to the existence of treasury stock.

The Repetitive General Meeting of 9.6.2016 approved the proposal of the BoD to return capital amounting to €14,381,083.86 or €0.22 per share. The ex-date of the right to the capital return was on 4.7.2016, and payment took place on 11 July 2016. The capital return per share was increased to €0.2275 due to the existence of treasury stock.

In total, the payout ratio on the consolidated earnings for fiscal year 2015 was 231% compared to 98% in fiscal year 2014.

Related party transactions

Related party transactions amount to €1,411 thousand and concern the remuneration of executives and members of the Boards of Directors of the companies of the Group; the figure for the company is €1,009 thousand (for more information see note 5.51). Besides these transactions, there are no other related party transactions, as defined by IAS 24, which could materially affect the financial position or the performance of the Group during the period in question. There is no (credit or debit) balance from these transactions on 31.12.2016.

Use of financial instruments

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

Prospects for 2017

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

Under these conditions, the Company is trying to reduce operating costs, maintain the smooth functioning of its markets, provide value added services, exploit its infrastructure by enriching it with new products and services, and carry out effectively its role in transferring investments to Greece's productive backbone.

The EMIR Regulation, which directly affects the Group, and whose implementation has already begun with the approvals by the Hellenic Capital Market Commission of the Cash and Derivatives Clearing Regulations, creates a unified European environment structure, licensing, operation and surveillance of Clearing Houses, while the CSDR Regulation that is under development will create a similar environment for Depositories.

The adjustment of the Group to the new models of operation creates opportunities to develop new activities and collaborations, and sets the conditions for a more effective and profitable operation in an international environment of greater security and lower risk.

The worsening of the Greek economy during the last few years significantly impacted trading activity and prices on the Athens Exchange. The drop in share prices negatively affected trade values, on which a large portion of the revenue of the Athens Exchange Group in the cash and derivatives markets depends.

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

Turnover – risks and uncertainties

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

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

Contrary to revenues, which cannot be controlled by the companies of the Group, on the cost side concerted efforts are being made to reduce them, with the aim of reducing negative consequences to the financial results of the Group even under adverse market conditions.

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

Risk Management

General – Risk management environment

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

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

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

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

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

Risk Strategy and Risk Management

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

Organizational structure

In 2016 risk management continued to be strengthened and restructured, for ATHEXClear, in order to be harmonized with the EMIR Regulation. In particular, beyond the specific measures for the smooth operation of the systems of the Group, each organizational unit of the Group is responsible to monitor and manage possible risks in such a way so as to react quickly and effectively in case risk events arise.

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

- *Board of Directors*, which has the final responsibility and accountability regarding the management of the risk management operation of the company. In particular, the Board of Directors defines, determines and documents the appropriate level of risk tolerance and ability of the company to assume risk. In addition, the BoD and senior management ensure that the policies, processes and audits of the company are consistent with the risk tolerance level and the ability of the company to assume risk, and examine ways through which the company recognizes, reports, monitors and manages risks.

- *Risk Committee*, which advises the Board of Directors on matters of risk management.
- *Investments Committee*, which decides on the determination of limits and monitors liquidity risk, determines policies and standards for the investment strategy, financing principles, liquidity management, interest rate risk and management.
- *Risk Management Department*, of the Risk Management & Clearing Division of ATHEXClear, which is sufficiently independent from other departments of the Company, and whose main duty is the comprehensive approach to risks that ATHEXClear faces, in order to recognize them, calculate them and finally manage them. The Risk Management Department possesses the required jurisdiction, the necessary means, know-how and access to all relevant information.
- *Chief Risk Officer*, heading the Risk Management Department, who reports to the Board of Directors on matters of risk management through the Chairman of the Risk Committee, and implements the risk management framework through the policies and procedures that the Board of Directors enacts.
- *Organizational Units* which are responsible for recognizing and managing risks within their scope and participate in overall risk management in the Group.

Unified risk management

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

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

Risk categories

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

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

Financial Risk

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

- Credit risk (mainly counterparty credit risk from the operation of ATHEXClear as Central Counterparty, and from the investment of own assets)
- Liquidity risk (mainly cash flows risk)

Operating risk

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

Business risk

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

Hellenic Corporate Governance Council (HCGC)

In 2016, the Hellenic Corporate Governance Council (HCGC), following the publication of the "Hellenic Corporate Governance Code for Listed Companies," moved a step further in the development, promotion and dissemination of good corporate governance in Greece. It drafted the **"Special Practices of Good Corporate Governance for Non-Listed Companies"** which is addressed to all forms of non-listed companies, such as start-ups, companies with a single shareholder-manager, family business, joint ventures, as well as subsidiaries of listed companies.

The sectors covered by the Special Practices of Good Corporate Governance for Non-Listed Companies are: the Board of Directors and its Members, remuneration, internal audit system, risk management, regulatory compliance, relations with shareholders, relations with other stakeholders, IT systems and family companies.

HCGC organized a special even on March 23rd 2016 at the Athens Exchange in order to present the draft of the "Special Practices of Good Corporate Governance for Non-Listed Companies." After the event, the draft was put to open consultation for a period of ten (10) weeks. After the comments that were received are taken into consideration and discussed by the work group, and following the meeting of the 15-member Council of the HCGC in October 2016, the "Special Practices of Good Corporate Governance for Non-Listed Companies" are expected to be published in the first quarter of 2017.

In order to inform, train and raise awareness among young people in matters of corporate governance, HCGC organized in May a special two-day conference on the "Hellenic Corporate Governance Code" for students in the "Audit and taxation" post-graduate program of Panteion University.

As a member of the European Corporate Governance Codes Network, HCGC participates in the "European wide Corporate Governance Study" of the European Confederation of Directors Associations (ecoDa) in collaboration with Mazars Greece. The goal of the project is to assist in the European Commission's challenge to inform EU member states about the measures that have been taken to adopt Directive 2014/208/EU on the quality of reports submitted on corporate governance ("comply or explain").

At the same time, HCGC in cooperation with the Athens Exchange continues to develop the internet platform for monitoring and evaluating the implementation of the Hellenic Corporate Governance Code by listed companies, and is collaborating with EY Greece in order to draft a manual titled "Internal Audit and Risk Management Framework" that will replace Appendix IV of the Hellenic Corporate Governance Code.

Finally, in November, HCGC signed a contract for the provision of consulting services in matters of corporate governance to a public interest corporate entity, and in particular with the drafting of a Corporate Governance Code, rules concerning the monitoring and reporting framework, as well as with the audit framework, including training. This project has been provided by the Structural Reform Support Service (SRSS) of the European Commission.

Corporate Responsibility

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

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

We believe at the Group that Corporate Responsibility concerns us all. It is our responsibility as far as our impact on society and the environment is concerned. Our Group operates in a constantly changing international environment and is faced, on a daily basis, with challenges concerning its efficiency and its status as an integral part of society and business. In this environment, the trend worldwide is that corporations are encouraged to take more Corporate Social Responsibility initiatives since their decisive role and contribution to social challenges is recognized.

For us at the Group, Corporate Social Responsibility is directly related to the concept of sustainable development, consists of voluntary actions and is our strategic choice. We have created, and continue with an action plan that concerns the environment, human beings and education:

- We try to alleviate poverty by supporting the work of volunteer organizations that support our fellow human beings.
- We continue our efforts to protect the environment through daily recycling actions, and we adopt new workplace methods in order to save energy through a number of simple and practical rules.
- We promote and support an information and educational program for high school and university students, as well as market professionals, in order to improve knowledge about capital markets.
- We support as an active member the efforts of the Greek network for Corporate Social Responsibility which aims to promote Corporate Responsibility both to the business world and to society as a whole and to achieve a balance between generating profits and sustainable development.

Significant events after 31.12.2016

Following the decision of the General Meeting of shareholders on 20.5.2015, the share buyback program continued after 31.12.2016. Up until 24.3.2017, 4,745,730 shares (7.26% of the number of shares outstanding) had been purchased, at an average price of €4.62 per share, and a total cost of €21.9m. Share buybacks are expected to continue after the publication of the 2016 results.

The Company was notified on 15.2.2017 about decision 936/30.1.2017 of the General Secretariat of Public Revenue’s Directorate of Dispute Resolution (DDR), to the appeal submitted by the Company on 30.9.2016 (protocol No. 25621), disputing the imposition of tax and penalties totaling €1,561,543.58 as a result of the tax audit of fiscal years 2008, 2009 and 2010. This amount has been paid in full (BoD Decision 315/31.10.2016), in order not to incur monthly interest of 0.73%.

In its decision, the DDR accepted the arguments of the Company concerning the extraordinary tax contribution in fiscal years 2008 and 2009 (amounting to €328,438.28 and €217,252.82 respectively), and absolves it from paying these taxes. In addition, the DDR accepted the reduction in taxes and penalties arising from accounting differences in the amounts of €8,250 and €19,250 for fiscal years 2008 and 2009 respectively. As a result of the above, the total fines and penalties assessed for fiscal years 2008, 2009 and 2010 are reduced by €573,191.11 and the total obligation of the Company is reduced to €988,352.48.

The Company appealed on 16.3.2017 to the Administrative Appeals Court of Athens, requesting the partial annulment of decision 936/30.01.2017 of the Directorate of Dispute Resolution as to the part where it does not accept our appeal.

There is no other event that has a significant effect in the results of the Group and the Company which has taken place or was completed after 31.12.2016, the date of the 2016 annual financial statements and up until the approval of the 2016 annual financial statements by the Board of Directors of the Company on 27.3.2017.

CORPORATE GOVERNANCE STATEMENT

The present Corporate Governance Statement is drafted in accordance with article 43bb of codified law 2190/1920 and contains the information that the abovementioned provision specifies as of 31.12.2016.

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

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

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

General Meeting - Shareholder rights

Operation of the General Meeting - Authority

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

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

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

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

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

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

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

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

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

Shareholder participation in the General Meeting

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

Procedure for participating and voting by proxy

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

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

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

A conflict of interest may arise particularly when the representative is:

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

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

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

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

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

Minority shareholder rights

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

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

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

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

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

Available documents and information

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

Board of Directors

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

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

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

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

Authority – Responsibilities of the Board of Directors

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

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

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

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

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

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

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

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

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

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

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

Composition – Term of office of the Board of Directors

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

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

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

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

The Board of Directors of the Company that was elected by the Annual General Meeting of shareholders on 20.5.2015, and whose term of office ends on 20.5.2019, consists of thirteen (13) members. Twelve (12) members have been elected by the General Meeting of Shareholders on 20.201 and one (1) member was elected by the Board of Directors on 22.2.2016 to replace a member that resigned. The composition of the BoD today is as follows:

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

(*) At the meeting of the Board of Directors on 22.02.2016 Mr. Ioannis Kyriakopoulos replaced Mrs. Paula Hadjisotiriou as non-executive member.

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

Election – Replacement of members of the Board of Directors

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

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

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

Formation of the Board of Directors in a body

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

Convening the Board of Directors

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

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

In fiscal year 2016 the Board of Directors met thirteen (13) times.

The attendance of each member of the Board of Directors at its meetings that took place during their tenure in fiscal year 2016 is shown in the following table:

Name	Meetings during the member's tenure in fiscal year 2016	Number of meetings – present via proxy	Number of meetings - presence in person
Iakovos Georganas	13		13
Socrates Lazaridis	13	-	13
Alexandros Antonopoulos	13	3	10
Konstantinos Vassiliou	13	-	9
Ioannis Emiris	13	-	13
Dimitris Karaiskakis	13	1	12
Sofia Kounenaki – Efraimoglou	13		13
Ioannis Kyriakopoulos	12	2	10
Adamantini Lazari	13	-	13
Nikolaos Milonas	13	1	12
Alexios Pilavios	13	-	13
Paula Hadjisotiriou	1	-	-
Dionysios Christopoulos	13	-	13
Nikolaos Chryssochoides	13	-	13

Quorum – Majority – Member representation - Minutes

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

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

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

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

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

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

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

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

Obligations of the members of the Board of Directors

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

Remuneration of the Board of Directors – Remuneration policy

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

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

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

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

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

The General Meeting of shareholders in 2016 has preapproved the payment to members of the Board of Directors and of the Committees of remuneration in accordance with article 24 §2 of codified law 2190/1920 for fiscal year 2016. Following the proposal of the BoD, this remuneration remained at the same level as for fiscal year 2015, as follows:

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

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

Total remuneration of the non-executive members of the Board of Directors for their participation in the Board of Directors and the Committees in 2016 amounted to €28,920.00 (net remuneration €28,572.96).

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

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

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

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

In particular:

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

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

It should be noted that the Annual General Meeting of shareholders of the Company of 29.5.2014 approved the extension of the term in the individual employment contract of the Chief Executive Officer and the Chief Operating Officer concerning the reduction in their annual remuneration, which for fiscal year 2016 amount to €185,743.29 for the Chief Executive Officer and €103,345.28 for the Chief Operating Officer, have been preapproved by the General Meeting on 20.5.2016 and will be submitted for approval by the upcoming General Meeting.

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

Assessment of the Board of Directors

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

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

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

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

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

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

Other professional commitments of the members of the BoD

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

BoD member	Professional commitment
Iakovos Georganas	– Non-executive Chairman of the BoD of the subsidiary Hellenic Central Securities Depository S.A. – Non-executive 1st Vice Chairman of the BoD of Piraeus Bank and a member of the Audit Committee and the Nomination Committee of the BoD

BoD member	Professional commitment
Socrates Lazaridis	– Chief Executive Officer of the subsidiaries “Athens Exchange Clearing House” and “Hellenic Central Securities Depository” – Member of the BoD of the Hellenic Capital Market Commission – Member of the BoD of the Hellenic-American Chamber of Commerce – Chairman of the Hellenic Corporate Governance Council
Alexandros Antonopoulos	– Member of the Finance Committee of the Synod of the Church of Greece
Konstantinos Vassiliou	– General Manager, head of Group Corporate and Investment Banking (GCIB) and a member of the Strategic Planning Committee and the Executive Board of Eurobank – Non-executive member of the Board of Directors of Eurobank Factors – Non-executive member of the Board of Directors of Eurobank Equities
Ioannis Emiris	– General Manager of Private and Investment Banking at Alpha Bank – Non-executive Member of the BoD of Alpha Bank London
Dimitris Karaiskakis	– Chief Operating Officer of the Group
Sofia Kounenaki – Efraimoglou	– Vice Chairwoman of the Foundation of the Hellenic World – Chairwoman and Chief Executive Officer of Adrittos Holdings S.A. – Chairwoman and Chief Executive Officer of VEK Industrial-Commerce-Construction S.A. Holdings – Chairwoman and Chief Executive Officer of Ladis Hotel, Tourism and Construction S.A. – Member of the BoD of the Hellenic Federation of Enterprises (SEV) – Member of the BoD of the Athens Chamber of Commerce and Industry (ACCI) – Cashier of the ALBA (Athens Laboratory of Business Administration) BoD – Vice Chairwoman of the BoD of the Hellenic Corporate Governance Council – Vice Chairwoman of the BoD of Technopolis-Acropolis S.A. – Vice-Chairwoman of the Hellenic – Latin American Business Council BoD – General Secretary of the Hellenic-Asiatic Business Council BoD – Member of the Advisory Committee of the Institute for Economic Policy and Public Governance of the Hellenic-American Chamber of Commerce – Member of the Business Advisory Council of the Athens University of Economics and Business MBA International Program – Member of the BoD of the Peloponnesian Folklore Foundation
Ioannis Kyriakopoulos	– Chief Financial Officer of National bank and the NBG Group – Non-executive 1st Vice Chairman of NBG Pangaea REIC
Adamantini Lazari	– Non-executive member of the BoD of Selonda Aquaculture, and a member of the Audit Committee – Chairwoman of the BoD of Villa Precieux – a subsidiary of Selonda – Chairman of the BoD of Sparfis Sa – a subsidiary of Selonda – Member of the BoD of Polemarcha Epidavros S.A – a subsidiary of Selonda – Member of the BoD of Perseus S.A and a member of the Audit Committee – a subsidiary of Selonda – Advisor to the Board - Domius Capital Advisors LLP (consulting company based in London) – Member of the Investments Committee of the Economists Professional Insurance Fund

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

Committees of the Board of Directors

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

Audit Committee:

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

The main responsibilities of the Committee are:

Supervision of the Internal Audit Division

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

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

Supervision of the external auditors

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

Supervision of the Financial Statements

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

Supervision of the Auditing Mechanisms

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

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

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

Chairman	Nikolaos Milonas
Members	Adamantini Lazari
	Alexandros Antonopoulos

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

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

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

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

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

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

As part of carrying out its duties in 2016, the Audit Committee held seven (7) meetings. The participation of the Chairman and the members of the Audit Committee in the meetings held in fiscal year 2016 are shown in the following table:

Name	Meetings held in fiscal year 2016	Number of meetings – present via proxy	Number of meetings - presence in person
Nikolaos Milonas	7	-	7
Adamantini Lazari	7	-	7
Alexandros Antonopoulos	7	1	6

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

a) review the interim and the annual financial statements, company and consolidated, before they are published in accordance with the applicable accounted standards.

b) ensure the independence of the auditors and make proposal for the selection of an auditing firm.

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

In addition, in 2016 the Audit Committee met twice with the external auditors of the Company, without the presence of management of the Company.

During the abovementioned meetings, the Audit Committee ascertained the effectiveness of the audit procedure applied by the external auditors, as well as their objectivity and independence.

The Audit Committee recommended the reappointment of "Ernst & Young (Hellas) Certified Auditors Accountants S.A." as external auditors for fiscal year 2016. The Board of Directors unanimously approved the recommendation of the Audit Committee and the reappointment of E&E as external auditors for fiscal year 2016 and this decision was subsequently approved by the Annual General Meeting on 25.05.2016. The fees of the external auditors for fiscal year 2016, based on the recommendation of the Audit Committee and the Board of Directors, was set by the Annual General Meeting as follows:

- For the statutory audit of the separate and consolidated financial statements, the amount of €20,000 plus VAT; and
- For the issuance of the Annual Tax Certificate of the Company the amount of €10,000 plus VAT.

During 2016, E&Y also undertook the statutory audit of the two subsidiary companies of the Group.

The total cost for the statutory audit of the Company and the above subsidiary companies of the Group for 2016, including the tax audit of the Company and its subsidiaries, amounted to €75,500 plus VAT, compared to €80,000 plus VAT for 2015.

In addition, during 2016 E&Y provided additional services not related to the statutory audit of the fiscal year, that concerned tax and accounting services as part of the tax audit of the Company for fiscal years 208-2010, in the amount of €24,000 plus VAT, that correspond to 31.8% of the total fees for carrying out the statutory audit of the Company and the subsidiaries of the Group, and other non-audit services in the amount of €33,900 plus VAT, that correspond to 44.9% of the total fees received for the statutory audit of the Company and the subsidiaries of the Group.

For fiscal year 2015, the total fees paid to E&Y for additional audit and consulting services, in addition to the statutory audit, had amounted to €19,700.

Taking into consideration all of the above, the Audit Committee decided that the objectivity and independence of the external auditors for fiscal year 2016 was fully safeguarded. The independence of the external auditors was also confirmed in writing by the auditing company itself, with a letter addressed to the Audit Committee.

Nomination and Compensation Committee:

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

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

Committee composition:

Chairman	Alexandros Antonopoulos
Members	Iakovos Georganas
	Sofia Kounenaki - Efraimoglou

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

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

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

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

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

In carrying out its duties for 2016, the Committee met four (4) times in the presence of all of its members in order to submit proposals to the Board of Directors as part of its responsibilities, to replace a member of the BoD that resigned, and to decide pay and other remuneration issues for senior management.

Strategic Investments Committee:

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

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

Committee composition:

Chairman	Ioannis Kyriakopoulos
Members	Alexios Pilavios
	Adamantini Lazari

In 2016 the approved investments policy was followed without deviation, and there was no need for the Committee to meet.

Stock Markets Steering Committee

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

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

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

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

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

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

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

Committee composition:

Chairman	Socrates Lazaridis, Chief Executive Officer
Vice Chairman	Nikolaos Porfyris, Deputy Chief Operating Officer
Members	Panagiotis Drakos, President of the Union of Listed Companies
	Eleftherios Kourtalis, President of the Hellenic Federation of Enterprises-Textile Industries
	Michail Karamanof, Chief Executive Officer of Karamanof Securities
	Kimon Volikas, President of the Hellenic Fund and Asset Management Association
	Athanasios Savvakis, President of the Federation of Industries of Northern Greece
	Dionysios Christopoulos, executive at the Bank of Greece
	Apostolos Patrikios, Attorney, Committee Secretary

In 2016 the Committee met forty one (41) times as part of the framework of responsibilities mentioned above.

Xnet Steering Committee

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

Committee composition:

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

In 2016 the Committee held twelve (12) meetings as part of its abovementioned responsibilities.

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

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

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

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

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

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

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

On the Board of Directors of the Company, women account for 18.2% of non-executive members, and in the Committees of the Board of Directors the participation of women is 33%. The age of the members of the Board of Directors ranges from 43 to 85, with the average age being 57 years.

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

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

At the top management levels, all senior and top level executives have university level academic credentials, with studies in various subjects – business administration, information technology, economics, legal, accounting, mathematics, political science and public administration – and have extensive experience in their respective fields. The majority senior and top executives have risen through the ranks at the Group, with the rest coming from the labor market.

At the top hierarchy levels, 35% of the posts are held by women, while the four senior executives are all men. The ages of middle executives range from 45 to 59 (with an average of 51 years), and, for senior executives ages range from 52 to 59 (with an average of 55 years) respectively.

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

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

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

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

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

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

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

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

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

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

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

In addition, a basic concern of the Group is the management of risk arising from its business activities.

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

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

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

In light of these new regulatory requirements, the Group has drafted a comprehensive plan to improve risk management in order to continue to provide high quality services.

Risk strategy and risk management

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

Unified risk management

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

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

Risk categories

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

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

Financial risk

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

Operating risk

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

Business risk

Risk due to new competitors, drop in trading activity on the exchange, worsening of the domestic and international financial climate etc.

In the relevant section of the Annual Financial Report, extensive mention is made about the procedure applied for dealing with financial, business and other reported risk categories.

The Board of Directors is informed on a regular basis about the risks that the Group faces, and examines whether these risks are clearly defined, whether they have adequately been estimated and whether risk management is effective.

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

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

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

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

If the number of members of the Board of Directors drops below nine (9), and provided that the remaining members are at least three (3), the Board of Directors is obliged to elect replacements for the remainder of the term of office for the members being replaced, at least up until the ninth (9th) member. If elected by the Board of Directors as a interim member to replace another member, the election is announced to the General Meeting immediately following (Annual or Extraordinary), which may replace the members thus elected even if no such item has been included in the daily agenda of the General Meeting in question.

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

The members of the Board of Directors can always be reelected, and are freely recalled by the General Meeting of shareholders.

TRANSACTIONS WITH ASSOCIATED COMPANIES OF THE HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE (ATHEX) GROUP FOR THE 16TH FISCAL YEAR FROM 1.1.2016 TO 31.12.2016

In accordance with the provisions of Article 2 of Law 3016/2002 on "Corporate governance, payroll issues and other provisions", a report on transactions with associated companies of the Hellenic Exchanges-Athens Stock Exchange SA Group (ATHEX) has been prepared for the fiscal year 1.1.2016 - 31.12.2016.

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

Dividends

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

Invoicing of services

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

Intra-Group Contracts

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

Rents

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

Financing

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

The value of transactions and the balances of the Group with associated parties on 31.12.2016 are analyzed in the following table:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Remuneration of executives and members of the BoD	1,411	1,490	1,009	1,013

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

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

The balances and the intra-Group transactions of the companies of the Group on 31.12.2016 are shown in the following tables:

INTRA-GROUP BALANCES (in €) 31-12-2016				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Claims	0	154,864.00	16,532.92
	Liabilities	0	44,399.84	0
ATHEXCSD	Claims	44,399.84	0	33,784.53
	Liabilities	154,864.00	0	1,600.00
ATHEXCLEAR	Claims	0	1,600.00	0
	Liabilities	16,532.92	33,784.53	0

INTRA-GROUP REVENUES-EXPENSES (in €) 31-12-2015				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Revenue	0	358,289.69	53,332.00
	Expenses	0	274,938.62	0
	Dividend Income		9,069,380.00	
ATHEXCSD	Revenue	274,938.62	0	9,284,271.75
	Expenses	358,289.69	0	0
ATHEXCLEAR	Revenue	0	0	0
	Expenses	53,332.00	9,284,271.75	0

INTRA-GROUP REVENUES-EXPENSES (in €) 31-12-2016				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Revenue	0	415,113.68	53,332.00
	Expenses	0	289,867.12	0
	Dividend Income	0	4,013,000.00	0
ATHEXCSD	Revenue	289,867.12	0	6,227,402.36
	Expenses	415,113.68	0	0
ATHEXCLEAR	Revenue	0	0	0
	Expenses	53,332.00	6,227,402.36	0

INTRA-GROUP REVENUES-EXPENSES (in €) 31-12-2015				
		ATHEX	**ATHEXCSD**	**ATHEXCLEAR**
ATHEX	Revenue	0	358,289.69	53,332.00
	Expenses	0	274,938.62	0
	Dividend Income		9,069,380.00	
ATHEXCSD	Revenue	274,938.62	0	9,284,271.75
	Expenses	358,289.69	0	0
ATHEXCLEAR	Revenue	0	0	0
	Expenses	53,332.00	9,284,271.75	0

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

REPORT IN ACCORDANCE WITH ARTICLE 4 OF LAW 3556/2007

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

Share capital structure

The share capital of the Company is €70,598,048.04 and is divided into 65.368.563 shares, with a par value of €1.08 each. All shares are listed for trading in the Main cash market of Athens Exchange. The Company's shares are common registered with a voting right.

Restrictions on the transfer of shares of the Company

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

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

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

Shareholder	% of the share capital of the Company
HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE (treasury stock) (Direct participation - % based on the notification by the shareholder on 30.12.2016)	6.17%
FRANKLIN TEMPLETON INSTITUTIONAL LLC (indirect participation - % based on the notification by the shareholder on 9.2.2016)	5.16%
THE LONDON AND AMSTERDAM TRUST COMPANY LTD (Direct participation - % based on the notification by the shareholder on 6.12.2013)	5.01%

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

Shares that provide special control rights

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

Voting right restrictions

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

Agreements between shareholders of the Company

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

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

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

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

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

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

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

In 2016, the Company purchased 4,035,813 own shares that correspond to 6.17% of the paid-in share capital of the Company.

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

No such agreement exists.

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

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

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

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

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

Transactions with a non-operational or non-cash valuation that have a significant effect in the Statement of Comprehensive Income are considered items that affect the adjustment of the indices to APMs. These, non-recurring in most cases, items may arise among other from:

- Asset impairments
- Restructuring measures
- Consolidation measures
- Sale or transfer of assets
- Changes in legislation, compensation for damages or legal claims

APMs must always be taken into consideration in conjunction with the financial results that have been drafted based on IFRS, and in no instance should it be consider that they replace them. The Athens Exchange Group is using these adjusted APMs for the first time in fiscal year 2016, in order to better reflect the financial and operational performance related to the activity of the Group as such in the fiscal year in question, as well as the previous comparable period. The definition, analysis an calculation basis of the APMs used by the Group is presented below:

Adjusted EBITDA

Adjusted EBITDA	=	Earnings Before Interest, Taxes, Depreciation & Amortization	-	items affecting the adjustment

€ thousand	2016	2015	Deviation %
EBITDA	**8,020**	**14,958**	**(46)%**
Provisions against bad debts	824	365	126%
Termination benefits	150	0	0%
Reversal of unused provisions	(249)	(200)	25%
Adjusted EBITDA	**8,745**	**15,123**	**(42)%**
Deviation %	**9%**	**1%**	

In 2016 adjusted EBITDA was 9% higher compared to EBITDA, while compared to 2015, adjusted EBITDA is 42% lower, and improved by 8.7%

Adjusted EBIT

Adjusted EBIT = Earnings Before Interest & Taxes - items affecting the adjustment

€ thousand	2016	2015	Deviation %
EBIT	**5,140**	**12,885**	**(60)%**
Provisions against bad debts	824	365	126%
Termination benefits	150	0	0%
Reversal of unused provisions	(249)	(200)	25%
Adjusted EBIT	**5,864**	**13,050**	**(55)%**
Deviation %	**14%**	**1%**	**0%**

In 2016 adjusted EBIT was 14% higher compared to EBIT, while compared to 2015, adjusted EBIT is 55% lower, i.e. improved by 8.3%.

Adjusted EBT

Adjusted EBT = Earnings Before Taxes - items affecting the adjustment

€ thousand	2016	2015	Deviation %
EBT	**3,366**	**13,450**	**(75)%**
Provisions against bad debts	824	365	126%
Termination benefits	150	0	0%
Reversal of unused provisions	(249)	(200)	25%
Share valuation	2,219	0	0%
Provision to cover other risks	0	300	(100)%
Bond de-recognition	0	207	(100)%
Building values estimation	0	399	(100)%
Adjusted EBT	**6,310**	**14,521**	**(57)%**
Deviation %	**87%**	**8%**	

In 2016 adjusted EBT was 87% higher compared to EBT, while compared to 2015, adjusted EBT is 57% lower, i.e. improved by 24%.

Adjusted EAT

Adjusted EAT = Earnings After Taxes - items affecting the adjustment

€ thousand	2016	2015	Deviation %
EAT	**1,429**	**9,038**	**(84)%**
Provisions against bad debts	824	365	126%
Termination benefits	150	0	0%
Reversal of unused provisions	(249)	(200)	25%
Share valuation	2,219	0	0%
Provision to cover other risks	0	300	(100)%
Bond de-recognition	0	207	(100)%
Building values estimation	0	399	(100)%
Adjusted EAT	**4,373**	**10,109**	**(57)%**
Deviation %	**206%**	**12%**	

In 2016 adjusted EAT was 212% higher compared to EAT, while compared to 2015, adjusted EAT is 57% lower, i.e. improved by 32%.

Adjusted EPS

$$\text{Adjusted EPS} = \frac{\text{Net Profit attributable to the owners of the parent Company – items affecting the adjustment}}{\text{Average number of shares during the period}} \times 100$$

€ thousand	2016	2015	Deviation %
EPS	**0.03**	**0.14**	**(79)%**
Net other comprehensive income	2,135	8,948	(76)%
Provisions against bad debts	824	365	126%
Building values estimation	0	399	(100)%
Termination benefits	150	0	0%
Share valuation	2,219	0	0%
Provision to cover other risks	0	300	(100)%
Bond de-recognition	0	207	(100)%
Reversal of unused provisions	(249)	(200)	25%
Share valuation	(711)	209	(440)%
Termination provision	5	(119)	(104)%
Adjusted EPS	**4,373**	**10,109**	**(57)%**
Average number of shares during the period	63,340,793	65,368,563	(3)%
Adjusted EPS deviation	**0.07**	**0.15**	**(53)%**
Deviation	**133%**	**7%**	

In 2016 adjusted EPS was 133% higher compared to EPS, while compared to 2015, adjusted EPS is 53% lower, i.e. improved by 32.9%.

Adjusted cash flows after investments

Adjusted cash flows after investments *(cash flows before financial activities in the Statement of Cash Flows)*	=	Net cash flows from operating activities	-	Net cash flows from investment activities	-	items affecting the adjustment

€ thousand	2016	2015	Deviation %
Net cash flows from operating activities	4,250	7,046	(40)%
Net cash flows from investment activities	(1,916)	(903)	112%
Cash flows after investment activities	**2,334**	**6,143**	**(62)%**
Items affecting the adjustment	2,944	1,071	175%
Adjusted cash flows from investment activities	**5,278**	**7,214**	**(27)%**
Deviation	**126%**	**17%**	

In 2016 adjusted cash flows after investments were 126% higher, while compared to 2015 adjusted cash flows after investments is 27% lower, i.e. improved by 56.5%.

Adjusted Return on Investment (ROI)

$$\text{Adjusted Return on Investment (ROI), \%} = \frac{\text{Profits Before Taxes + Interest \& related expenses – items affecting the adjustment (a)}}{\text{Total liabilities (reduced by third party cash \& cash equivalents) + average interest bearing liabilities during the year (b)}} \times 100$$

€ thousand	2016	2015	Deviation %
Return on Investment (ROI)	**27%**	**70%**	**(61)%**
Earnings After Tax	3,366	13,450	(75)%
Interest & related expenses	131	(83)	(258)%
Items affecting the adjustment	2,944	1,071	175%
Total (a)	**2,944**	**1,071**	**(55)%**
Total liabilities – Third party cash & cash equivalents (b)	**12,848**	**19,131**	**(33)%**
Adjusted Return on Investment (ROI) (a)/(b)	**0.50**	**0.75**	**(34)%**
Deviation %	**86%**	**8%**	

In 2016 adjusted ROI was 86% higher compared to ROI, while compared to 2015, adjusted ROI is 34% lower, i.e. improved by 44.3%.

Adjusted Return on Equity (ROE)

$$\text{Adjusted Return on Equity (ROE), \%} = \frac{\text{Profits After Taxes – items affecting the adjustment (a)}}{\text{Total Equity (average)}} \times 100$$

€ thousand	2016	2015	Deviation %
Return on Equity	**0.94%**	**5%**	**(81)%**
Net earnings for the period	1,429	9,038	(84)%
Items affecting the adjustment	2,944	1,071	175%
Total	**4,373**	**10,109**	**(57)%**
Average total Equity	152,358	179,171	(15)%
Adjusted Return on Equity	**2.87%**	**5.64%**	**(49)%**
Deviation %	**206%**	**13%**	

In 2016 adjusted ROE was 206% higher compared to ROE, while compared to 2015, adjusted ROE is 49% lower, i.e. improved by 39.5%.

Adjusted Degree of Financial Self-Sufficiency

$$\text{Adjusted Degree of Financial Self-Sufficiency} = \frac{\text{Total Equity – items affecting the adjustment}}{\text{Total Balance sheet – third party cash assets}}$$

€ thousand	2016	2015	Deviation %
Degree of Financial Self-Sufficiency	**92%**	**90%**	**2%**
Total Equity	140,692	177,900	(21)%
Items affecting the adjustment	2,944	1,071	175%
Total (a)	**143,636**	**178,971**	**(20)%**
Total Balance Sheet - Third party cash & cash equivalents	**153,540**	**197,031**	**(22)%**
Adjusted Degree of Financial Self-Sufficiency (a/b)	**94%**	**91%**	**3%**
Deviation %	**2%**	**1%**	

In 2016 the Adjusted Degree of Financial Self-Sufficiency was higher by 2 percentage points compared to the Degree of Financial Self-Sufficiency, while compared to 2015, the Adjusted Degree of Financial Self-Sufficiency is increased by 3 percentage points, i.e. it is improved by 50%.

Items affecting the adjustment

As presented above in the analysis of individual APMs, the picture of the Athens Exchange Group significantly improves. In particular, excluding non-recurring provisions and valuation of assets in fiscal years 2015 and 2016, the picture in almost all APM measures is improved in both fiscal years. In order to more conservatively present financial data to shareholders and investors, the Group records items in the results that worsen the picture of the financial statements. Excluding these charges we end up at APMs, which the Group has begun publishing on 31.12.2016.

The itemized data that affects the adjustment of APMs for fiscal years 2016 and 2015 are shown in the table below:

Revenue (expenses) in € thousand		
Statement of Comprehensive Income	**2016**	**2015**
Provisions against bad debts	(824)	(365)
Building values estimation	0	(399)
Termination benefits	(150)	0
Share valuation	(2,219)	0
Provision to cover other risks	0	(300)
Bond de-recognition	0	(207)
Reversal of unused provisions	249	200
Total	**(2,944)**	**(1,071)**
Other Comprehensive Income	**0**	**0**
Share valuation	711	(209)
Termination provision	(5)	119
Grand total	**(2,238)**	**(1,161)**

Athens, 27 March 2017

The Board of Directors

3. AUDIT REPORT BY THE INDEPENDENT CERTIFIED AUDITORS ACCOUNTANTS

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
Chimarras 8B,
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INDEPENDENT AUDITOR'S REPORT

(free translation of the Greek original)

To the Shareholders of

“HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE SA (ATHEX)”

Report on the Financial Statements

We have audited the accompanying standalone and consolidated financial statements of “**HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE SA (ATHEX)”**, which comprise the standalone and consolidated statement of financial position as at December 31, 2016, the standalone and consolidated 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 standalone and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of the standalone and consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing that have been adopted by the 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 standalone and consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone and 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 standalone and 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 standalone and consolidated financial statements.

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

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
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151 25, Marousi Athens, Greece

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Opinion

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

a) The Board of Directors' Report includes a 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 article 43a and 107A and paragraph 1 (c and d) of article 43bb of Codified Law 2190/1920 and the content of the Board of Directors' Report is consistent with the accompanying standalone and consolidated financial statements of the year ended 31/12/2016.

c) Based on the knowledge we obtained from our audit of **"HELLENIC EXCHANGES – ATHENS STOCK EXCHANGE SA (ATHEX)"** and its environment, we have not identified any material misstatements to the Board of Directors Report.

Athens, 27 March 2017

The Certified Auditor Accountants

DIMITRIOS CONSTANTINOU S.O.E.L R.N. 16201	VASSILIOS KAMINARIS S.O.E.L R.N. 20411

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
Chimarras 8B, 151 25, Marousi Athens
COMPANY S.O.E.L. R.N. 107

4. ANNUAL FINANCIAL STATEMENTS

for the period 1 January 2016 – 31 December 2016

In accordance with the International Financial Reporting Standards

4.1. Annual Statement of Comprehensive Income

		GROUP		COMPANY	
		01.01	01.01	01.01	01.01
	Notes	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Revenue					
Trading	5.9	4,460	5,691	4,460	5,691
Clearing	5.10	8,305	11,078	0	0
Settlement	5.11	1,398	1,587	0	0
Exchange services	5.12	3,118	6,026	3,118	6,026
Depository services	5.13	2,077	3,211	0	0
Clearinghouse services	5.14	166	168	0	0
Market Data	5.15	3,266	3,206	3,628	3,509
IT services	5.16	320	313	273	262
Revenue from re-invoiced expenses	5.17	915	840	915	840
New Services (XNET, CP CSE - Sibex, IT etc)	5.18	2,008	1,919	1,010	855
Other services	5.19	922	996	747	867
Total turnover		**26,955**	**35,035**	**14,151**	**18,050**
Hellenic Capital Market Commission fee	5.22	(1,088)	(1,356)	(405)	(516)
Total revenue		**25,867**	**33,679**	**13,746**	**17,534**
Expenses					
Personnel remuneration and expenses	5.23	9,543	9,869	4,753	4,660
Third party remuneration and expenses	5.24	588	714	420	604
Utilities	5.25	747	877	109	107
Maintenance / IT support	5.26	1,148	1,191	769	828
Other Taxes	5.27	1,079	1,557	617	1,051
Building / equipment management	5.28	556	621	109	103
Marketing and advertising expenses	5.29	271	213	242	187
Participation in organizations expenses	5.30	311	282	286	258
Insurance premiums	5.31	421	420	403	407
Operating expenses	5.32	385	388	529	555
BoG - cash settlement	5.33	61	62	0	0
Other expenses	5.34	146	139	73	95
Total operating expenses		**15,256**	**16,333**	**8,310**	**8,855**
Re-invoiced expenses	5.35	866	925	752	910
Expenses from new activities (XNET, CSE-SIBEX CP, IT)	5.36	901	1,098	90	43
Provision for bad debts	5.40	824	365	0	584
Total operating expenses, including new activities		**17,847**	**18,721**	**9,152**	**10,392**
Earnings before Interest, Taxes, Depreciation & Amortization(EBITDA)		**8,020**	**14,958**	**4,594**	**7,142**
Depreciation	5.37 & 5.38	(2,881)	(2,073)	(1,482)	(1,028)
Earnings Before Interest and Taxes (EBIT)		**5,139**	**12,885**	**3,112**	**6,114**
Capital income	5.42	577	1,554	407	1,214
Dividend income	5.51 & 5.39	0	0	4,013	9,069
Revolution on real estate (profit/loss)	5.37 & 5.38	0	(399)	0	(1,090)
Provision to cover other risk	5.47	0	(300)	0	(300)
Loss / valuation of securities	5.41	(2,219)	0	(2,219)	0
Bond derecognition	5.41	0	(207)	0	(207)
Financial expenses	5.42	(131)	(83)	(20)	(10)
Earnings Before Tax (EBT)		**3,366**	**13,450**	**5,293**	**14,790**
Income tax	5.50	(1,937)	(4,412)	(1,125)	(1,913)
Profits after tax		**1,429**	**9,038**	**4,168**	**12,877**

Certain amounts in the previous fiscal year have been reclassified (see note 5.2)

The notes in chapter 5 form an integral part of these financial statements of 31.12.2016.

(Amounts in thousand euro unless otherwise noted) 62

	Notes	GROUP 01.01 31.12.2016	GROUP 01.01 31.12.2015	COMPANY 01.01 31.12.2016	COMPANY 01.01 31.12.2015
Net profit after tax (A)		**1,429**	**9,038**	**4,168**	**12,877**
Other comprehensive income/(losses)					
Items that may later be classified in the income statement:					
Other comprehensive income transferred to results in the following fiscal years					
Available for sale financial assets					
Valuation profits / (losses) during the period	5.41	1,002	(294)	1,002	(294)
Income tax included in other comprehensive income / (losses)	5.45	(291)	85	(291)	85
Other comprehensive income no transferred to results in the following fiscal years					
Actuarial profits / (losses) from staff compensation provision	5.23	(7)	167	(10)	88
Income tax effect		2	(48)	3	(26)
Total other income / (loss) after taxes not transferred to other fiscal years(B)		**706**	**(90)**	**704**	**(147)**
Total comprehensive income (A) + (B)		**2,135**	**8,948**	**4,872**	**12,730**

Distributed to:			
Company shareholders		2,135	8,948
Profits after tax per share (basic & diluted; in €)	5.55	0.03	0.14
Weighted average number of shares		63,340,793	65,368,563

The notes in chapter 5 form an integral part of these financial statements of 31.12.2016.

(Amounts in thousand euro unless otherwise noted) 63

ATHEX Athens Stock Exchange

4.2. Annual Statement of Financial Position

	Note	GROUP		COMPANY	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
ASSETS					
Non-Current Assets					
Tangible assets for own use	5.37	22,707	23,122	928	413
Intangible assets	5.37	5,440	5,209	4,113	4,168
Real Estate Investments	5.38	2,996	3,200	2,996	3,200
Investments in subsidiaries & other long term receivables	5.39	68	68	58,118	58,118
Deferred tax asset	5.44	983	1,315	915	1,245
		32,194	**32,914**	**67,070**	**67,144**
Current Assets					
Trade receivables	5.40	5,117	6,520	2,851	2,666
Other receivables	5.40	10,107	12,931	7,221	5,758
Income tax receivable	5.40	3,312	3,715	1,052	1,155
Financial assets available for sale	5.41	2,793	3,716	2,793	3,716
Cash and cash equivalents	5.42	100,017	137,235	53,547	89,174
Third party balances in Group bank account	5.43	206,080	447,816	1,228	1,008
		327,426	**611,933**	**68,692**	**103,477**
Total Assets		**359,620**	**644,847**	**135,762**	**170,621**
EQUITY & LIABILITIES					
Equity & Reserves					
Share capital	5.45	70,598	84,979	70,598	84,979
Own Shares	5.45	(18,634)	0	(18,634)	0
Share premium	5.45	157	157	157	157
Reserves	5.45	70,119	62,584	66,958	59,699
Retained earnings		18,452	30,180	10,336	19,051
Total Equity		**140,692**	**177,900**	**129,415**	**163,886**
Non-current liabilities					
Grants and other long term liabilities	5.46	63	87	50	50
Provisions	5.47	3,360	3,151	2,429	2,243
Deferred tax liability	5.44	1,711	1,873	0	0
		5,134	**5,111**	**2,479**	**2,293**
Current liabilities					
Trade and other payables	5.48	6,805	13,245	1,964	2,880
Third party balances in Group bank account	5.49	206,080	447,816	1,228	1,008
Social Security	5.52	909	775	676	554
		213,794	**461,836**	**3,868**	**4,442**
Total Liabilities		**218,928**	**466,947**	**6,347**	**6,735**
Total Equity & Liabilities		**359,620**	**644,847**	**135,762**	**170,621**

The notes in chapter 5 form an integral part of these financial statements of 31.12.2016.

(Amounts in thousand euro unless otherwise noted) 64

4.3. Annual Statement of Changes in Equity

4.3.1. Group

	Share Capital	Own Shares	Share Premium	Reserves	Retained Earnings	Total Equity
Balance 01/01/2015	**48,373**	**0**	**43,954**	**61,598**	**35,283**	**189,208**
Profit for the period					9,038	9,038
Profits/(losses) from valuation of financial assets available for sale				(209)	0	(209)
Actuarial profit/ (loss) from defined benefit pension plans				0	119	119
Total comprehensive income after taxes	**0**	**0**	**0**	**(209)**	**9,157**	**8,948**
Profit distribution to reserves				533	(533)	0
Bond derecognition				662	0	662
Share Premium increase (note 5.45)	43,797		(43,797)	0	0	0
Return of share capital (note 5.45)	(7,191)					(7,191)
Dividends paid					(13,727)	(13,727)
Balance 31/12/2015	**84,979**	**0**	**157**	**62,584**	**30,180**	**177,900**
Profit for the period					1,429	1,429
Actuarial profit/ (loss) from defined benefit pension plans				0	(5)	(5)
Profits/(losses) from valuation of financial assets available for sale				711		711
Reclassification of valuation provision				209		209
Total comprehensive income after taxes	**0**	**0**	**0**	**920**	**1,424**	**2,344**
Profit distribution to reserves				6,615	(6,615)	0
Share buyback (note 5.45)	0	(18,634)	0	0		(18,634)
Return of share capital (note 5.45)	(14,381)					(14,381)
Dividends paid (note 5.55)					(6,537)	(6,537)
Balance 31/12/2016	**70,598**	**(18,634)**	**157**	**70,119**	**18,452**	**140,692**

The notes in chapter 5 form an integral part of these financial statements of 31.12.2016.

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4.3.2. Company

	Share Capital	Own Shares	Share Premium	Reserves	Retained Earnings	Total Equity
Balance 01/01/2015	**48,373**	**0**	**43,954**	**59,246**	**19,839**	**171,412**
Profit for the period					12,877	12,877
Other comprehensive income after taxes				0	62	62
Profits/(losses) from valuation of financial assets available for sale				(209)	0	(209)
Total comprehensive income after taxes	**0**	**0**	**0**	**(209)**	**12,939**	**12,730**
Bond derecognition				662	0	662
Share Premium increase (note 5.45)	43,797		(43,797)	0		0
Return of share capital (note 5.45)	(7,191)					(7,191)
Dividends paid					(13,727)	(13,727)
Balance 31/12/2015	**84,979**	**0**	**157**	**59,699**	**19,051**	**163,886**
Profit for the period					4,168	4,168
Actuarial profit/ (loss) from defined benefit pension plans				0	(7)	(7)
Profits/(losses) from valuation of financial assets available for sale				711		711
Reclassification of valuation provision				209		209
Total comprehensive income after taxes	**0**	**0**	**0**	**920**	**4,161**	**5,081**
Profit distribution to reserves				6,339	(6,339)	0
Share buyback (note 5.45)		(18,634)				(18,634)
Return of share capital (note 5.45)	(14,381)					(14,381)
Dividends paid (note 5.55)					(6,537)	(6,537)
Balance 31/12/2016	**70,598**	**(18,634)**	**157**	**66,958**	**10,336**	**129,415**

The notes in chapter 2 form an integral part of these interim summary financial statements of 31.12.2016.

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4.4. Annual Cash Flow Statement

	Notes	Group		Company	
		1.1-31.12.2016	1.1-31.12.2015	1.1-31.12.2016	1.1-31.12.2015
Cash flows from operating activities					
Profit before tax		3,366	13,450	5,293	14,790
Plus / (minus) adjustments for					
Depreciation	5.37 & 5.38	2,881	2,073	1,482	1,028
Grant depreciation		(24)	(24)	0	0
Staff compensation provisions	5.23	53	(7)	8	19
Net provisions	5.47	974	136	150	16
Revolution of real estate assets		0	399	0	1,090
Interest Income	5.42	(577)	(1,554)	(407)	(1,214)
Dividends received				(4,013)	(9,069)
Derecognition – Available for sale financial instruments		2,219	207	2,219	207
Interest and related expenses paid	5.42	131	83	20	10
Plus/ (minus) adjustments for changes in working capital accounts or concerning operating activities					
Reduction/Increase in receivables		4,226	(648)	(1,798)	832
Reduction/Increase in liabilities (except loans)		(7,281)	2,332	(880)	21
Reduction/Total adjustments for changes in working capital		**5,968**	**16,447**	**2,074**	**7,730**
Interest and related expenses paid	5.42	(131)	(83)	(20)	(10)
Staff compensation payments		(166)	(337)	(121)	(215)
Taxes paid		(1,421)	(8,981)	(690)	(2,262)
Net inflows / outflows from operating activities (a)		**4,250**	**7,046**	**1,243**	**5,243**
Investing activities					
Purchases of tangible and intangible assets	5.37 & 5.38	(2,493)	(2,457)	(1,738)	(1,950)
Interest received	5.42	577	1,554	407	1,214
Dividends received				4,013	9,069
Total inflows / (outflows) from investing activities (b)		**(1,916)**	**(903)**	**2,682**	**8,333**
Financing activities					
Special dividend (share capital return)	5.45	(14,381)	(7,191)	(14,381)	(7,191)
Share buy back	5.45	(18,634)		(18,634)	
Dividend payments	5.55	(6,537)	(13,268)	(6,537)	(13,268)
Total outflows from financing activities (c)		**(39,552)**	**(20,459)**	**(39,552)**	**(20,459)**
Net increase/ (decrease) in cash and cash equivalents from the beginning of the period (a) + (b) + (c)		**(37,218)**	**(14,316)**	**(35,627)**	**(6,883)**
Cash and cash equivalents at start of the period	**5.42**	**137,235**	**151,551**	**89,174**	**96,057**
Cash and cash equivalents at end of the period	**5.42**	**100,017**	**137,235**	**53,547**	**89,174**

The notes in chapter 5 form an integral part of these financial statements of 31.12.2016.

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5. NOTES TO THE FY 2016 ANNUAL FINANCIAL STATEMENTS

5.1. General information about the Company and its subsidiaries

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

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

The annual financial statements of the Group and the Company for 2016 have been approved by the Board of Directors on 27.3.2017. The financial statements have been published on the internet, at www.athexgroup.gr.

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

Company	**Hellenic Central Securities Depository (ATHEXCSD)**	
Head Office	Athens	
Activity	Provision of support services for the operation of organized markets. Settlement of off-exchange transfers on transferrable securities. The provision of registration and settlement on dematerialized securities, listed and non-listed on the Athens Exchange or on other exchanges or other organized cash markets. The provision of services concerning: distribution of dividends, interest payment, distribution of securities, intermediation in the transfer of options or stock options without consideration and carrying out any activity related to the above. The development, management and exploitation of the IT and operating system for registering dematerialized securities Carrying out commercial activities to promote and provide IT services and use / broadcast Market Data from Greece and abroad as a Data Vendor, as well as in general the promotion, distribution, support, monitoring, operation and commercial exploitation of products, systems and customized software applications based on corresponding licenses to resell and commercially exploit.	
% of direct participation	**31.12.2016**	**31.12.2015**
ATHEX	100%	100%
ATHEX GROUP	100%	100%

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Company	**Athens Exchange Clearing House (ATHEXClear)**	
Head Office	Athens	
Activity	Management of clearing systems and / or central counterparty, as well as comparable mechanisms with similar characteristics and / or a combination of these systems in order to carry out, in Greece and/or abroad, the activities of finalizing or reconciling or settling the finalization of transactions in financial instruments and in general the operation as a System administrator in accordance with the provisions of article 72 of Law 3606/2007 (Government Gazette A/195/17.8.2007), as it applies.	
% of direct participation	**31.12.2016**	**31.12.2015**
ATHEX	100%	100%
ATHEX GROUP	100%	100%

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

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

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

5.2. Basis of preparation of the annual financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and their interpretations as issued by the International Financial Reporting Interpretations Committee (IFRIC) of IASB and adopted by the European Union and are mandatory for fiscal years ending on December 31st 2016. There are no standards and interpretations of standards that have been applied before the date they go into effect.

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

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

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

Estimates and judgments are continuously evaluated, and are based on actual data and other factors, including anticipation of future events that are to be expected under reasonable conditions. The management of the Company estimates that there are no estimates and assumptions that involve a significant risk of causing material adjustments in the book values of the assets and liabilities.

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

Income tax

Current tax obligations, both for the current as well as for previous fiscal years, are calculated based on the amounts that are expected to the paid to the tax authorities, using the tax rates that have been legislated up until the balance sheet date. Income tax in the income statement includes the tax for the current year, as expected to be declared in the income tax declaration, as well as estimated additional tax assessments that may be imposed by the tax authorities during the auditing of the unaudited fiscal years. These assumptions take into consideration past experience and an analysis of current facts and circumstances. As such, the final income tax settlement may deviation from the income tax booked in the financial statements (note 5.50).

If the final tax figure is different than the amount initially recognized, the difference will affect the income tax in the fiscal year the determination of the tax differences takes place (note 5.50).

Provisions for trade and other receivables

The management of the Group periodically reexamines the adequacy of the provision for bad debts in conjunction with its credit policy, and by taking into consideration information provided by the Legal Affairs Division of the Group, which are the result of the processing of the relevant historical data and recent developments in the cases that it handles (note 5.40).

Useful lives of tangible and intangible assets - Valuation

Management makes certain estimates concerning the useful life of depreciable assets. These remaining useful lives are periodically reexamined in order to estimate whether they continue to be appropriate. In addition, management evaluates market conditions in the real estate market and makes estimates regarding their valuation (notes 5.37 & 5.38).

Defined benefits plans

The cost of the benefits for defined benefits plans is calculated using actuarial estimates, which in turn use assumptions about the discount rates, the rate of salary increases, and mortality rates. Due to the long term nature of these plans, these assumptions are subject to significant uncertainty (note 5.23), and are reevaluated on each reporting date.

Management strives to estimate in the best possible manner these parameters on every reporting date when this provision is revised (notes 5.23 & 5.47).

Impairment check for participations

The Company carries out the relevant impairment check of their participations when there are impairment indications. In order to perform the impairment check, a determination of the “value in use” of the subsidiaries takes place. This determination of the value in use requires that the future cash flows of each subsidiary be determined, and the appropriate discount rate selected, based on which the present value of the abovementioned future flows is determined (note 5.39).

Deferred tax claims

Deferred tax claims are recognized for all deductible temporary differences and tax losses carried forward to the extent that it is probable that taxable profits will be available in the future to be used against those deductible temporary differences and tax losses carried forward. Significant estimates by Management are required in order to ascertain the size of the deferred tax claim that may be recognized, based on the possible time and size of future taxable profits in conjunction with the tax planning of the entity (note 5.44).

Contingent liabilities

The existence of contingent liabilities requires that Management constantly make assumptions and value judgments regarding the possibility that future events may or may not occur, as well as the effect that these events could have on the activity of the Group (note 5.47).

Estimations – sources of uncertainty

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

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

Going concern

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

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

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

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

The table below presents that classification of the published Statement of Comprehensive Income of the Group and the Company to the new account structure that the Group decided to implement from 01.01.2015 onwards.

The changes below do not change either total turnover or the profits of the Group and the Company.

	note	GROUP 01.01 31.12.2015 Modified	GROUP 01.01 31.12.2015 Published	COMPANY 01.01 31.12.2015 Modified	COMPANY 01.01 31.12.2015 Published
Revenue					
Trading	5.9	5,691	5,691	5,691	5,689
Clearing	5.10	11,078	11,078	0	0
Settlement	5.11	1,587	1,587	0	0
Exchange services	5.12	6,026	5,892	6,026	5,892
Depository services	5.13	3,211	3,211	0	0
Clearinghouse services	5.14	168	168	0	0
Data feed	5.15	3,206	3,354	3,509	3,659
IT services	5.16	313	306	262	255
Revenue from re-invoiced expenses	5.17	840	840	840	840
New Services (XNET, CP CSE - Sibex, IT etc.)	5.18	1,919	1,919	855	855
Other services	5.19	996	989	867	860
Total turnover		**35,035**	**35,035**	**18,050**	**18,050**
Hellenic Capital Market Commission fee	5.22	(1,356)	(1,356)	(516)	(516)
Total Operating revenue		**33,679**	**33,679**	**17,534**	**17,534**
Costs & Expenses					
Personnel remuneration and expenses	5.23	9,869	9,869	4,660	4,660
Third party remuneration and expenses	5.24	714	714	604	604
Utilities	5.25	877	877	107	107
Maintenance / IT support	5.26	1,191	1,191	828	828
Other Taxes	5.27	1,557	1,557	1,051	1,051
Building / equipment management	5.28	621	621	103	103
Marketing and advertising expenses	5.29	213	213	187	187
Participation in organizations expenses	5.30	282	282	258	258
Insurance premiums	5.31	420	420	407	407
Operating expenses	5.32	388	388	555	555
BoG - cash settlement	5.33	62	62	0	0
Other expenses	5.34	139	139	95	95
Total operating expenses		**16,333**	**16,333**	**8,855**	**8,855**
Re-invoiced expenses	5.35	925	925	910	910
Expenses from new activities (XNET, CSE-SIBEX CP, IT)	5.36	1,098	1,098	43	43
Provisions for bad debts	5.40	365	365	584	584
Total operating expenses, including new activities		**18,721**	**18,721**	**10,392**	**10,392**
Earnings before Interest, Taxes, Depreciation & Amortization(EBITDA)		**14,958**	**14,958**	**7,142**	**7,142**
Depreciation	5.37&5.38	(2,073)	(2,073)	(1,028)	(1,028)
Earnings Before Interest and Taxes (EBIT)		**12,885**	**12,885**	**6,114**	**6,114**
Capital income	5.42	1,554	1,554	1,214	1,214
Dividend income	5.51&5.39	0	0	9,069	9,069
Revolution on real estate (profit/loss)	5.37&5.38	(399)	(399)	(1,090)	(1,090)
Impairment provision-financial assets available for sale	5.47	(300)	(300)	(300)	(300)
Bond derecognition	5.41	(207)	(207)	(207)	(207)
Financial expenses	5.42	(83)	(83)	(10)	(10)
Earnings Before Tax (EBT)		**13,450**	**13,450**	**14,790**	**14,790**
Income tax	5.50	(4,412)	(4,412)	(1,913)	(1,913)
Profits after tax		**9,038**	**9,038**	**12,877**	**12,877**

Reclassification of €148 thousand from Data Vendors in the published financial statement to Other Services - €7 thousand, IT services - €7 thousand, and Exchange services - €134 thousand.

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5.3. Basic Accounting Principles

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

5.3.1. Basis for consolidation

(a) Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Sale of subsidiaries

When the Group ceases to control a subsidiary company, and provided that it continues to maintain a participation in it, then the participation is recalculated at fair value at the time when control ceases and any subsequent change in book value is recognized in the results. For accounting purposes the fair value is the initial current value of the remaining participation in the associate company, joint venture or financial asset. In addition, any amount previously recognized in other comprehensive income concerning that company, is accounted using the same method that the Group would have used in case the assets or liabilities had been liquidated. This may mean that amounts previously recognized in other comprehensive income are reclassified in the results for the fiscal year.

5.3.2. Conversion of foreign currencies

Functional and presentation currency

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

Transactions and balances

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

5.3.3. Tangible assets

Investments in real estate

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

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

Following the initial measurement, investments in real estate are measured at acquisition cost minus accumulated depreciation and any provisions of impairment of their value.

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

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

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

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

Due to the perceived drop in the value of plots of land and buildings, the Group decided to assign the study of determining the market value of its property, in accordance with IFRS 13, to independent recognized estimators. The study was delivered at the beginning of March 2016, while the Group adjusted the value of the property on 31.12.2015 in line with the results of the study, in order to record on the balance sheet the fair value of the property.

Tangible owner-occupied assets

Real estate (plots of land – buildings) belonging to fixed assets are recorded at their adjusted values, during the first application of IFRS, and subsequently at fair value.

Due to the continuing economic crisis in the country, and the resulting drop in the value of plots of land and buildings, the Group decided to assign the study of determining the market value of the properties of the Group, in accordance with IFRS 13, to independent recognized estimators. The study was completed and turned over at the beginning of March 2016; however the Group adjusted the value of its properties on 31.12.2015 in line with the results of the study, in order record on the balance sheet of 31.12.2015 the fair value of the properties.

Even though the estimation report did not reveal a significant total discrepancy with the book value of the properties at the Group level, as recorded in the accounts, it did show significant deviations in particular buildings, as well as significant value differences between the plots of land and the buildings on those properties. In particular the estimate significantly reduces the value of the plots of land at the Group level, and increases the value of the buildings. As a result, in the years to follow, the Group will be obliged to record increased depreciation levels.

Notes 5.37 and 5.38 report the estimates of the market value of the real estate of the Group, as calculated in the Report of the independent real estate estimators that was presented to the Group at the beginning of March 2016.

Other owner-occupied tangible assets are presented in the financial statements at their acquisition values less accumulated depreciation and any possible value impairment.

The acquisition cost includes all the direct expenses for the acquisition of the assets.

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

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

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

The Group and the parent company harmonized the useful life of tangible assets with that of the tax law. In accordance with the new tax law (4172/23.7.2013, article 24, §4), which went into effect on 1.1.2014, depreciation rates were once again modified. The useful lives of tangible assets are shown below:

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

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

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

5.3.4. Intangible assets

Intangible assets include software licenses valued at the acquisition cost minus accumulated depreciation and any impairment. Depreciation is calculated using the straight line method during the useful life of these assets, which is estimated to be approximately 3 years. It is noted that, in accordance with the new tax law (4172/23.7.2013), the mandatory depreciation rates for intangible assets/ rights and depreciation were reduced to 10%.

5.3.5. Impairment of non-financial assets

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

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

The Group carries out a study of the fair value of the properties in its possession on a regular basis. The last valuation report on the real estate of the Group by independent estimators was received on 11.3.2016, with which the value of the real estate was adjusted on 31.12.2015; there were no impairment indications on 31.12.2016.

5.3.6. Financial instruments

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

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

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

(Amounts in thousand euro unless otherwise noted) 77

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

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

Financial assets valued at fair value through comprehensive income (“Income Statement”)

This category includes two subcategories: the financial assets for sale, and those that have been classified as investments at fair value through comprehensive income, when initially recognized. A financial asset is classified in this category, mainly when it is acquired with the aim of being sold in the short term or when it is classified as such. Furthermore, derivative products for sale are classified in this category, unless they are classified as hedging instruments.

Loans and claims

Includes non-derivative financial assets with fixed or predetermined payments, which are not traded in an active market, and which are not intended for sale. They are included in Current Assets unless their maturity is longer than 12 months from the date of the Financial Statements (see 4.2, Statement of Financial Position).

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

Investments held to maturity

This category includes non-derivative financial assets with fixed or predetermined payments and a specific expiration, which the Group intends and is able to hold to maturity. The Group did not possess financial assets of this category during the fiscal year.

Available-for-sale financial assets

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

Accounting treatment and valuation

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

Investment titles available-for-sale and financial assets at fair value through the results are valued and presented at fair value in future periods as well. Loans and advance payments, as well as investments held until maturity, are presented at their book value with the real interest rate method. Profits and losses from changes in the fair value in the category “financial assets at fair value through results” are included in the Statement of Comprehensive Income in the period they occur.

Profits and losses from changes in the fair value of financial assets available for sale are recognized directly to Other Comprehensive Income, until the financial asset is derecognized or impaired, in which case the accumulated profit or loss, which was up until then recognized in equity, is transferred to the Statement of

Comprehensive Income. Interest however from those assets which is calculated based on the real interest rate method, is recognized in the Statement of Comprehensive Income. Dividends from financial assets available-for-sale are recognized in the Statement of Comprehensive Income ("Income Statement") when the right to collect the dividend is approved by shareholders.

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

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

- The contractual rights on the cash flows of the financial asset expire, or
- The contractual rights on the cash flows of the financial asset are transferred or a contractual obligation is undertaken to pay all those cash flows on behalf of the eventual recipients, without substantial delay through a rollover agreement and either (a) THE Company has essentially transferred all risk and benefits of ownership of the financial asset, or (b) the Company has not transferred nor essentially maintained all risks and benefits of ownership of the asset, but has transferred control of the asset.

5.3.7. Investments in subsidiaries (Company financial statements)

In the Financial Statements of the Parent Company, subsidiary companies are shown at the acquisition cost minus any impairment provisions.

Impairment losses are recognized in the Statement of Comprehensive Income.

5.3.8. Other long term claims

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

5.3.9. Clients and other trade receivables

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

It is the policy of the Group almost never to write-off any such claims until all possible legal recourse for their collection has been exhausted. Commercial and other short term client claims and debtors are usually settled by the Group and the Company within 90 days, while if they become past due, no late payment fees are charged to clients.

5.3.10. Cash and cash equivalents

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

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

5.3.11. Third party balances in ATHEXClear bank accounts

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

Therefore its own cash balance and the balances of third parties (margins) are deposited in the same account that ATHEXClear maintains at the Bank of Greece, and as a result a separation of the assets is necessary in order for the collateral that ATHEXClear collects to be shown separately in the current assets of 31.12.2015 and 31.12.2016. In the Statement of Financial Position of 31.12.2015 and 31.12.2016, they are reported as equal amounts in both current assets and short term liabilities as "third party balances at the bank account of the company" and concern exclusively the margins in the derivatives market that were deposited in the bank account maintained by ATHEXClear at the BoG on 31.12.2015 and 31.12.2016 respectively.

5.3.12. Share Capital

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

5.3.13. Current and deferred income tax

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

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

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

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

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

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

5.3.14. Employee benefits

Current benefits

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

Staff retirement obligations

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

Defined contribution plan

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

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

Defined benefits plan

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

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

The commitment to the defined benefit is calculated on an annual basis by an independent actuary using the projected unit credit method. For discounting, the interest of the “iBox rated” bond indices, issued by the “International Index Company” is used.

The actuarial profits or losses that arise from the adjustments based on historical data are directly recognized in Other Comprehensive Income when they occur (note 5.23).

Stock Option Plans for employees

The Group had in the past stock option plans for certain executives. Through these options, part of the remuneration is paid with ATHEX shares or options on ATHEX shares. The cost of these transactions is set as the fair value of the shares on the date these plans are approved by management.

Fair value is arrived at through a valuation model that is appropriate for similar cases. The cost of the stock option plans is recognized during the period, in which the prerequisites for exercising the relevant options are gradually satisfied, with that period ending on the date when the executives participating in the plan establish their right to receive/ purchase the shares (vesting date). For options which do not ultimately vest, no such expense is recognized, except for options whose vesting depends on the fulfillment of specific, external market conditions. It is assumed that these options vest when all the performance criteria have been satisfied, irrespective of the satisfaction of the external market conditions.

If any of these plans are cancelled, they are treated as if they had vested on the cancellation date, and expenses not yet recognized are recognized immediately in the period results. If a plan being cancelled is replaced by a new program, it is treated as a modification of the cancelled plan.

5.3.15. Government grants

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

5.3.16. Provisions and contingent liabilities

Provisions are recognized when:

- the Group has a current commitment (legal or inferred) as a result of a past event;

- it is likely that an outflow of resources incorporating financial benefits will be required to settle the commitment and it is possible to reliably estimate the amount of the commitment.

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

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

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

5.3.17. Revenue Recognition

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

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

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

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

Revenue from derivatives products

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

Revenue from Members (fees)

Collections of transactions in the cash market, takes place on the day following the settlement date or on the third working day of the following month, provided that the member submits such a request. Collection for the derivatives Market takes place on the day following the settlement date. Both in the cash and derivatives markets invoicing takes place on a monthly basis.

Revenue from listed companies

Revenue concerning subscriptions, one-off fees, company listings, rights issues, and HERMES System services, are recognized at the time the relevant invoices are issued, in conjunction with the time the service provided is completed. Subscriptions are prepaid.

Revenue from market data vendors

Revenue from this source is recognized at the time the service provided is completed.

Technological support services

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

Other services

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

Interest income

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

Dividends

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

5.3.18. Commercial and other liabilities

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

5.3.19. Expenses

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

Dividend distribution

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

5.3.20. Profits / (losses) per share

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

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

5.3.21. Research and development

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

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

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

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

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

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

5.3.22. Treasury stock

Treasury stock concerns the shares of the Company (EXAE) that are purchased on the Exchange by the Company or subsidiary of the group, following, following a decision by the Annual General Meeting of shareholders. Treasury stock is shown in equity, reducing share capital. With the acquisition cost of treasury stock at the end of each period, an treasury stock reserve of equal amount if formed that is shown in equity.

5.3.23. Lease policy

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

The Group as lessee

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

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

The Group as lessor

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

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

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

5.3.24. Determination of fair value

The fair value of a financial asset is the price that someone would obtain from the sale of an asset, or someone would pay for transferring the obligation in a real transaction between market participants at the measurement date. The fair value of financial assets in the financial statements on 31 December 2016 was determined using the best possible estimates by management. When there is no data available, or data is limited from active markets, the fair value valuations are derived from management estimates in accordance with the information available.

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

Level 1: Traded (non-adjusted) prices in active markets for similar assets or liabilities, Level 2: Other techniques for which the inflows that have a significant impact in recorded fair value are observable, either directly or indirectly

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

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

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

5.3.25. New standards, modified standards and interpretations

A) Changes in accounting policy and disclosures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

  - ***IFRS 2 Share-based Payment:*** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
  - ***IFRS 3 Business combinations:*** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
  - ***IFRS 8 Operating Segments:*** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
  - ***IFRS 13 Fair Value Measurement:*** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
  - ***IAS 16 Property Plant & Equipment:*** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
  - ***IAS 24 Related Party Disclosures:*** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
  - ***IAS 38 Intangible Assets:*** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- The **IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016.
    - ***IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:*** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
    - ***IFRS 7 Financial Instruments: Disclosures:*** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
    - ***IAS 19 Employee Benefits:*** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
    - ***IAS 34 Interim Financial Reporting:*** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

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

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

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

  Even though the Group has not yet carried out a detailed assessment of the classification and measurement of the financial assets it possesses today, it is estimated that they will most likely continue to be measured on the same basis in accordance with IFRS9, and as a result the Group does not expect a significant impact in the classification and measurement of financial assets due to the application of the new IFRS.

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

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

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

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

- **IFRS 16: Leases**

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

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

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

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

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

- **IAS 7: Disclosure Initiative (Amendments)**

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

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

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

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

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

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

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

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. Management will examine and assess the potential impact of these improvements on the financial statements.

  - ***IFRS 1 First-time Adoption of International Financial Reporting Standards:*** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.

  - ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

  - ***IFRS 12 Disclosure of Interests in Other Entities:*** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

5.4. Risk Management

General – Risk management environment

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

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

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

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

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

Risk Strategy and Risk Management

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

Organizational structure

In 2016 risk management continued to be strengthened and restructured, for ATHEXClear, in order to be harmonized with the EMIR Regulation. In particular, beyond the specific measures for the smooth operation of the systems of the Group, each organizational unit of the Group is responsible to monitor and manage possible risks in such a way so as to react quickly and effectively in case risk events arise.

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

- *Board of Directors*, which has the final responsibility and accountability regarding the management of the risk management operation of the company. In particular, the Board of Directors defines, determines and documents the appropriate level of risk tolerance and ability of the company to assume risk. In addition, the BoD and senior management ensure that the policies, processes and audits of the company are consistent with the risk tolerance level and the ability of the company to assume risk, and examine ways through which the company recognizes, reports, monitors and manages risks.
- *Risk Committee*, which advises the Board of Directors on matters of risk management.

- *Investments Committee*, which decides on the determination of limits and monitors liquidity risk, determines policies and standards for the investment strategy, financing principles, liquidity management, interest rate risk and management.
- *Risk Management Department*, of the Risk Management & Clearing Division of ATHEXClear, which is sufficiently independent from other departments of the Company, and whose main duty is the comprehensive approach to risks that ATHEXClear faces, in order to recognize them, calculate them and finally manage them. The Risk Management Department possesses the required jurisdiction, the necessary means, know-how and access to all relevant information.
- *Chief Risk Officer*, heading the Risk Management Department, who reports to the Board of Directors on matters of risk management through the Chairman of the Risk Committee, and implements the risk management framework through the policies and procedures that the Board of Directors enacts.
- *Organizational Units* which are responsible for recognizing and managing risks within their scope and participate in overall risk management in the Group.

Unified risk management

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

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

Risk categories

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

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

Financial Risk

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

Operating risk

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

Business risk

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

Description of categories and main risk factors

Market risk

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

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

Interest rate / Price risk: The Group is exposed to the risk that the value of the securities it holds changes. On 31.12.2016 the Group held (through Hellenic Exchanges – Athens Stock Exchange) shares of Piraeus Bank as a result of the exchange of Piraeus Bank bonds with a face value of €4,000,000 for shares of an equal value during the recent recapitalization of the bank. In particular, it received 13,365,316 shares with a par value of €0.30 per share. The market price of these shares on 31.12.2016 was €0.209.

In accordance with IFRS 39, the Company charged 9M 2016 results with the €2.2m loss (30.09.2016 share price: €0.134), while on 31.12.2016 it recorded the positive change of the fourth quarter (share price €0.209 from €0.134) amounting to €1,002 thousand to Other Comprehensive Income. If the price of the stock deviates by more than 10 basis points on 31.12.2016 (from €0.209 to €0.209209) the valuation difference revenue would change by ±€3 thousand.

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

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

Credit counterparty risk

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

ATHEXClear has enacted and is implementing a number of mechanisms and financial assets to cover risk, and is responsible for the smooth operation of the system in general, in conjunction with the scope and scale of trades whose clearing it has undertaken. The mechanisms that ATHEXClear applies are described in the

"Regulation of Clearing of Transferable Securities Transactions in Book Entry Form," in the "Regulation on the Clearing of Transactions on Derivatives," as well as the relevant decision of the ATHEXClear BoD.

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

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

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

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

Concentration risk is low, because risk is not concentrated on one client.

Liquidity risk

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

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

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

The Group does not have loans or other obligations over 12 months.

Operating risk

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

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

In 2016 there were very limited cases of interruptions in trading due to unavailability of the IT systems, which were examined, the causes were solved, and measures were taken in order that they not reappear. There was no significant interruption in other activities (trading, clearing, settlement, registration) of the Group that was due to failure or unavailability of IT systems or to human error. There were no major damages or monetary demands due to litigation (legal and court expenses) or due to non-compliance with the supervisory framework and the contractual obligations of the Group. In addition no losses due to external events were faced.

Measures to reduce operating risk

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

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

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

Business continuity plan

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

- *Operation of a Disaster Recovery Site:* The Group maintains a disaster recovery site for its IT systems. In addition, the Group has received the ISO-22301 business continuity certification.
- *Formation of crisis management teams and emergency incident management:* The purpose of these teams is to maintain continuity in the provision of trading services in case of an unforeseen event. They have been assigned specific responsibilities and specially trained Group executives have been assigned to them.
- *Existence of back up IT systems:* The IT systems of the Group are installed and operate in the data center at the headquarters of the Group. The data center consists of two, independent as to location, supporting infrastructure and technological services provided, individually mirrored data centers, in order to provide redundancy and high availability, ensuring continuous systems operation.

Insurance contracts

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

Regulatory compliance

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

- Monitor changes in the regulatory and surveillance framework and inform the BoD, the Audit Committee and staff.
- Conduct gap analysis between the existing and future condition brought about by regulatory and surveillance changes.

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

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

- Monitor the compliance of the company with the legal and regulatory framework.
- Handle requests related to compliance matters.
- Measure and monitor compliance risk.

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

Business risk

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

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

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

5.5. Adjustment of ATHEXClear to the EMIR Regulation

The EMIR (European Market Infrastructure Regulation) Regulation regulates matters concerning OTC derivatives, Central Counterparties and Trade Repositories. It is part of a wider range of regulatory initiatives at a European and international level (creation of European Supervisory authorities, CSDR, CRD IV, MIFID/MIFIR, CPSS/IOSCO Principles for FM/s).

The EMIR Regulation regulates uniform requirements for carrying out CCP activities (and interoperability), requirements for clearing and managing bilateral risk for OTC derivatives, obligation to report derivatives to Trade Repositories and uniform requirements for carrying out Trade Repository activities. The EMIR Regulation concerns Central Counterparties CCP, Clearing Members, Derivatives Contracts Counterparties (and non-financial whenever necessary), trade repositories and trade venues (where foreseen).

The main goals of EMIR are to:

1. Increase transparency. Detailed information on derivatives transactions must be reported to a trade repository where regulators have access. The trade repositories will publish aggregated data on the positions per derivatives type which will be available to participants.
2. Reduce counterparty credit risk. Obligation to clear standardized contracts in a CCP. Strict operation and surveillance rules for CCP. Rules for risk mitigation for derivatives that are not cleared in a CCP.
3. Reduce operating risk. Use electronic means for the timely confirmation of the terms of OTC derivatives contracts.

As central counterparty in the derivatives market, ATHEXClear had to adjust to the requirements of the Regulation, i.e. to adjust its capital and organizational structure and obtain again a license from the authority which is responsible for licensing and supervising the CCPs that operate in its area of supervision.

The Hellenic Capital Market Commission granted a license to operate to ATHEXClear in its decision 1/704/22.1.2015.

At the same time a contract was signed with the Bank of Greece due to the capacity of ATHEXClear as direct participant over the internet to the TARGET2-GR express transfer of capital and settlement system in order to satisfy the requirements of the EMIR Regulation.

5.6. Capital Management

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

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

The Group and the Company monitor the adequacy of their equity and its effective use, by using the net borrowing to equity index.

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Suppliers and other commercial liabilities	6,805	13,245	1,964	2,880
Other long term liabilities	63	87	50	50
Other short term liabilities	909	775	676	554
Less Cash and cash equivalents	(100,017)	(137,235)	(53,547)	(89,174)
Net borrowing (a)	**(92,240)**	**(123,128)**	**(50,857)**	**(85,690)**
Shareholder equity (b)	140,692	177,900	129,415	163,886
Equity and net borrowing (a + b)	**48,452**	**54,772**	**78,558**	**78,196**
Borrowing leverage index (a/(a+b))	**(1.90)**	**(2.25)**	**(0.65)**	**(1.10)**

5.7. Segment Information

In accordance with the provisions of IFRS 8, the determination of operating segments is based on a "management approach." Based on this approach, information that is disclosed for operating segments must be that which is based on internal organizational and managerial structures of the Group and the Company, and in the main accounts of the internal financial reports that are being provided to the chief operating decision makers.

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

On December 31st 2016 the core activities of the Group broken down by business sector were as follows:

GROUP	Segment information on 31.12.2016									
	Trading	Clearing	Settlement	Data feed	IT	Exchange services	Depository services	Clearinghouse services	Other*	Total
Revenue	4,460	8,305	1,398	3,266	320	3,118	2,077	166	3,845	26,955
Capital income	95	178	30	70	7	67	44	4	82	577
Expenses	(3,522)	(6,558)	(1,104)	(2,579)	(253)	(2,462)	(1,640)	(131)	(3,036)	(21,285)
Depreciation	(477)	(888)	(149)	(349)	(34)	(333)	(222)	(18)	(411)	(2,881)
Taxes	(320)	(597)	(100)	(235)	(23)	(224)	(149)	(12)	(277)	(1,937)
Profit after tax	**236**	**440**	**75**	**173**	**17**	**166**	**110**	**9**	**203**	**1,429**
Assets	5,153	9,595	1,615	3,773	370	3,602	2,400	192	4,443	31,143
Cash and cash equivalents	16,549	30,816	5,187	12,119	1,187	11,569	7,707	616	14,267	100,017
Other assets	37,801	70,390	11,849	27,681	2,712	26,427	17,604	1,407	32,589	228,460
Total assets	**59,503**	**110,801**	**18,651**	**43,573**	**4,269**	**41,598**	**27,711**	**2,215**	**51,299**	**359,620**
Total liabilities	**36,224**	**67,453**	**11,355**	**26,526**	**2,599**	**25,324**	**16,869**	**1,348**	**31,230**	**218,928**

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

GROUP	Segment information on 31.12.2015									
	Trading	Clearing	Settlement	Data feed	IT	Exchange services	Depository services	Clearinghouse services	Other*	Total
Revenue	5,691	11,078	1,587	3,206	313	6,026	3,211	168	3,755	35,035
Capital income	252	491	70	142	14	267	142	7	169	1,554
Expenses	(3,422)	(6,661)	(954)	(1,928)	(188)	(3,623)	(1,931)	(101)	(2,258)	(21,066)
Depreciation	(337)	(655)	(94)	(190)	(19)	(357)	(190)	(10)	(221)	(2,073)
Taxes	(717)	(1,395)	(200)	(404)	(39)	(759)	(404)	(21)	(473)	(4,412)
Profit after tax	**1,467**	**2,858**	**409**	**826**	**81**	**1,554**	**828**	**43**	**972**	**9,038**
Assets	5,122	9,970	1,428	2,885	282	5,423	2,890	151	3,380	31,531
Cash and cash equivalents	22,292	43,393	6,216	12,558	1,226	23,604	12,578	658	14,710	137,235
Other assets	77,333	150,536	21,565	43,565	4,253	81,886	43,633	2,283	51,027	476,081
Total assets	**104,747**	**203,899**	**29,209**	**59,008**	**5,761**	**110,913**	**59,101**	**3,092**	**69,117**	**644,847**
Total liabilities	**75,850**	**147,648**	**21,152**	**42,730**	**4,172**	**80,315**	**42,796**	**2,239**	**50,045**	**466,947**

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

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

5.8. Capital Market and fiscal year results

Capital Market

The Athens Exchange General Index closed on 31.12.2016 at 643.6 points, up 1.9% from the 631.4 points at the end of 2015. The average capitalization of the market was €41.3bn, reduced by 5.7% compared to 2015 (€43.8bn).

The total value of transactions (€15.1bn) is 20.9% lower compared to 2015 (€19.1bn), while the average daily value of transactions in was €60.5m compared to €85.7m in 2015, posting a 29.4% reduction.

It should be noted that in 2015 the Athens Exchange was closed for 25 working days (the last 2 days of June and the whole of July), due to the bank holiday and the imposition of capital controls.

In the derivatives market, despite the 3.3% increase in total traded volume (2016: 15.8m contracts, 2015: 15.3m contracts), the drop in prices in the underlying cash market resulted in a 40% reduction in the average revenue per contract (2016: €0.105, 2015: €0.175). The average daily volume dropped by 7.4% (63.5 thousand contracts) compared to 2015 (68.6 thousand contracts).

Comment on the results

2016 results of the Group

Turnover in 2016 for the Athens Exchange Group was €27m compared to €35.0m in 2015, decreased by 23%. Almost 52.5% of the turnover of the Group is from fees on trading, clearing and settlement of transaction on the Athens Exchange.

At the EBITDA level, 2016 was at €8.0m compared to €15.0m in 2015, reduced by 46.4%.

The reduction in the bottom line is mainly due to the 29.4% drop in the average daily traded value, to €60.5m vs. €85.7m last year.

Earnings Before Interest and Taxes (EBIT) in 2016 were €5m vs. €12.9m in 2015, reduced by 60.1%.

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After deducting €1.937 thousand in income tax, the net after tax profits of the Athens Exchange Group amounted to €1.43m vs. €9.0m, reduced by 84.2%. After including Other Comprehensive Income (valuation of shares), profits amount to €2.14m corresponding to three cents (€0.03) per share vs. fourteen cents (€0.14) per share in 2015, reduced by 75%.

It should be noted that the income tax rate used by the Group is 29%.

Parent Company of the Athens Exchange Group

For the parent company Athens Exchange, turnover was €14.1m, reduced by 21.6% compared to 2015, while net after tax profits amounted to €4.2m in 2016 compared to €12.9m in 2015, decreased by 67.6%.

5.9. Trading

Total revenue from trading in 2016 amounted to €4.46m vs. €5.69m 2015 decreased by 21.6%. Revenue is broken down in the table below:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Shares	3,965	4,862	3,965	4,862
Derivatives	495	826	495	826
ETFs	0	3	0	3
Total	**4,460**	**5,691**	**4,460**	**5,691**

Revenue from stock trading amounted to €4.0m vs. €4.9m in 2015, decreased by 18.5%. This drop is due to the decrease in trading activity in 2016.

In 2016 total traded value in the cash market was €15.1bn compared to €19.1bn in 2015, decreased by 20.9%. The average daily traded value in 2016 was €60.5m vs. €85.7m in 2015, decreased by 29.4%.

The average daily traded volume dropped by 50.0% (96.4m shares in 2016 vs. 192.9m shares in 2015).

In the derivatives market, the average daily number of contracts dropped to 63.5 thousand vs. 68.6 thousand in 2015, while revenue from trading derivatives trades was €495 thousand vs. €826 thousand in 2015, decreased by 40.1%, due to a reduction in the average revenue per contract by 40.0% (to €0.105 in 2016 vs. €0.175 in 2015).

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

5.10. Clearing

Revenue from clearing amounted to €8.31m in 2016 vs. €11.08m in 2015, decreased by 25.0%, and is broken down in the following table:

(Amounts in thousand euro unless otherwise noted) 98

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Shares	6,057	7,501	0	0
Bonds	1	0	0	0
Derivatives	1,158	1,935	0	0
ETFs	1	3	0	0
Transfers - Allocations (Special settlement instruction)	354	609	0	0
Trade notification instructions	734	1,028	0	0
Total	**8,305**	**11,078**	**0**	**0**

Revenue from share clearing, which consists of revenue from the organized market and the Common Platform, amounted to €6.1m, decreased by 19.3%.

In 2016 total traded value in the cash market was €15.1bn compared to €19.1bn in 2015, decreased by 21%. The average daily traded value in 2016 was €60.5m vs. €85.7m in 2015, decreased by 29.4%. The average daily traded volume dropped by 50.0% (96.4m shares in 2016 vs. 192.9m shares in 2015).

In the derivatives market, the average daily number of contracts dropped to 63.5 thousand vs. 68.6 thousand in 2015, while revenue from clearing derivatives trades was €1.2m vs. €1.9m in 2015, decreased by 40.2%, due to a reduction in the average revenue per contract by 40.0% (to €0.105 in 2016 vs. €0.175 in 2015).

Revenue from transfers – allocations amounted to €354 thousand, decreased by 41.9% compared to 2015, while trade notification instructions amounted to €734 thousand, decreased by 28.6%.

5.11. Settlement

Revenue from settlement amounted to €1.40m vs. €1.59m in 2015, decreased by 11.9% reduction, and is broken down in the following table:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Off-exchange transfers OTC (1)	1,298	1,547	0	0
Off-exchange transfers (2)	98	37	0	0
Rectification trades	2	3	0	0
Total	**1,398**	**1,587**	**0**	**0**

(1) Over the counter transactions through DSS operators.

(2) Over the counter transfers, public offers, donations.

5.12. Exchange services

This category includes revenue from issuers for quarterly subscriptions and rights issues from ATHEX listed companies, as well as quarterly ATHEX member subscriptions in the cash and derivatives markets.

Revenue from this category in 2016 was €3.12m vs. €6.03m in 2015, decreased by 48.3%. It is analyzed in the table below:

(Amounts in thousand euro unless otherwise noted) 99

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Rights issues by listed companies (1)	441	3,208	441	3,208
Quarterly subscriptions by listed companies (2)	1,980	2,077	1,980	2,077
Member subscriptions (3)	453	582	453	582
IPO'S (4)	77	0	77	0
Subscriptions of ENA company advisors	10	0	10	0
Other services (Issuers) (5)	157	159	157	159
Total	**3,118**	**6,026**	**3,118**	**6,026**

(1) Fees on rights issues by listed companies amounted to €441 thousand (ATTICA BANK - €183 thousand; JUMBO 166 thousand, ASTIR PALACE - €34 thousand; ATHENA S.A.- €17.5 thousand; NEXANS - €10.5 thousand; VIOHALCO - €6 thousand etc.) vs. €3.2m (NBG - €681 thousand; PIRAEUS BANK - €663 thousand; ALPHA BANK - €653 thousand; EUROBANK - €522 thousand; NBG PANGAEA REIC - €362 thousand; BANK OF CYPRUS - €205 thousand; ATTICA BANK - €36 thousand; NIREAS - €27 thousand; SELONTA - €25 thousand; MIG - €15 thousand et al.) in 2015, decreased by 86.3%.

(2) Revenue from listed company subscriptions amounted to €2.0m in 2016 vs. €2.1m in 2015, decreased by 4.7% due to the drop in the market capitalization of listed companies.

(3) Revenue from member subscriptions in the cash market, which depends on members' annual trading activity, amounted to €418 thousand in 2016 vs. €546 thousand in 2015, decreased by 23.4%. Revenue from member subscriptions in the derivatives market amounted to €35 thousand in 2016 vs. €36 thousand in 2015.

(4) Revenue from IPOs - €77 thousand concerns the INTERCONTINENTAL REIC and CENERGY HOLDINGS listings. In 2015 there was no revenue from IPOs.

(5) Revenue from other services to issuers includes revenue from the corresponding ETF index - €115 thousand in 2016 vs. €134 thousand in 2015.

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

5.13. Depository Services

This category includes revenue from rights issues by listed companies, quarterly operator subscriptions as well as revenue from inheritances etc. Revenue for this category in 2016 amounted to €2.08m vs. €3.21m in 2015, decreased by 35.3%. Revenue is broken down in the following table:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Issuers (Rights issues - AXIA LINE) (1)	755	1,786	0	0
Bonds - Greek government securities	79	31	0	0
Investors	129	133	0	0
IPO'S (2)	41			
Operators (3)	1,073	1,261	0	0
Total	**2,077**	**3,211**	**0**	**0**

(1) Fees on rights issues by listed companies in 2016 amounted to €467 thousand (ATTICA BANK - €180 thousand; ASTIR PALACE - €63 thousand; ATHENA S.A. - €37 thousand; JUMBO - €36 thousand; NEXANS - €30 thousand; NIREUS - €21.5 thousand; PLASTIKA KRITIS - €14.5 thousand; HERTZ - €3

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thousand; AUDIOVISUAL - €3 thousand; TELETIPOS - €3 thousand; EUROCONSULTANTS - €3 thousand; GEK-TERNA - €3 thousand) vs. €1.4m (NBG - €202 thousand; PIRAEUS BANK - €197 thousand; EUROBANK - €196 thousand; ALPHA BANK - €193 thousand; NBG PANGAEA REIC - €180 thousand; BANK OF CYPRUS - €107 thousand; ATTICA BANK - €69 thousand; NIREAS - €19 thousand; SELONTA - €48 thousand; TECHNICAL OLYMPIC - €38 thousand; GEK-TERNA - €44 thousand; VIOHALCO - €19 thousand; IASO - €14 thousand; LAMDA DEVELOPMENT - €3 thousand; HERTZ - €4 thousand; MEDICON - €3 thousand; VARAGIS - €3 thousand), decreased by 66.6%. Revenue from the provision of information to listed companies through electronic means was €201 thousand in 2016 vs. €315 thousand in 2015. Revenue from notifications of beneficiaries for cash distributions amounted to €78 thousand in 2016 vs. €93 thousand in 2015.

(2) Revenue from IPOs - €41 thousand (INTERCONTINENTAL listing). In 2015 there was no revenue from IPOs.

(3) Revenue from operators includes revenues from monthly subscriptions amounting to €802 thousand vs. €866 thousand in 2015, and is calculated based on the value of the portfolio of the operators; revenue from authorization number usage amounted to €92 thousand vs. €111 thousand in 2015; revenue from opening investor accounts €63 thousand vs. €161 thousand in 2015 and other revenue from operators.

5.14. Clearing House Services

Revenue in this category amounted to €166 thousand vs. €168 thousand in 2015, decreased by 1.2% and is broken down in the table below:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Derivatives market clearing Member subscriptions	166	168	0	0
Total	**166**	**168**	**0**	**0**

5.15. Market data

Revenue from this category includes the rebroadcast of ATHEX and CSE market data, as well as revenue from the sale of statistical information. Revenue from this category which amounted to €3.27m vs. €3.21m in 2015, increased by 1.9%, is broken down in the following table:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Revenue from Data Feed	3,236	3,177	3,597	3,478
Revenue from publication sales	30	29	31	31
Total	**3,266**	**3,206**	**3,628**	**3,509**

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

5.16. IT services

Revenue from this category which amounted to €320 thousand vs. €313 thousand in 2015, posting a 2.2% increase, and is broken down in the table below:

(Amounts in thousand euro unless otherwise noted) 101

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
DSS terminal use licenses (1)	171	187	124	136
Services to Members (2)	149	126	149	126
Total	**320**	**313**	**273**	**262**

(1) Revenue from DSS terminal licenses amounted to €171 thousand, and include €45 thousand fees for retaining an extra operator code (compared to €50 thousand recorded in 2015) posting a reduction of approximately 10%.

(2) Revenue from services to Members increased by 18.2% compared to 2015 and includes revenue from TRS services - 49 thousand (2015: €48 thousand), revenue from the use of FIX protocol - €40 thousand (2015: €40 thousand), as well as revenue from the use of additional terminals - €49 thousand (2015: €27 thousand).

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

5.17. Revenue from re-invoiced expenses

The expenses that were re-invoiced to clients in 2016 amounted to €915 thousand, increased by 8.9% compared to 2015.

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
ATHEXNet	512	538	512	538
General Meeting Services to listed companies (SODALI)	76	41	76	41
Revenue from sponsorships-NY-London roadshows	222	258	222	258
Travel revenue	2	3	2	3
Revenue from electricity colocation	103	0	103	0
Total	**915**	**840**	**915**	**840**

ATHEXnet revenue of €512 thousand concerns the re-invoicing of expenses of the Group for the use of the ATHEX Exchange Transactions network to members. The corresponding expenses are shown in re-invoiced expenses (see note 5.35). In 2016 revenue for the use of electricity for collocation in the amount of €103 thousand is included; there was no such revenue in 2015.

5.18. New Activities (Xnet, CSE-Sibex Common Platform, IT)

This category includes support services of other markets as well as new services provided by the Group that are not directly related with its core businesses, such as collocation services, which refer to the concession to use the premises and IT systems of the Group, as well as the provision of software services to third parties. New services are analyzed in the following table:

(Amounts in thousand euro unless otherwise noted) 102

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Revenue from X-NET/InBroker	605	701	35	40
Support of other markets (CSE, SIBEX)	279	273	237	225
Co-location Services (2)	693	487	578	373
Market Suite	133	138	42	94
Hellenic Capital Market Commission	118	122	118	123
UNAVISTA LEI - EMIR TR (1)	180	198	0	0
Total	**2,008**	**1,919**	**1,010**	**855**

(1) When reporting transactions, liable parties are recognized based on a Legal Entity Identifier (LEI) code, a unique code for each legal entity that is issued in accordance with the ISO17442 standard and supervised by the Regulatory Oversight Committee for the Global Entity Identifier System (LEIROC) that has been appointed by the Financial Stability Board. For the needs of the abovementioned services, agreements have been signed with our members, as well as with a supplier. Revenue from this service in 2016 amounted to €180 thousand vs. €198 thousand in 2015.

(2) The Group offers co-location services from which it received €693 thousand in 2016 (BLOOMBERG, PANTELAKIS SECURITIES, AXIA VENTURES, FORTHNET, MEDNET, CITIGROUP GLOBAL MARKETS, UBS LIMITED, DEUTSCHE BANK A.G, OBRELA SECURITY INDUSTRIES, CREDIT SUISSE SECURITIES, OPAP, SHARELINK, GLOBAL CAPITAL, GUARDIAN TRUST) vs. €487 thousand in 2015.

Inbroker/InBrokerPlus

ATHEX owns and provides the InBrokerPlus® system on a commercial basis to ATHEX members, as a comprehensive real-time price watch and order routing/management service for end-users (OMS), for capital markets that are supported (ATHEX, CSE, and other foreign markets), as part of the operation of the XNET network by the Group.

In 2016 revenue from the InBrokerPlus® system amounted to €605 thousand, decreased by 13.7% compared to 2015, and is analyzed in the table below:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Revenue from X-NET	73	107	33	40
Revenue from Inbroker	532	594	2	0
Total	**605**	**701**	**35**	**40**

5.19. Other services

Revenue from other services decreased by 7.4%, amounting to €922 thousand vs. €996 thousand in 2015. The breakdown of this category is shown in the table below:

(Amounts in thousand euro unless otherwise noted) 103

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Education (1)	140	99	138	95
Rents (2)	302	294	223	250
Provision of support services	0	0	107	107
Guarantee forfeitures – penalties (3)	15	190	0	0
Revenue from swift instructions	8	0	0	0
Reversal of old unused provisions (4)	249	200	115	131
Asset grants (depreciation note 5.46)	24	24	0	0
Other (5)	184	189	164	284
Total	**922**	**996**	**747**	**867**

(1) Concerns revenue from seminars and certifications.

(2) Revenue from rents for the Group increased because of the lease of a store in Thessaloniki starting on 1.7.2015 (€5 thousand monthly rent), i.e. €35,000 in total. Rental revenue for the Company is reduced due to the reduction in the monthly rent of the Mayer building to €16.4 thousand starting on 1.7.2016 from €20.8 thousand previously.

(3) The amount of €15 thousand in 2016 concerns penalties on ATHEX members for not fulfilling their obligations to deliver transferable securities from transactions to the Securities System as they are obliged to do by the end of settlement. The corresponding amount in 2015 was €190 thousand.

(4) In 2016 it includes €225 thousand - reversal of bonus provisions.

(5) Other revenue includes €118.5 thousand - Vineyard Grant agreement no 687628, and €10 thousand - tax discount for ATHEXClear.

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

5.20. Operation of the ATHEX-CSE Common Platform

On 19 July 2012 the Athens and Cyprus Exchanges signed a new, revised 5 year contract, in order to support the operation of the CSE market through the ATHEX-CSE Common Platform.

The Common Platform project operated successfully during 2016, fulfilling its initial goals, having facilitated access and use of the markets at a reduced cost (through the development of a common infrastructure and processes), and serving in common the development plans of the two markets, while respecting the independence of the two exchanges.

2015 was a watershed year, in which the regional cooperation with the Cyprus Stock Exchange was strengthened, and another exchange – SIBEX – joined.

5.21. Management of the Clearing Fund

Cash Market

Athens Exchange Clearing House S.A. (ATHEXClear) manages the Clearing Fund in order to protect the System from credit risk of the Clearing Members that arise from the clearing of transactions.

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In the Clearing Fund Clearing Members contribute exclusively in cash. ATHEXClear monitors and calculates, on a daily basis as well as during the day, the risk that Clearing Members will renege on their obligations, and blocks the corresponding guarantees in cash and/or letters of guarantee. Based on the guarantees that have been blocked, the credit limits of the members are reevaluated on a daily basis; monitoring the limits takes place in real time during market hours. The minimum size of the Clearing Fund is recalculated at least every month, in accordance with the provisions of the Rulebook, so that its size is sufficient at a minimum to cover at any time the loss, under any extreme market conditions that may arise in case the Clearing Member in which the system has the greatest exposure is overdue.

The participation of each Clearing Member in the Clearing Fund is determined based on its Account in it. The Account consists of all of the contributions by the Clearing member that have been paid into the Fund in order to form it, and is increased by any proceeds resulting from the management and investment of the assets of the Fund, as well as by the cost of managing risk and margins, as determined by ATHEXClear procedures. Revenues and expenses are distributed on a pro rata basis to each Clearing Member account in the Clearing Fund, in relation to the size of the Account balance.

The new size of the Clearing Fund amounts to €11,175,256.00 and is in effect until 31.03.2017.

Derivatives Market

The BoD of ATHEXClear at meeting number 109/17.11.2014 approved the creation of a set of risk management policies and methodologies as a result of the clearing model changes in the derivatives market, the Regulation on the Clearing of Transactions on Derivatives, as well as due to the adjustments to the requirements of the EMIR Regulation.

In accordance with the new Regulation on the Clearing of Transactions on Derivatives and in particular Part 6 of Section II, a Clearing Fund for the Derivatives Market is set up; the size of the Fund for the time period from 01.03.2017 to 31.03.2017 is €7,890,997.00. Calculation takes place on a monthly basis.

Management of the Clearing Fund in the Derivatives Market does not differ from the Clearing Fund in the cash market (see above).

5.22. Hellenic Capital Market Commission fee

The operating results of the Group in 2016 do not include the Hellenic Capital Market Commission (HCMC) fee, which for the Group amounted to €1.088 thousand compared to €1.356 thousand in 2015. This fee is collected and turned over to the HCMC, within two months following the end of each six-month period. The decrease resulted from a corresponding decrease in the revenue of the Group from the trading, clearing and settlement of trades on stocks and derivatives, on which it is calculated.

For the Company, the HCMC fee in 2016 amounted to €405 thousand compared to €516 thousand in 2015.

5.23. Personnel remuneration and expenses

Personnel remuneration and expenses in 2016 amounted to €9.54m vs. €9.87m in 2015, decreased by 3.3%.

In accordance with the new accounting principle applied by the Group starting on 01.01.2013, expenses that concern systems development in the Group are capitalized (CAPEX creation). The amount thus capitalized in 2016 was €607 thousand at the Group level (2015: €798 thousand), while for the Company it was €300 thousand (2015: €494 thousand) and has been transferred from personnel remuneration and expenses (note 5.37).

The change in the number of employees of the Group and the Company, as well as the breakdown in staff remuneration is shown in the following table:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Salaried staff	224	230	97	99
Total Personnel	**224**	**230**	**97**	**99**

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Personnel remuneration	6,619	6,954	3,209	3,267
Social security contributions	1,560	1,620	723	686
Termination benefits	317	337	272	215
Net change in the compensation provision(actuarial valuation)	53	(7)	26	19
Other benefits (insurance premiums etc.)	994	965	523	473
Total	**9,543**	**9,869**	**4,753**	**4,660**

Termination benefits include a provision for €150 thousand for employee terminations.

Obligations to employees

The ATHEX Group assigned the preparation of a study to an actuary in order to investigate and calculate the actuarial figures, based on the requirements of the International Accounting Standards (Revised IAS 19), which require their recognition in the statement of financial position and the statement of comprehensive income. In the actuarial valuation, all financial and demographic parameters concerning the employees of the Group were taken into consideration.

It is standard policy of the Athens Exchange Group to carry out the actuarial study at the end of the year, when the data is determined in order to calculate the actuarial obligation.

The changes in the provision for 2016 are shown in detail in the following table:

Accounting Presentation in accordance with IAS 19 (amounts in €)	Group	
	31.12.2016	31.12.2015
Amounts recognized in the Balance Sheet		
Present values liabilities	1,850,253	1,790,637
Net obligation recognized on the Balance Sheet	**1,850,253**	**1,790,637**
Amounts recognized in the Profit & Loss Statement		
Cost of current employment	35,817	65,367
Net Interest on the liability/asset	47,273	41,453
Regular expense in the Profit & Loss Statement	**83,090**	**106,820**
Cost of personnel reduction / mutual agreements/retirement	99,075	348,138
Total expense recognized in the Profit & Loss Statement	**182,165**	**454,958**
Change in the present value of the liability		
Present value of the obligation at the beginning of the period	1,790,637	1,964,621
Cost of current employment	35,817	65,367
Interest expense	47,273	41,453
Benefits paid by the employer	(129,236)	(462,120)
Cost of personnel reduction / mutual agreements/retirement	99,075	348,138
Actuarial loss/(profit) - financial assumptions	28,239	(147,443)
Actuarial loss/(profit) - demographic assumptions	(21,552)	(19,379)
Present value of the liability at the end of the period (note 5.47)	**1,850,253**	**1,790,637**
Adjustments		
Adjustments to liabilities from changes in assumptions	(28,239)	147,443
Experience adjustments in liabilities	21,552	19,379
Total actuarial profit / loss in equity	(6,687)	166,822
Total recognized in equity	**(6,687)**	**166,822**

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Changes in net liability recognized in the balance sheet		
Net liability at the start of the year	1,790,637	1,964,621
Benefits paid by the employer	(129,236)	(462,120)
Total expense recognized in the Profit & Loss Statement	182,165	454,958
Total amount recognized in equity	6,687	(166,822)
Net Liability at the end of the year(note 5.47)	**1,850,253**	**1,790,637**

Accounting Presentation in accordance with IAS 19 (amounts in €)	Company	
	31.12.2016	**31.12.2015**
Amounts recognized in the Balance Sheet		
Present values liabilities	978,992	943,403
Net obligation recognized on the Balance Sheet	**978,992**	**943,403**
Amounts recognized in the Profit & Loss Statement		
Cost of current employment	14,179	28,790
Net Interest on the liability/asset	24,906	21,353
Regular expense in the Profit & Loss Statement	**39,085**	**50,143**
Cost of personnel reduction / mutual agreements/retirement	70,982	171,382
Total expense recognized in the Profit & Loss Statement	**110,067**	**221,525**
Change in the present value of the liability		
Present value of the obligation at the beginning of the period	943,403	1,011,989
Cost of current employment	14,179	28,790
Interest expense	24,906	21,353
Benefits paid by the employer	(84,083)	(202,241)
Cost of personnel reduction / mutual agreements/retirement	70,982	171,382
Actuarial loss/(profit) - financial assumptions	9,150	(71,259)
Actuarial loss/(profit) - demographic assumptions	455	(16,611)
Present value of the liability at the end of the period (note 5.47)	**978,992**	**943,403**
Adjustments		
Adjustments to liabilities from changes in assumptions	(9,150)	71,259
Experience adjustments in liabilities	(455)	16,611
Total actuarial profit / loss in equity	(9,605)	87,870
Total recognized in equity	**(9,605)**	**87,870**
Changes in net liability recognized in the balance sheet		
Net liability at the start of the year	943,403	1,011,989
Benefits paid by the employer	(84,083)	(202,241)
Total expense recognized in the Profit & Loss Statement	110,067	221,525
Total amount recognized in equity	9,605	(87,870)
Net Liability at the end of the year (note 5.47)	**978,992**	**943,403**

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

Actuarial assumptions	Valuation dates	
	31.12.2016	30.06.2015
Discount rate	1.78%	2.64%
Increase in salaries (long term)	1.00%	1.75%
Inflation	1.00%	1.75%
Mortality table	E V K 2000 (Swiss table)	E V K 2000 (Swiss table)
Personnel turnover	0.50%	0.50%
Regular retirement age	Based on the rules of the Social security fund in which each employee belongs	Based on the rules of the Social security fund in which each employee belongs

A sensitivity test table on the discount interest rate, the annual inflation rate, and the salary increase rate is presented below:

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Cash flows *Expected benefits from the plan in the next fiscal year*	31.12.2016	31.12.2015
Sensitivity scenaria for the economic and demographic assumptions used		
Sensitivity 1 – Discount rate plus 0.5% - % difference in liability present value (PV)	(8.43)%	(8.77)%
Sensitivity 2 - Discount rate minus 0.5% - % difference in liability present value (PV)	9.31%	9.71%
Sensitivity 3 – Annual inflation plus 0.5% - % difference in liability PV	9.34%	9.76%
Sensitivity 4 - Annual inflation minus 0.5% - % difference in liability PV	(8.54)%	(8.89)%
Sensitivity 5 - Assumption: salary increase of plus 0.5% - % difference in liability PV	8.14%	8.49%
Sensitivity 6 – Assumption: salary increase of minus 0.5% - % difference in liability PV	(7.75)%	(8.07)%

The expected normal expense for 2017 depicted in the table below for the Company, is equal to the cost of current employment and the interest on the obligation, as estimated on 31.12.2016.

It should be noted that any additional benefits that may be paid during the period examined (cost of additional benefits) must be added to the final expense. These additional benefits may arise, for example, in case the Company provides benefits higher than those expected under law 4093.

Amounts in €	Cost of current employment	Interest on the obligation	Normal expense in the results
ATHEXCSD	15,755	12,516	28,271
ATHEX	11,092	17,426	28,518
ATHEXCLEAR	3,279	2,993	6,272
Total	**30,126**	**32,935**	**63,061**

5.24. Third party fees & expenses

In 2016 third party fees and expenses amounted to €588 thousand vs. €714 thousand, reduced by 17.6% compared to 2015. Third party fees and expenses include the remuneration of the members of the BoDs of all the companies of the Group. The corresponding amount for the Company was €420 thousand (2015: €604 thousand).

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
BoD member remuneration	52	61	44	50
Attorney remuneration and expenses	75	60	75	60
Fees to auditors (2)	93	94	39	39
Fees to consultants (1)	189	305	101	286
Fees to FTSE (ATHEX)	151	164	150	164
Other Fees	17	25	0	0
Fees to training consultants	11	5	11	5
Total	**588**	**714**	**420**	**604**

(1) Fees to consultants include fees for consultancy services, actuarial study fees, fees for tax and legal services. In 2016, fees for the ATHEXClear systems audit in accordance with EMIR, amounting to €18

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thousand were booked, as well as fees for the real estate estimator - €8 thousand; there were no corresponding fees in 2015.

(2) It should be noted that the fees for the statutory audit and the tax certificate by the auditors of the Group which are included in the €93 thousand for the group and the €39 thousand for the Company are greater than the fees that the auditors received for services that are not related with the statutory audit.

5.25. Utilities

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Fixed - mobile telephony - internet	176	189	54	51
Leased lines - ATHEXNet	133	144	40	41
PPC (Electricity)	431	538	15	15
EYDAP (water)	7	6	0	0
Total	**747**	**877**	**109**	**107**

Expenses in this category include electricity, water, fixed line and mobile telephony and telecommunications networks, and amounted to €747 thousand in 2016 vs. €877 thousand in 2015, reduced by 14.8%.

5.26. Maintenance / IT Support

Maintenance and IT support includes expenses for the maintenance of the Group's technical infrastructure and support for the IT systems (technical support for the electronic trading platforms, databases, Registry [DSS] etc.), and are contractual obligations.

Expenses in this category for the Group amounted to €1,148 thousand in 2016 (2015: €1,191 thousand), decreased by 3.8% compared to 2015, while for the company €769 thousand in 2016 (2015: €828 thousand), decreased by 7.1% compared to 2015.

5.27. Other taxes

Non-deductible Value Added Tax, and other taxes (Property Tax) that burden the cost of services amounted to €1,079 thousand compared to €1,557 thousand in 2015. In 2015 other taxes included €438 thousand – capital concentration tax. In 2016 other taxes was burdened on the one hand with the increase in the VAT rate from 23 to 24% starting on 1.4.2016.

For the Company, other taxes amounted to €617 thousand vs. €1.051 thousand in 2015.

5.28. Building / equipment management

This category includes expenses such as: building and equipment insurance premiums, security and cleaning services, maintenance and repairs et al.

Building and equipment management expenses in 2016 amounted to €556 thousand vs. €621 thousand in 2015, reduced by 10.5% compared to 2015. For the Company, building and equipment management expenses amounted to €109 thousand in 2016 compared to €103 thousand in 2015.

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	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Cleaning and building security services	358	361	101	98
Building repair and maintenance - other equipment	165	232	8	5
Fuel and other generator materials	15	9	0	0
Communal expenses	18	19	0	0
Total	**556**	**621**	**109**	**103**

5.29. Marketing and advertising expenses

Marketing and advertising expenses amounted to €271 thousand in 2016 vs. €213 thousand, increased by 27.2% compared to 2015. For the Company, these expenses amounted to €242 thousand in 2016 vs. €187 thousand in 2015.

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Promotion, reception and hosting expenses	195	133	190	125
Event expenses	76	80	52	62
Total	**271**	**213**	**242**	**187**

The increase in promotion expenses is due the frequent promotional events organized by ATHEX during 2016.

5.30. Participation in organizations expenses

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Subscriptions to professional organizations & contributions	297	263	272	239
Hellenic Capital Market Commission subscription	14	19	14	19
Total	**311**	**282**	**286**	**258**

Subscriptions in professional organizations include participation in WFE and FESE, SIIA, EACH, Reuters, Bloomberg, magazines, newspapers etc. The difference in subscriptions compared to last year is due to the booking of Gartner subscription amounting to €26.5 thousand in 2016, while in 2015 the subscription was booked for only one month as it began in December 2015.

5.31. Insurance premiums

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Electronic equipment fire insurance	16	16	16	16
Means of transport insurance	5	2	4	2
Building fire insurance premiums	21	19	4	5
BoD member civil liability ins. Premiums (D&O, DFL & PI)	379	383	379	384
Total	**421**	**420**	**403**	**407**

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Members of the Board of Directors and executives of the Group have been insured against professional liability risk, employee fraud, BoD member and executive liability, legal liability and electronic fraud, with the premium in 2016 amounting to €379 thousand, reduced by €4 thousand compared to 2015.

5.32. Operating expenses

Operating expenses in 2016 amounted to €385 thousand vs. €388 thousand in 2015, reduced by 0.8%; for the company these expenses amounted to €529 thousand vs. €555 thousand in 2015.

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Stationery	7	7	6	7
Consumables	39	41	38	40
Travel expenses	159	166	108	112
Postal expenses	3	6	1	3
Transportation expenses	52	53	42	43
Storage fees	13	11	9	8
Operation support services	0	0	102	102
Automobile leases	20	22	20	22
Rent expenses	61	58	187	184
Other expenses	31	24	16	34
Total	**385**	**388**	**529**	**555**

Travel expenses concern participation in conferences abroad, as well as for educational purposes.

5.33. BoG cash settlement

In 2016 fees amounting to €61 thousand for the Group were paid to the Bank of Greece (BoG) for the cash settlement of trades in the cash and derivatives markets, in accordance with the contract signed between the BoG and ATHEX, ATHEXClear and ATHEXCSD. The corresponding amount for 2015 was €62 thousand.

5.34. Other expenses

Other expenses in 2016 amounted to €145 thousand vs. €139 thousand in 2015, increased by 4.3% and concern pension plan administration expenses, fees to ascertain the eligibility of BoD members, various fees and expenses. For the Company other expenses amounted to €73 thousand in 2016 vs. €95 thousand in 2015.

5.35. Re-invoiced expenses

The expenses on this category for the Group in 2016 amounted to €866 thousand vs. €925 thousand in 2015, reduced by 6.4%, while for the company these expenses amounted to €752 thousand vs. €910 thousand in 2015.

(Amounts in thousand euro unless otherwise noted) 111

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Leased Lines(ATHEXNet)	449	506	441	496
Sodali expenses (General Meetings)	57	31	57	31
VAT on re-invoiced expenses	88	161	88	160
Promotion, reception and hosting expenses (NY-London roadshows)	168	225	165	221
Consumption Electricity Collocation	103	0	0	0
Other	1	2	1	2
Total	**866**	**925**	**752**	**910**

5.36. Expenses for new activities

The expenses on this category for the Group amounted to €901 thousand vs €1.1m in 2015; for the company these expenses amounted to €90 thousand vs. €43 thousand in 2015. The breakdown of this category is shown in the table below:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
New services Expenses	19	0	18	0
X-NET Expenses	565	515	60	26
Expenses on IT Services to third parties	187	382	12	14
VAT on Expenses for new activities	130	201	0	3
Total	**901**	**1,098**	**90**	**43**

InBroker Plus expenses for X-NET (the corresponding revenue is described in note 5.18) concern data feed, which is purchased from foreign exchanges in order for the product to be more attractive to a greater range of clients and vendors. In particular, data feed is purchased from the London Stock Exchange, Euronext, Deutsche Börse et al, aiming to widen the investment horizon of investors.

Expenses on IT Services include expenses of UNAVISTA LEI service and amounted to €169 thousand vs. €350 thousand in 2015 (the corresponding UNAVISTA LEI revenue is described in note 5.18). In addition, this category includes Singular Securities ERP - €7 thousand, and Oracle - €12 thousand.

XNET expenses are analyzed in the table below:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Expenses concerning foreign securities	84	73	56	25
Inbroker Plus data feed expenses	481	442	4	1
Total	**565**	**515**	**60**	**26**

5.37. Owner occupied tangible assets and intangible assets

Due to the continuing economic crisis in the country, and the resulting drop in the value of plots of land and buildings, the Group decided to assign the study to determine the market value of the properties of the Group, in accordance with IFRS, to independent recognized estimators. The study was completed and turned over at the beginning of March 2016, however the Group adjusted the value of its properties on 31.12.2015 in line with the results of the study, in order to reflect on the balance sheet of 31.12.2015 the fair value of the properties.

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Even though the estimation report did not reveal a significant total discrepancy with the book value of the properties at the Group level, as recorded in the accounts, it did show significant deviations at the company level, in particular buildings, as well as significant value differences between the plots of land and the buildings at those properties. As a result, it may be noted that the estimate significantly reduces the value of the plots of land at the Group level, and increases the value of the buildings. As a result, in the years to follow, the Group will be obliged to record increased depreciation levels.

The book value of the assets of the Group per building on 31.12.2016 is summarily presented in the following table:

Analysis of the Assets of the Group per category in the Statement of Financial Position of 31.12.2016				
	Own use			Real Estate investments
	Athinon Ave. building	Katouni building (Thessaloniki)	Total	Mayer building (note 5.38)
Plots of land	3,000	1,500	4,500	1,000
Construction	16,537	454	16,991	1,996
Means of transportation	17	0	17	0
Electronic systems	935	0	935	0
Communication & other equipment	264	0	264	0
Intangibles	5,440	0	5,440	0
Total	**26,193**	**1,954**	**28,147**	**2,996**

Analysis of the Assets of the Group per category in the Statement of Financial Position of 31.12.2015				
	Own use			Real Estate investments
	Athinon Ave. building	Katouni building (Thessaloniki)	Total	Mayer building (note 5.38)
Plots of land	3,000	1,500	4,500	1,000
Construction	17,500	550	18,050	2,200
Means of transportation	29	0	29	0
Electronic systems	268	0	268	0
Communication & other equipment	275	0	275	0
Intangibles	5,209	0	5,209	0
Total	**26,281**	**2,050**	**28,331**	**3,200**

The tangible and intangible assets of the Group on 31.12.2016 and 31.12.2015 are analyzed as follows:

(Amounts in thousand euro unless otherwise noted) 113

GROUP	TANGIBLE ASSETS & INTANGIBLE ASSETS						
	Plots of Land	Building and Construction	Machinery & other equip.	Means of Transportation	Furniture fittings and equip.	Intangible Assets	Total
Acquisition and valuation on 31/12/2014	**11,800**	**18,993**	**800**	**165**	**7,048**	**5,709**	**44,515**
Additions in 2015	0	7	0	0	269	2,157	**2,433**
Reductions in 2015	0	0	0	0	0	0	**0**
Acquisition and valuation on 31/12/2015	**11,800**	**19,000**	**800**	**165**	**7,317**	**7,866**	**46,948**
Accumulated depreciation on 31/12/2014	**0**	**8,187**	**800**	**120**	**6,428**	**1,904**	**17,439**
Depreciation in 2015	0	754	0	16	346	753	**1,869**
Accumulated depreciation reduction in 2015	0	0	0	0	0	0	**0**
Accumulated depreciation on 31/12/2015	**0**	**8,941**	**800**	**136**	**6,774**	**2,657**	**19,308**
Book value							
on 31/12/2014	11,800	10,806	0	45	620	3,805	**27,076**
on 31/12/2015	**11,800**	**10,059**	**0**	**29**	**543**	**5,209**	**27,640**
Revaluation due to estimate by independent estimator	(7,300)	7,991	0	0	0	0	**691**
Book value after the revaluation on 31/12/2015	**4,500**	**18,050**	**0**	**29**	**543**	**5,209**	**28,331**

GROUP	TANGIBLE ASSETS & INTANGIBLE ASSETS						
	Plots of Land	Building and Construction	Machinery & other equip.	Means of Transportation	Furniture fittings and equip.	Intangible Assets	Total
Acquisition and valuation on 31/12/2015	**4,500**	**26,991**	**800**	**165**	**7,317**	**7,866**	**47,639**
Additions in 2016	0	15	0	5	1,050	1,423	**2,493**
Reductions in 2016	0	(132)	(673)	(2)	(652)	(818)	**(2,277)**
Acquisition and valuation on 31/12/2016	**4,500**	**26,874**	**127**	**168**	**7,715**	**8,471**	**47,855**
Accumulated depreciation on 31/12/2015	**0**	**8,941**	**800**	**136**	**6,774**	**2,657**	**19,308**
Depreciation in 2016	0	1,074	0	17	394	1,192	**2,677**
Accumulated depreciation reduction in 2016	0	(132)	(673)	(2)	(652)	(818)	**(2,277)**
Accumulated depreciation on 31/12/2016	**0**	**9,883**	**127**	**151**	**6,516**	**3,031**	**19,708**
Book value							
on 31/12/2015	4,500	18,050	0	29	543	5,209	**28,331**
on 31/12/2016	**4,500**	**16,991**	**0**	**17**	**1,199**	**5,440**	**28,147**

The tangible and intangible assets of the Company on 31.12.2016 and 31.12.2015 are presented in the table below:

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COMPANY	TANGIBLE ASSETS & INTANGIBLE ASSETS						
	Plots of Land	**Building and Construction**	**Machinery & other equip.**	**Means of Transportation**	**Furniture fittings and equip.**	**Intangible Assets**	**Total**
Acquisition and valuation on 31/12/2014	**0**	**0**	**103**	**154**	**5,056**	**4,102**	**9,415**
Additions in 2015	0	0	0	0	187	1,739	**1,926**
Reductions in 2015	0	0	0	0	0	0	**0**
Acquisition and valuation on 31/12/2015	**0**	**0**	**103**	**154**	**5,243**	**5,841**	**11,341**
Accumulated depreciation on 31/12/2014	**0**	**0**	**103**	**115**	**4,627**	**1,091**	**5,936**
Depreciation in 2015	0	0	0	15	227	582	**824**
Accumulated depreciation reduction in 2015	0	0	0	0	0	0	**0**
Accumulated depreciation on 31/12/2015	**0**	**0**	**103**	**130**	**4,854**	**1,673**	**6,760**
Book value							
on 31/12/2014	0	0	0	39	429	3,011	**3,479**
on 31/12/2015	**0**	**0**	**0**	**24**	**389**	**4,168**	**4,581**
Book value after the revaluation on 31/12/2015	**0**	**0**	**0**	**24**	**389**	**4,168**	**4,581**

COMPANY	TANGIBLE ASSETS & INTANGIBLE ASSETS						
	Plots of Land	**Building and Construction**	**Machinery & other equip.**	**Means of Transportation**	**Furniture fittings and equip.**	**Intangible Assets**	**Total**
Acquisition and valuation on 31/12/2015	**0**	**0**	**103**	**154**	**5,243**	**5,841**	**11,341**
Additions in 2016	0	15	0	5	817	901	**1,738**
Reductions in 2016	0	0	0	0	(290)	(162)	**(452)**
Acquisition and valuation on 31/12/2016	**0**	**15**	**103**	**159**	**5,770**	**6,580**	**12,627**
Accumulated depreciation on 31/12/2015	**0**	**0**	**103**	**130**	**4,854**	**1,673**	**6,760**
Depreciation in 2016	0	0	0	16	306	956	**1,278**
Accumulated depreciation reduction in 2016	0	0	0	0	(290)	(162)	**(452)**
Accumulated depreciation on 31/12/2016	**0**	**0**	**103**	**146**	**4,870**	**2,467**	**7,586**
Book value							
on 31/12/2015	0	0	0	24	389	4,168	**4,581**
on 31/12/2016	**0**	**15**	**0**	**13**	**900**	**4,113**	**5,041**

Intangible assets include the amounts of €607 thousand for the Group and €300 thousand for the Company and concern the capitalization of expenses (CAPEX creation) concerning systems development by the Group in fiscal year 2016 (note 5.23).

The management of the Group estimates that there are no impairment indications on the owner occupied buildings of the Group.

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On 31.12.2016 there were no liens on the assets of the companies of the Group. The acquisition value of the assets that were fully depreciated on 31.12.2016 for the Group and the Company are shown in the table below:

	GROUP		COMPANY	
(in €)	31.12.2016	31.12.2015	31.12..2016	31.12.2015
Buildings - Construction	132,088.04	132,088.04	0	0
Machinery & other equipment	799,827.79	799,827.79	102,845.18	102,845.18
Means of transportation	2,760.19	2,218.00	665.19	123.00
Electronic systems	6,548,520.18	6,158,624.50	4,781,340.35	4,424,236.93
Total	**7,483,196.20**	**7,092,758.33**	**4,884,850.72**	**4,527,205.11**

5.38. Real Estate Investments

Building (at Acharnon & Mayer)

The Group assigned the study to determine the market value of the real estate properties of the Group, in accordance with IFRS, to independent recognized estimators (note 5.38). Even though the estimation report did not reveal a significant total discrepancy with the book value of the properties at the Group level, as recorded in the accounts, it did show significant deviations at the company level, in particular buildings, as well as significant value differences between the plots of land and the buildings at those properties. As a result, it should be noted that the estimate significantly reduces the value of the plots of land at the Group level, and increases the value of the buildings.

Their value was estimated as the average of the revenues and comparable items valuation methods on the transition date. There were no indications of impairment on 31.12.2016 as the book value does not significantly differ from the fair value.

The book value of the investments in real estate for the Group and the Company on 31.12.2016 and 31.12.2015 is shown in the following table:

GROUP-COMPANY	TANGIBLE ASSETS			
	Plots of Land	Buildings and Construction	Furniture and fixtures	Total
Acquisition and valuation on 31/12/2014	**2,100**	**5,100**	**88**	**7,288**
Additions in 2015	0	0	0	0
Acquisition and valuation on 31/12/2015	**2,100**	**5,100**	**88**	**7,288**
Accumulated depreciation on 31/12/2014	0	2,706	0	2,794
Depreciation in 2015	0	204	0	204
Accumulated depreciation on 31/12/2015	**0**	**2,910**	**88**	**2,998**
Book value				
on 31/12/2014	2,100	2,394	0	4,494
on 31/12/2015	**2,100**	**2,190**	**0**	**4,290**
Adjustment value in an independent assessor assessment	(1,100)	10	0	(1,090)
Net book value after revaluation at 31/12/2015	**1,000**	**2,200**	**0**	**3,200**

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GROUP-COMPANY	TANGIBLE ASSETS			
	Plots of Land	Buildings and Construction	Furniture and fixtures	Total
Acquisition and valuation on 31/12/2015	**1,000**	**5,110**	**88**	**6,198**
Additions in 2016	0	0	0	0
Reductions in 2016	0	0	0	0
Acquisition and valuation on 31/12/2016	**1,000**	**5,110**	**88**	**6,198**
Accumulated depreciation on 31/12/2015	0	2,910	88	2,998
Depreciation in 2016	0	204	0	204
Accumulated depreciation reduction in 2016	0	0	0	0
Accumulated depreciation on 31/12/2016	**0**	**3,114**	**88**	**3,202**
Book value				
on 31/12/2015	1,000	2,200	0	3,200
on 31/12/2016	**1,000**	**1,996**	**0**	**2,996**

Operating lease claims – as lessor

The minimum future lease payments receivable based on non-cancelable operating lease contracts on 31.12.2016 and 2015 are as follows:

	31.12.2016	31.12.2015
Within 1 year	265,395	265,395
From 2 to 5 years	835,675	1,002,578
More than 5 years	0	98,491
Total future operating lease payments receivable	**1,101,069**	**1,366,464**

5.39. Investments in subsidiaries and other long term claims

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Participation in ANNA	1	1	1	1
Participation in subsidiaries	0	0	57,880	57,880
Management committee reserve	11	11	0	0
Valuation from subsidiaries due to stock options	0	0	227	227
Rent guarantees	56	56	10	10
Total	**68**	**68**	**58,118**	**58,118**

The breakdown of the participations of the parent company in the subsidiaries of the Group on 31.12.2016 is shown below:

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	% of direct participation	Number of shares/total number of shares	Valuation 31.12.2016	Valuation 31.12.2015
ATHEXCSD (former TSEC)	100	802,600 / 802,600	32,380	32,380
ATHEXClear	100	8,500,000 / 8,500,000	25,500	25,500
		Total	**57,880**	**57,880**

From its participation in the subsidiary ATHEXCSD, the Company received dividends of €4,013,000 (802,600 shares x €5.00 per share) for fiscal year 2015; for fiscal year 2014 it received €9,069,380 (802,600 shares x €11.30 per share).

Despite the worsening of the business climate in Greece, and taking into consideration the latest positive developments, it is expected that the difficult financial conditions will be overcome and that, due to the fact that ATHEX and its subsidiaries continue to be profitable, no impairment loss arises. The gradual recovery of the business environment following the expected positive review and execution of the obligations of the Memorandum will remove all existing restrictions that are hindering business activity.

5.40. Trade receivables, other receivables and prepayments

All claims are short term and, therefore, no discounting is required on the date of the statement of financial position. The breakdown of clients and other receivables is shown in the following table:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Clients	8,089	8,668	4,545	4,360
Less: provisions for bad debts	(2,972)	(2,148)	(1,694)	(1,694)
Net commercial receivables	**5,117**	**6,520**	**2,851**	**2,666**
Other receivables				
Tax withheld on dividends for offsetting (1)	4,721	4,721	4,421	4,421
Tax (0.20%) (2)	2,444	6,671	0	0
HCMC fee claim	453	453	453	453
Taxes withheld on deposits	103	262	72	202
Accrued income (interest)	13	46	8	36
Letter of guarantee for NSRF (ESPA) seminars	185	185	185	185
Other withheld taxes	21	12	13	10
Prepaid non accrued expenses	193	144	116	43
Prepayments & credits accounts	0	0	2	0
Prepayment of tax audit differences (note 5.50)	1,559	0	1,559	0
Other debtors (3)	415	437	392	408
Total	**10,107**	**12,931**	**7,221**	**5,758**
Income tax claim (4)	**3,312**	**3,715**	**1,052**	**1,155**

(1) Concerns the dividend withholding tax on dividends received by the Company from its former subsidiary ATHEX.

(2) The tax claim which starting on 1.4.2011 became 0.20%. It is turned over by members on T+2, however some members take advantage of their right to turn it over in one tranche to ATHEXCSD on the third working day after the end of the month when the transactions took place.

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(3) Other debtors include the claim for XNET cash settlement - €330 thousand, and rent payment claim on the Mayer building - €49 thousand.

(4) The Group has a tax claim of €3,312 thousand which breaks down as follows: ATHEXClear - €1,254 thousand; ATHEXCSD - €1,006 thousand; ATHEX (parent company) - €1,052 thousand. On 31.12.2015, the tax claim amounted to €3,715 thousand and concerned: ATHEXClear - €1,332 thousand; ATHEXCSD - €1,228 thousand and ATHEX (parent company) - €1,155 thousand.

Provisions for bad debts	**Group**	**Company**
Balance on 31.12.2014	**2,297**	**1,394**
Bad debts write off	-514	-284
Released provisions	-219	0
Additional provisions in 2015	**584**	**584**
Balance on 31.12.2015	2,148	1,694
Bad debts write off 2016	824	0
Balance on 31.12.2016	**2,972**	**1,694**

The provisions that have been taken in fiscal year 2016 cover part of the claims that the Group has on the Greek State, which are included in receivables on 31.12.2016.

Trade and other receivables are classified in Level 3.

During 2016, there were no transfers between Levels 1, 2, 3.

5.41. Financial assets available for sale

Financial assets available for sale include the Bank of Piraeus shares that were obtained in exchange for the bond issued by the same bank that the Group possessed. In particular, 13,365,316 shares of Piraeus Bank were acquired at a par value of €0.30 per share and total value of €4,009,594.80.

The significant reduction in the fair value compared with the acquisition value of the securities in the first nine months of 2016 (price on 30.09.2016: €0.134), is an impairment indication. For this reason the Company / the Group, in accordance with IAS 39, charged the results of the period and in particular the Provisions for devaluation of participations and securities account with the amount of €2,219 thousand which concerns the securities impairment provision of the Piraeus Bank shares from the initial acquisition date. The amount of €2,219 thousand includes the €294 loss that had been booked in Other Comprehensive Income on 31.12.2015.

On 31.12.2016 the share price recovered to €0.209, however the positive difference of €1,002 thousand did not reduce the loss but, in accordance with IAS 39, was transferred to Other Comprehensive Income.

As a result of the above, the Company booked in the results the €2,219 thousand loss on 31.12.2016, and in Other Comprehensive Income the positive deviation of the share price in the last quarter of 2016 in the amount of €1,002 thousand.

5.42. Cash and cash equivalents

The cash at hand and at bank of the Group are invested in short term interest bearing instruments in order to maximize the benefits for the companies of the Group, in accordance with the policy set by the Strategic Investments Committee of the Company. By placing its cash in short term interest bearing investments, the Group recorded revenue of €577 thousand in 2016 (2015: €1,554 thousand); for the Company, the corresponding income was €407 thousand (2015: €1,214 thousand).

A significant portion (28%) of the cash of the Group is, due to compliance of ATHEXClear with the EMIR Regulation, kept at the Bank of Greece (BoG).

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Deposits of the Group at the BoG carry a negative interest rate 0.3% from 9.12.2015 and negative 0.4% from 16.3.2016 onwards.

Expenses and bank commissions over the same period amounted to €131 thousand (31.12.2015: €83 thousand) for the Group and €20 thousand for the Company (31.12.2015: €10 thousand). The breakdown of the cash at hand and at bank of the Group is as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Deposits at the Bank of Greece	28,101	29,598	0	0
Sight deposits in commercial banks	31,092	31,443	30,505	30,759
Time deposits < 3 months	40,806	76,161	23,037	58,406
Cash at hand	18	33	5	9
Total	**100,017**	**137,235**	**53,547**	**89,174**

Out of the total cash balance of the Group, the amount of €5.7m or 20.3% of ATHEXClear assets (totaling €28.2m) is blocked capital requirements (own resources), to be used as a line of defense against default obligations to the company of the Group ATHEXClear (in accordance with article 35 of the technical standards and article 45 of Regulation (EU) 648/2012). The calculation of the capital requirements is described in note 5.45 d).

Cash and cash equivalents are classified in Level 1.

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

5.43. Third party balances in bank accounts of the Group

This essentially is a memo account for the margins that ATHEXClear receives from its Members for the derivatives market and, starting on 16.02.2015, for the cash market. ATHEXClear manages Member margins, which in accordance with the investment policy for deposits, are placed with the BoG .

The amount on 31.12.2016 is shown in both assets and liabilities in the Statement of Financial Position of ATHEXClear and the Group, and is analyzed below:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Clearing Fund collaterals – Cash Market	15,726	12,918	0	0
Additional Clearing Fund collaterals – Cash Market	145,202	380,517	0	0
Clearing Fund collaterals – Derivatives Market	8,207	7,616	0	0
Additional Clearing Fund collaterals – Derivatives Market	35,717	45,757	0	0
Members Guarantees in cash for X-NET (1)	1,228	1,008	1,228	1,008
Third party balances in ATHEXClear Account	**206,080**	**447,816**	**1,228**	**1,008**

(1) Concerns cash collaterals by members for XNET placed in ALPHA BANK, in effect as of 16.02.2015.

The cash of ATHEXClear concern Clearing Member cash collaterals as well as the cash of the Clearing Fund, and in accordance with the investment policy of ATHEXClear, are kept by ATHEXClear in an account that it maintains as a direct participant in Target2 at the Bank of Greece.

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The implementation of the ATHEXClear investment policy begun immediately with the application of the new clearing model and risk management in the derivatives market on 1.12.2014. The amount of €206,080 thousand on 31.12.2016 and €447,816 thousand on 31.12.2015 shown above and in the Statement of Financial Position, concern exclusively Member collaterals in the cash, derivatives and XNET markets respectively.

5.44. Deferred Tax

The deferred taxes accounts are analyzed as follows:

	GROUP		COMPANY	
Deferred taxes	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Deferred tax claims	983	1,315	915	1,245
Deferred tax liabilities	(1,711)	(1,873)	0	0
Total	**(728)**	**(558)**	**915**	**1,245**

	Group		Company	
Changes in deferred income tax	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Starting balance	1,315	2,929	1,245	802
Effect on other comprehensive income	(332)	(1,614)	(330)	443
Amount from deferred tax claims	**983**	**1,315**	**915**	**1,245**
Starting balance	(1,873)	(3,603)	0	0
(Charge)/Credit to the results	162	1,730	0	0
Amount from deferred tax liabilities	**(1,711)**	**(1,873)**	**0**	**0**
Balance	**(728)**	**(558)**	**915**	**1,245**

Analysis of deferred tax table	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Deferred tax changes - actuarial study result	(51)	(8)	(53)	(10)
Actuarial study OCI	3	(48)	3	(26)
Deferred tax changes - Other temporary differences	(155)	(188)	7	(510)
Total (note 5.50)	**(203)**	**(244)**	**(43)**	**(546)**

Other data concerns the tax corresponding to the valuation and sale of participations and securities.

Deferred income tax is calculated based on the temporary differences, which arise between the book value of the assets and the liabilities included in the financial statements, and the tax assessment of their value in accordance with the tax legislation.

The charge for deferred income tax (deferred tax liability) in the Statement of Comprehensive Income (OCI) includes the temporary tax differences that arise mainly from the accounted revenue-profits which will be taxed at a future time. The credit for deferred tax (deferred tax claim) includes mainly the temporary tax differences that arise from specific provisions, which are tax deductible at the time they are formed. Debit and credit deferred tax balances are offset when there is a legally enforceable offset right, and the deferred tax claims and liabilities concern income taxes collected by the tax authorities.

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5.45. Equity and reserves

a) Share Capital

The Repetitive General Meeting of shareholders of 9.6.2016 approved another share capital return to shareholders, with a corresponding reduction in the share par value. In particular it decided the return of capital in the amount of €14,381,083.86 or €0.22 per share for the 65,368,563 shares outstanding. Thus, the share capital of the Company amounts to €70,598,048.04, divided into 65,368,563 shares with a par value of €1.08 per share.

	Number of shares	Par value (€)	Share Capital (€)	Share Premium (€)
TOTAL 31.12.2013	65,368,563	0.76	49,680,107.88	94,333,685.47
Reduction/ Return of share capital (June 2014)	-	(0.20)	(13,073,712.60)	0
Share capital increase / capitalization of untaxed reserves (December 2014)	-	0	55,702,157.60	0
Share capital increase / capitalization of share premium (December 2014)	-	1.62	50,379,637.11	(50,379,637.11)
Reduction of share capital (December 2014)	-	(1.44)	(94,315,453.37)	0
TOTAL 31.12.2014	65,368,563	0.74	48,372,736.62	43,954,048.36
Share capital increase / capitalization of share premium (June 2015)	-	0.67	43,796,937.21	(43,796,937.21)
Reduction of share capital (June 2015)	-	(0.11)	(7,190,541.93)	0
TOTAL 31.12.2015	65,368,563	1.30	84,979,131.90	157,111.15
Reduction of share capital (June 2016)	-	(0.22)	(14,381,083.86)	0
TOTAL 31.12.2016	65,368,563	1.08	70,598,048.04	157,111.15

Following the decision of the General Meeting of shareholders of the Company on 20.5.2015 the share buyback program of the Company began (see below note c).

b) Reserves

	GROUP		COMPANY	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Regular Reserve (1)	29,336	28,418	28,116	27,472
Tax free and specially taxed reserves	10,141	10,141	10,141	10,141
Treasury stock reserve	6,396	6,396	6,396	6,396
Reserves	15,819	15,819	14,383	14,383
Other (3)	6,330	634	5,873	179
Special securities valuation reserve (2)	712	(209)	712	(209)
Reserve from stock option plan to employees	1,385	1,385	1,337	1,337
Total	**70,119**	**62,584**	**66,958**	**59,699**

(1) ATHEXClear regular reserve: €217 thousand; ATHEXCSD regular reserve: €1,003 thousand.

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(2) The Group has invested part of its cash assets in shares of a listed company which it has classified as a portfolio of securities available for sale, as part of IAS 39. The result of the valuation of the shares on 30.09.2016 was a loss of €2,219 thousand and was booked as a securities valuation provision, while the special securities valuation reserve the amount of €1,002,398.67, which concerned the positive difference between the valuations on 30.09.2016 and 31.12.2016, was booked, from which the amount of €290,695.61 (which concerns the deferred tax claim – 29% x €1,002,398.67), and was transferred to deferred taxes. Thus the final amount shown is €711,703.06.

(3) Concerns a special 2015 dividend reserve - €5,696 thousand; taxed reserves - €595 thousand; and specially taxed reserves - €39 thousand.

c) Share Buyback program

The company is in progress of implementing a share buyback program. The proposed program was approved by the 14th Annual General Meeting of shareholders on 20.5.2015 with the following terms:

- Buy back up to 10% of the share capital
- Buyback price per share: from €1.50 to €7.00
- Duration of the program: 2 years (until end of May 2017)
- Purpose of the program: at least 95% of the shares that will be bought back will be cancelled - the remaining 5% of the shares may be distributed to the personnel of the Group.

Following the decision of the BoD, the share buyback program begun on 9.2.2016, and the brokerage firms that would carry out the purchases were selected. Until 31.12.2016, 4,035,813 own shares were purchased (6.17% of the number of shares outstanding of the company) at an average price of €4.62 per share and a total cost of €18.63m.

The Company reports the cost of the share buyback (treasury stock) as reducing equity. The share buyback program continues after 31.12.2016 (note 5.57).

d) Capital Requirements

According to EMIR Regulation (article 45 of the EU 20. 648/2012) a clearing house must keep lines of defense in case of member's default (default water fall).

In accordance with article 35 of the technical standards, for clearinghouses the amount of the own assets of central counterparties that are used as line of defense in case of default is calculated, and in particular:

- The central counterparty maintains and reports separately on its balance sheet the amount of special own assets earmarked for the purposes mentioned in article 45 paragraph 4 of Regulation (EU) 648/2012.
- The central counterparty calculates the minimum amount specified in paragraph 1 by multiplying the minimum capital requirement by 25%, including undistributed profits and reserves for the purposes mentioned in article 16 of Regulation (EU) 648/2012 and by authorization Regulation (EU) 152/2013 of the Commission (1).

The Central Counterparty reviews the minimum amount in question on an annual basis.

Based on the above, as a recognized clearing house, ATHEXClear drafted a report "Methodology for calculating capital requirements", in cooperation with consultants, in which the methodology applied was described in order to estimate the capital requirements for credit risk, counterparty risk, market risk, winding down risk, operating risk and business risk. The methodology applied was based on the following:

- Regulations (EU) 648/2012, (EU) 152/2013 and (EU) 153/2013
- Regulation (EU) 575/2013
- FSA: Prudential sourcebook for Banks, Building Societies and Investment Firms
    - BIRBU 13,4 CCR mark to market method

- BIRBU 5,4 Financial collateral
- BIRBU 3 Standardized credit risk

ATHEXClear, based on continuity, regularly calculates its capital requirements which are required in order to fulfill its regulatory obligations on a quarterly basis, and reports it in its financial statements.

If ATHEXClear equity, as calculated above, is less than 110% of the capital requirements, or less than 110% of the €7.5m threshold notification, ATHEXClear will immediately notify the relevant authority (Hellenic Capital Market Commission), and will continue to keep it informed on a weekly basis, until the amount of capital it possesses exceeds the notification threshold.

ATHEXClear's capital requirements on 31.12.2016 are broken down in the table below:

Capital requirements **Risk type**	**Capital requirements 31.12.2016**
Credit risk (total)	199
Derivatives market	0
Cash market	0
Investment of own assets	199
Market risk	0
Exchange rate risk	0
Operating risk	100
Winding down risk	3,585
Business risk	1,793
Total Capital requirements	**5,677**
Notification Threshold (110% of capital requirements)	**6,245**
Additional special resources (25% of capital requirements of 31.12.2016)	1,419

ATHEXClear equity amounting to €29.6m, as reported in the statement of financial position of ATHEXClear on 31.12.2016 exceeded its capital requirements, as calculated above.

The additional special resources of €1,419 thousand that correspond to 25% of the capital requirements are distributed as follows on 31.12.2016: €932 thousand in the cash market and €487 thousand in the derivatives market.

5.46. Grants and other long term liabilities

The Group shows an amount of €63 thousand in 2016, vs. €87 thousand in fiscal year 2015, i.e. a 27.5% reduction, which concerns grants a) by the Ministry of Northern Greece in the amount of €13 thousand for the purchase of equipment in order for ATHEXCSD (former TSEC) to promote its activities in northern Greece; b) withholding on compensation (Law 103/75) in the amount of €50 thousand; for the Company the amount is €50 thousand.

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5.47. Provisions

		GROUP		COMPANY	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
Staff retirement obligation (5.23)		1,850	1,791	979	943
Termination provisions		150	0	150	0
Other provisions		1,360	1,360	1,300	1,300
Total		**3,360**	**3,151**	**2,429**	**2,243**

The change in provisions on 31.12.2016 and 31.12.2015 for the Group and Company is shown below:

GROUP	Balance on 31.12.2015	Adjustment – Group restructuring	Cost of current employment	Interest expense	Employer paid benefits	Redundancy / Settlement / Termination of employment cost	Actuarial loss / profit – Economic assumptions	Actuarial loss / profit – experience during the period	Other revenue / expense	Additional provision in the period	Revenue from unused provisions	Balance on 31.12.2016
Staff retirement obligations	1,791	0	36	47	(129)	99	28	(22)	0	0	0	1,850
Termination provisions	0	0	0	0	0	0	0	0	0	150	0	150
Provisions for other risk	1,360	0	0	0	0	0	0	0	0	0	0	1,360
Total	**3,151**	**0**	**36**	**47**	**(129)**	**99**	**28**	**(22)**	**0**	**150**	**0**	**3,360**

GROUP	Balance on 31.12.2014	Adjustment – Group restructuring	Cost of current employment	Interest expense	Employer paid benefits	Redundancy / Settlement / Termination of employment cost	Actuarial loss / profit – Economic assumptions	Actuarial loss / profit – experience during the period	Used provision	Additional provision in the period	Revenue from unused provisions	Balance on 31.12.2015
Staff retirement obligations	1,965	0	65	41	(462)	348	(146)	(20)	0	0	0	1,791
Provisions for other risk	1,060	0	0	0	0	0	0	0	0	300	0	1,360
Total	**3,025**	**0**	**65**	**41**	**(462)**	**348**	**(146)**	**(20)**	**0**	**300**	**0**	**3,151**

COMPANY	Balance on 31.12.2015	Adjustment – Group restructuring	Cost of current employment	Interest expense	Employer paid benefits	Redundancy / Settlement / Termination of employment cost	Actuarial loss / profit – Economic assumptions	Actuarial loss / profit – experience during the period	Other revenue / expense	Additional provision in the period	Revenue from unused provisions	Balance on 31.12.2016
Staff retirement obligations	943	0	14	25	(84)	71	9	1	0	0	0	979
Termination provisions	0	0	0	0	0	0	0	0	0	150	0	150
Provisions for other risk	1,300	0	0	0	0	0	0	0	0	0	0	1,300
Total	**2,243**	**0**	**14**	**25**	**(84)**	**71**	**9**	**1**	**0**	**150**	**0**	**2,429**

COMPANY	Balance on 31.12.2014	Adjustment – Group restructuring	Cost of current employment	Interest expense	Employer paid benefits	Redundancy / Settlement	Actuarial loss / profit – Economic	Actuarial loss / profit –	Used provision	Additional provision	Revenue from unused	Balance on 31.12.2015

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			nt			/ Terminatio n of employme nt cost	assumptio ns	experience during the period		in the period	provisions	
Staff retirement obligations	1,012	0	29	21	(202)	171	(71)	(17)	0	0	0	943
Provisions for other risk	1,000	0	0	0	0	0	0	0	0	300	0	1,300
Total	**2,012**	**0**	**29**	**21**	**(202)**	**171**	**(71)**	**(17)**	**0**	**300**	**0**	**2,243**

By taking provisions, the Group and the Company are trying to protect themselves against potential future risks.

5.48. Trade and other payables

All liabilities are short term and, therefore, no discounting on the date of the financial statements is required. The breakdown of suppliers and other liabilities are shown in the following table:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Suppliers	2,189	2,210	1,166	1,460
Hellenic Capital Market Commission Fee (1)	440	499	155	183
Tax on stock sales 0.20% (2)	3,125	8,713	0	0
Dividends payable	31	23	31	23
Accrued third party services	368	644	254	604
Contributions payable	45	342	26	148
Share capital return to shareholders (3)	77	49	77	49
Tax on salaried services	255	278	140	148
Tax on external associates	4	1	2	1
VAT-Other taxes	198	314	113	223
Various creditors	73	172	0	41
Total	**6,805**	**13,245**	**1,964**	**2,880**

(1) The Hellenic Capital Market Commission fee €440 thousand (vs. €499 thousand in 2015) is calculated based on the value of the trades in the cash and derivatives market and is turned over to the Hellenic Capital Market Commission within two months following the end of each 6-month period. The amount concerns the second half of 2016.

(2) ATHEXCSD, as successor to the Central Securities Depository, based on article 9 §2 of Law 2579/88 as amended by Law 2742/99, acts as an intermediary and collects from ATHEX members the tax (0.20%) on stock sales that take place on ATHEX which it turns over to the Greek State. The amount of €3.1m corresponds to the tax (0.20%) on stock sales that has been collected for December 2016 and was turned over to the Greek State in January 2017. Starting on 1.4.2011 the tax rate on stock sales increased to 0.20% (from 0.15%).

(3) Includes the obligation to pay share capital returns to shareholders.

Trade and other payables are classified in Level 3.

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

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5.49. Third party balances in bank accounts of the Group

It concerns effectively a memo account for the collateral received by ATHEXClear for the Derivatives Market and, starting on 16.2.2015, the cash market. ATHEXClear manages Member collaterals; in accordance with the investment policy, they are deposited at the BoG.

The implementation of the ATHEXClear investment policy begun immediately with the application of the new clearing model and risk management in the derivatives market on 1.12.2014. The amount of €206,080 thousand on 31.12.2016 and €447,816 thousand on 31.12.2015 shown below and in the Statement of Financial Position, concern exclusively Member collaterals in the cash and derivatives markets as well as XNET (see note 5.43).

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Clearing Fund collaterals – Cash Market	15,726	12,918	0	0
Additional Clearing Fund collaterals – Cash Market	145,202	380,517	0	0
Clearing Fund collaterals – Derivatives Market	8,207	7,616	0	0
Additional Clearing Fund collaterals – Derivatives Market	35,717	45,757	0	0
Members Guarantees in cash for X-NET (1)	1,228	1,008	1,228	1,008
Third party balances in ATHEXClear Account	**206,080**	**447,816**	**1,228**	**1,008**

(1) Collaterals received by the company for XNET on 31.12.2016 were placed in bank accounts with commercial banks.

Implementation of the new model in the cash market in accordance with Regulation (EU) 648/2012 concerning the Clearing Fund and member guarantees for the cash market began on 16.2.2015.

5.50. Current income tax payable

The management of the Group plans its policy in order to minimize its tax obligations, based on the incentives provided by tax legislation.

Nondeductible expenses mainly include provisions, various expenses as well as amounts which the company considers as not justifiable production expenses in a potential tax audit and which are adjusted by management when the income tax is calculated.

Tax liabilities	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Liabilities 31.12	0	2,531	(1,155)	(808)
Claims 31.12	(3,715)	(1,677)	0	0
Income tax expense	2,140	4,657	1,168	2,460
Taxes paid	(1,737)	(9,226)	(1,065)	(2,807)
Liabilities / (claims)	**(3,312)**	**(3,715)**	**(1,052)**	**(1,155)**

The amount of €3,312 thousand shown as Group income tax claim on 31.12.2016 breaks down as follows: ATHEXClear - €1,254 thousand; ATHEXCSD - €1,006 thousand; ATHEX (parent company) - €1,052 thousand.

For 2016, the change in income tax liability was a debit balance (liability) and as such was transferred to assets in income tax payable (note 5.40).

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	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Income Tax	2,140	4,656	1,168	2,459
Deferred Tax (note 5.44)	(203)	(244)	(43)	(546)
Income tax expense	**1,937**	**4,412**	**1,125**	**1,913**

Reconciliation of the income tax with profits/losses before tax on the basis of the applicable ratios and the tax expense is as follows:

	Group		Company	
Income tax	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profits before taxes	3,367	13,450	5,293	14,790
Income tax rate	29%	29%	29%	29%
Expected income tax expense	976	3,901	1,535	4,289
Tax effect of non-taxable income	0	0	(410)	(2,376)
Tax effect of non-deductible expenses	961	511	0	0
Income tax expense	**1,937**	**4,412**	**1,125**	**1,913**

Non-taxable income refers mainly to dividend income from subsidiaries, which is eliminated on a consolidated basis. Thus the tax rate calculated on the accounting profits increases, since the corresponding taxable profits are larger. Furthermore, the resulting effective tax rate on the consolidated profits is larger than the nominal tax rate in effect because – during the current fiscal year- there are intra-Group transactions.

The losses from the bank bonds have a different accounting treatment in IFRS compared to tax accounting, and are the main reason for the creation of deferred tax.

All of the above result in the sum (from the individual subsidiary companies) of the tax to be greater than that which would have been, had the nominal tax rate (29%) applied on consolidated profits, since it is the profits of each company separately that are subject to taxation, and not the consolidated profits.

All the companies of the Group have been audited up to and including fiscal year 2009.

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

On 11.7.2016 the Company was notified about the acts of temporary corrective tax determination and audit findings note by the Large Corporation Audit Center (KEMEP). This particular tax audit was carried out for tax years 2008, 2009 and 2010 in accordance with audit order 760/4/1118/22.12.2015. Based on the findings of the audit note and the temporary tax determination acts, the audit rejected certain expenses as non-tax deductible (accounting differences), recalculated the tax on dividends that the Company paid, and increased the extraordinary contribution tax on the profits for fiscal years 2008 and 2009. In addition, it assessed Special Property Tax (ETAK) and tax book (ΚΒΣ) fines. In total, the audit resulted in taxes and additional taxes for submitting an incorrect tax declaration amounting to €1,689 thousand, out of which €603 thousand are additional taxes.

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

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

The DED finding, which was received on 15.2.2017, reduces the total amount by €573 thousand, to €988 thousand. This difference will be received from the appropriate tax office. The Company will further appeal to the Administrative Courts in order to significantly reduce the amount assessed by the tax audit.

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The status of the tax audits for the companies of the Group, by fiscal year, is as follows:

	2008	2009	2010	2011	2012	2013	2014		
ATHEX to 30.06.2014	x	x	-	x	x	x	x	2015	2016
ATHENS EXCHANGE (ATHEX)	+	+	+	x	x	x	x	x	+
ATHEXCSD (former TSEC)	x	x	x	x	x	x	x	x	+
ATHEXClear	x	x	x	x	x	x	x	x	+

(-) Tax audit has not begun
(x) Tax audit completed
(+) Tax audit in progress

ATHENS EXCHANGE (ATHEX): The audit order issued by the Audit Center for Large Enterprises (KEMEP) for 2010, the only unaudited fiscal year, has been received.

ATHEX: Fiscal years 2008, 2009 and 2010 remain unaudited (see above concerning the tax audit).

The tax audit of the companies of the Athens Exchange Group for fiscal year 2015, in accordance with article 65a of law 4174/2013 and Decision ΠΟΛ1124/2015 of the General Secretary for State Revenue was completed and the relevant tax certificate was issued in July 2016 by the auditors.

The audit for fiscal year 2016 is in progress, and the relevant tax certificate is expected to be issued after the publication of the financial statements for fiscal year 2016. If until the completion of the tax audit additional tax obligations arise, the management of the Company estimates that they will not have a material impact in the financial statements.

5.51. Related party disclosures

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Remuneration of executives and members of the BoD	1,411	1,490	1,009	1,013

The balances and the intra-Group transactions of the companies of the Group on 31.12.2016 and 31.12.2015 are shown in the following tables:

INTRA-GROUP BALANCES (in €) 31-12-2016				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Claims	0	154,864.00	16,532.92
	Liabilities	0	44,399.84	0
ATHEXCSD	Claims	44,399.84	0	33,784.53
	Liabilities	154,864.00	0	1,600.00
ATHEXCLEAR	Claims	0	1,600.00	0
	Liabilities	16,532.92	33,784.53	0

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INTRA-GROUP BALANCES (in €) 31-12-2015				
		HELEX-ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Claims	0	16,709.79	16,399.59
	Liabilities	0	34,404.09	0
ATHEXCSD	Claims	34,404.09	0	2,151,295.25
	Liabilities	16,709.79	0	1,600.00
ATHEXCLEAR	Claims	0	1,600.00	0
	Liabilities	16,399.59	2,151,295.25	0

INTRA-GROUP REVENUES-EXPENSES (in €) 31-12-2016				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Revenue	0	415,113.68	53,332.00
	Expenses	0	289,867.12	0
	Dividend Income	0	4,013,000.00	0
ATHEXCSD	Revenue	289,867.12	0	6,227,402.36
	Expenses	415,113.68	0	0
ATHEXCLEAR	Revenue	0	0	0
	Expenses	53,332.00	6,227,402.36	0

INTRA-GROUP REVENUES-EXPENSES (in €) 31-12-2015				
		ATHEX	ATHEXCSD	ATHEXCLEAR
ATHEX	Revenue	0	358,289.69	53,332.00
	Expenses	0	274,938.62	0
	Dividend Income		9,069,380.00	
ATHEXCSD	Revenue	274,938.62	0	9,284,271.75
	Expenses	358,289.69	0	0
ATHEXCLEAR	Revenue	0	0	0
	Expenses	53,332.00	9,284,271.75	0

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

5.52. Social security organizations

The amount for social security organizations for the Group include contributions to [social security organizations] IKA, TSMEDE and to the Occupational Insurance Fund. For 2016 the amount was €909 thousand vs. €775 thousand in 2015, increased by 17.3%. This increase is due to the €100 thousand provision for the Occupational Insurance Fund and the €40 thousand increase in contributions to TSMEDE. For the Company, the corresponding amounts were €676 thousand in 2016 vs. €554 thousand in 2015.

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5.53. Hellenic Corporate Governance Council (HCGC)

In 2016, the Hellenic Corporate Governance Council (HCGC), following the publication of the "Hellenic Corporate Governance Code for Listed Companies," moved a step further in the development, promotion and dissemination of good corporate governance in Greece. It drafted the "Special Practices of Good Corporate Governance for Non-Listed Companies" which is addressed to all forms of non-listed companies, such as start-ups, companies with a single shareholder-manager, family business, joint ventures, as well as subsidiaries of listed companies.

The sectors covered by the Special Practices of Good Corporate Governance for Non-Listed Companies are: the Board of Directors and its Members, remuneration, internal audit system, risk management, regulatory compliance, relations with shareholders, relations with other stakeholders, IT systems and family companies.

HCGC organized a special even on March 23rd 2016 at the Athens Exchange in order to present the draft of the "Special Practices of Good Corporate Governance for Non-Listed Companies." After the event, the draft was put to open consultation for a period of ten (10) weeks. After the comments that were received are taken into consideration and discussed by the work group, and following the meeting of the 15-member Council of the HCGC in October 2016, the "Special Practices of Good Corporate Governance for Non-Listed Companies" are expected to be published in the first quarter of 2017.

In order to inform, train and raise awareness among young people in matters of corporate governance, HCGC organized in May a special two-day conference on the "Hellenic Corporate Governance Code" for students in the "Audit and taxation" post-graduate program of Panteion University.

As a member of the European Corporate Governance Codes Network, HCGC participates in the "European wide Corporate Governance Study" of the European Confederation of Directors Associations (ecoDa) in collaboration with Mazars Greece. The goal of the project is to assist in the European Commission's challenge to inform EU member states about the measures that have been taken to adopt Directive 2014/208/EU on the quality of reports submitted on corporate governance ("comply or explain").

At the same time, HCGC in cooperation with the Athens Exchange continues to develop the internet platform for monitoring and evaluating the implementation of the Hellenic Corporate Governance Code by listed companies, and is collaborating with EY Greece in order to draft a manual titled "Internal Audit and Risk Management Framework" that will replace Appendix IV of the Hellenic Corporate Governance Code.

Finally, in November, HCGC signed a contract for the provision of consulting services in matters of corporate governance to a public interest corporate entity, and in particular with the drafting of a Corporate Governance Code, rules concerning the monitoring and reporting framework, as well as with the audit framework, including training. This project has been provided by the Structural Reform Support Service (SRSS) of the European Commission.

5.54. Composition of the BoDs of the companies of the Group

The current members of the Boards of Directors of the companies of the ATHEX Group are listed in the following tables:

HELLENIC EXCHANGES - ATHENS STOCK EXHANGE S.A. HOLDING	
Name	**Position**
Iakovos Georganas	Chairman, non-executive member
Socrates Lazaridis	Vice Chairman & Chief Executive Officer
Alexandros Antonopoulos	Independent non-executive member
Konstantinos Vassiliou	Non-executive member
Ioannis Emiris	Non-executive member
Dimitrios Karaiskakis	Executive member
Sofia Kounenaki – Efraimoglou	Independent non-executive member
Ioannis Kyriakopoulos (*)	Non-executive member
Adamantini Lazari	Independent non-executive member
Nikolaos Milonas	Independent non-executive member
Alexios Pilavios	Non-executive member
Dionysios Christopoulos	Independent non-executive member
Nikolaos Chryssochoidis	Non-executive member

(*) At the meeting of the Board of Directors on 22.02.2016 Mr. Ioannis Kyriakopoulos replaced Mrs. Paula Hadjisotiriou as non-executive member.

ATHENS EXCHANGE CLEARING HOUSE S.A	
Name	**Position**
Alexios Pilavios	Chairman, non-executive member
Gikas Manalis	Vice Chairman, non-executive member
Socrates Lazaridis	Chief Executive Officer, Executive member
Andreas Mitafidis	Independent non-executive member
Nikolaos Pimplis	Non-executive member
Charalambos Saxinis	Independent non-executive member
Dionysios Christopoulos	Independent non-executive member

HELLENIC CENTRAL SECURITIES DEPOSITORY S.A.	
Name	**Position**
Iakovos Georganas	Chairman, non-executive member
Socrates Lazaridis	Vice Chairman & Chief Executive Officer
Nikolaos Pimplis	Non-executive member
Nikolas Porfyris	Executive member
Dionysios Christopoulos	Non-executive member

5.55. Profits per share and dividends payable

The BoD of the Athens Exchange decided to propose the distribution of €0.10 per share, i.e. a payout of €6,536,856.30, as dividend from the profits of fiscal year 2015, as well as the return of capital to shareholders of €0.22 per share. The actual amounts per share were €0.1026 and €0.2275 respectively, due to the existence of treasury stock (which is not entitled to receive cash distributions). The proposals of the BoD for the distribution of dividend and the return of capital were approved by shareholders during the 15th Annual General meeting on 25.5.2016 and the 1st Repetitive GM on 9.6.2016 respectively.

The net after tax profit of the Group in 2016 amounted to €1.43m or €0.02 per share, while after including other comprehensive income it amounted to €2.14m or €0.03 per share. The average weighted number of shares on 31.12.2016 was 63,340,793 shares.

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5.56. Contingent Liabilities

The Group is involved in legal proceedings with employees, members of the Athens Exchange, listed companies as well as with third parties. The management of the Group and its legal counsel estimate that the outcome of these cases will not have a significant effect on the financial position or the results of the operation of the Group and the Company.

Operating lease liabilities – As lessor

The minimum future leases payable based on non-cancellable operating lease contracts on 31 December 2016 and 2015 are as follows:

(Amounts in €)	31.12.2016	31.12.2015
Up to 1 year	6,600.00	6,600.00
From 2 to 5 years	15,675.00	22,275.00
More than 5 years	0	0
Total	**22,275.00**	**28,875.00**

5.57. Events after the date of the financial statements

The share buyback program continued after 31.12.2016. Up until 24.3.2017, 4.745.730 shares (7.26% of the number of shares outstanding) had been purchased, at an average price of €4.62 per share, and a total cost of €21,921,801.98. Share buybacks are expected to continue after the publication of the 2016 results.

The Company was notified on 15.2.2017 about decision 936/30.1.2017 of the General Secretariat of Public Revenue's Directorate of Dispute Resolution (DDR), to the appeal submitted by the Company on 30.9.2016 (protocol No. 25621), disputing the imposition of tax and penalties totaling €1,561,543.58 as a result of the tax audit of fiscal years 2008, 2009 and 2010. This amount has been paid in full (BoD Decision 315/31.10.2016), in order not to incur monthly interest of 0.73%.

In its decision, the DDR accepted the arguments of the Company concerning the extraordinary tax contribution in fiscal years 2008 and 2009 (amounting to €328,438.28 and €217,252.82 respectively), and absolves it from paying these taxes. As a result of the above, the total fines and penalties assessed for fiscal years 2008, 2009 and 2010 are reduced by €573,191.11 and the total obligation of the Company is reduced to €988,352.48. The Company appealed on 16.3.2017 to the Administrative Appeals Court of Athens, requesting the partial annulment of decision 936/30.01.2017 of the Directorate of Dispute Resolution as to the part where it does not accept our appeal.

There is no other event that has a significant effect in the results of the Group and the Company which has taken place or was completed after 31.12.2016, the date of the 2016 annual financial statements and up until the approval of the 2016 annual financial statements by the Board of Directors of the Company on 27.3.2017.

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Athens, 27 March 2017

THE CHAIRMAN OF THE BoD

IAKOVOS GEORGANAS ___________________________

THE CHIEF EXECUTIVE OFFICER

SOCRATES LAZARIDIS ___________________________

THE CHIEF FINANCIAL OFFICER

VASILIS GOVARIS ___________________________

THE DIRECTOR OF FINANCIAL MANAGEMENT

CHRISTOS MAYOGLOU ___________________________

THE DEPUTY DIRECTOR OF FINANCIAL CONTROL, BUDGETING & INVESTOR RELATIONS

CHARALAMBOS ANTONATOS ___________________________