INVESTMENT BANK OF GREECE

ANNUAL FINANCIAL REPORT

1 January - 31 December 2016

In accordance with International Financial Reporting Standards

INVESTMENT BANK OF GREECE SA
32, AIGIALEIAS & PARADISSOU STR. – 151 25 MAROUSSI
Regulated by the Bank of Greece (License No: 52/2/17.12.99)
Registration Number of Hellenic Business Registry: 003664201000
Tax Registration No: EL099369013, Athens Tax Office for Societes Anonymes

TABLE OF CONTENTS

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Board of Directors presents the financial statements of the INVESTMENT BANK OF GREECE S.A. for the year ended on December 31, 2016.

The Investment Bank of Greece S.A. has been operating since the year 2000, offering to its clients a full range of banking and investment products and services. It is subject to regulation by the Bank of Greece, holds a full banking permit, and is a member of the Athens Stock Exchange S.A. and the Cyprus Stock Exchange. Relying on its long experience and technology infrastructure, the Investment Bank of Greece S.A. provides investment loans, deposits, banking services, access to Greek and foreign money and capital markets, portfolio management services, access to Mutual Funds operated by the leading European firms, management of special-purpose Mutual Funds and a full range of investment banking services, to institutional, corporate and private investors. It deploys one of the leading analysis departments, and as a member of the European Securities Network (ESN) covers on the international level the major Greek and European companies. The investment services provided by the INVESTMENT BANK OF GREECE are offered via the central branch, and also via the branches at Thessaloniki and Iraklion.

The Investment Bank of Greece S.A. is one of the best capitalised banks: the Capital Adequacy Index stands at 44.10% and the Index of Liquid Funds at 77.14%; bad/doubtful claims from loans are at less than 6.29% and mainly concern loans granted under former ownership, for which provisions have been formed for a percentage of 83.51%. The total customer base numbers more than 200,000 accounts. In 2016 too, the Bank held the top position in the Derivatives Market of the Athens Stock Exchange and was among the top ten of the Athens Stock Exchange based on market share; it continued being the top investment firm in the preferences of foreign institutional investors.

FINANCIAL DEVELOPMENTS IN 2016

In the year 2016 financial developments were mainly affected by the continuing uncertainty concerning the agreement with the creditors as to the measures demanded, the disbursement of instalments, but also the possibility of a restructuring of the Greek debt. Specifically, GDP remained unchanged in 2016 (-0.05%) as compared to a marginal drop (-0.3%) in 2015. Taking into account the increase in consumption, which in 2016 amounted to 0.6% as against -0.3% in 2015, mainly due to a rise in private consumption thanks to the increased use of e-money, it is evident that the Greek economy continued facing considerable problems in the fields of investment (-0.9% in 2016, -8.7% in 2015) and exports (-1.5% in 2016, down from 3.1% in 2015).

Thus, in 2016 both the Greek economy and Greek society and the banking system continued to confront many and serious problems: Continuation of the capital controls, a fall in deposits to pre-2001 levels (approx. € 120 billion), non-completion of the negotiations and therefore non-accession to the Qualitative Easing regime, and no agreement about the debt. Concurrently, unemployment stands at a seriously disruptive level (23.5%), taxes remained very high both for salaried personnel and pensioners and firms and were accompanied by further considerable increases in indirect taxation and insurance contributions, there was a rise in the Consumer Price Index, and there was no real solution as to the management of bad debts.

In conclusion therefore, the year 2016 was once again a year of reductions in income, saving and investments. However, conditions were also unfavourable outside Greece, with low growth globally, political uncertainty in the EU, Britain's "Brexit" decision, a startling change in the political scene of the USA, the prevalence of conservative Islam in Turkey, and serious upheavals on the north-western borders of Greece (Albania and FYROM). All the above factors have forged a negative environment which is expected to impact the country and the economy in 2017. Concurrently, the apparent passivity in confronting the crucial economic and social issues, indicates that the current situation will be difficult to reverse, and Greece will continue to lag behind in economic activity, in attracting new investments and in improving macroeconomic indices.

The above conclusion was also confirmed by the levels of activity in the Stock Exchange, where average daily turnover was reduced by 30% in 2016 and was in the range of € 60.5 million, down from € 85.6 million in 2015. Further, the General Index fell to the historic low of 420.82 points on February 11, and the banking sector lost 28.8% on an annual basis. Foreign investment activity was particularly low over most of the year, and the participation of private investors also remained low, at less than 20% of total turnover.

The first months of 2017 saw a delayed agreement with the country's international creditors, though without the desired restructuring of the public debt. This, in conjunction with the passing of many of the required structural measures and the possibility that Greece would be able to access international capital markets, re-activated the stock market in the second quarter, so that average daily turnover through June 2017 was retained at the level of € 60 million and the General Index attained a year-high at 827.01 points. Concurrently, the yields of Greek bonds fell considerably, to levels below 5.5%, reflecting the expectation of the markets that economic conditions will improve over the second half of 2017 with prospects of further normalisation in the period 2018 to 2020.

PROFITS & LOSSES IN FISCAL YEAR 2016

The year 2016 was another difficult year for the results of the Investment Bank of Greece, which however, through specific strategic initiatives, was able to limit the negative impact of the overall adverse financial environment of 2016 to a much greater extent than other firms of the sector. A central factor in the Group's strategic activity remained the safeguarding of the capital and value of its shareholders and the safeguarding of its customers' funds, via avoiding, to the extent possible, the undertaking of risk and focusing its services on the collection of interest and mediation fees. However, the considerable contraction of the total turnover of the stock exchange and the continuation of the capital controls impeded considerably the operation of the Bank, despite an increase in its market share of the ASE to 5.30% in 2016, up from 4.86% in 2015, and despite the significant switch made by the bank towards providing a broader range of banking activities and the creation of a portfolio for financing carefully selected companies.

Thus, in 2016 there was a drop of approx. 36% in total net income from commissions (at € 2.8 million, down from € 4.4 million in 2015), mainly due to the drop in commissions from stock exchange transactions. Specifically, net income from stock exchange transactions (after deducting their variable expenses, i.e. returns of commissions) including interest from margin transactions, stood in 2016 at € 2.57 million, down from € 3.79 million in 2015, i.e. a divergence of € 1.22 million or 32%. This divergence is almost entirely due to the drop by 30% in the daily average turnover of the Athens Stock Exchange (€ 60.5 million, down from € 85.6 million in 2015). There was also a significant reduction in Market Making earnings; the profitability of the preceding year was not repeated, leading to a divergence of € 2.62 million (€ 0.05 in 2016, down from € 2.67 million in 2015). Lastly, income from Investment Banking activities fell by € 0.65 million (€ 0.57 million, down from € 1.22 million in 2015), due to a delay in the certification of projects undertaken, which postponed the related success bonuses for 2017-2018.

Therefore, total negative divergence in the three traditionally profitable activities of the Bank exceeded the amount of € 4.5 million. Even so, the Bank was able to respond and to a large extent counterbalance these negative deviations, by doubling Loans and Claims from Customers, including customer balances for the purpose of margin trading (at € 31.0 million in 2016, up from € 15.3 million in 2015) as per the business plan in place, and via income from the bond portfolio. In 2016, total earnings from bonds, including income from interest and trading on own account, amounted to € 2.05 million, up from € 0.97 million in 2015, i.e. an increase of € 1.08 million or 111%. Total banking income, interest and commissions stood at € 1.90 million in 2016, up from € 0.63 million in 2015, an increase of € 1.27 million or 202%.

In the field of operating expenses, there continued the very careful management of recent years, with a slight increase of 3% (€ 10.7 million in 2016, up from € 10.3 million in 2015), as against an overall reduction of approx. 40% over the period 2013 to 2016. Of course, the comparative course of expenses continues downward, taking into account that in 2016 there were considerable investments in personnel, for staffing the new financing departments, and in IT infrastructure for the creation of new card systems, the support of new customer products, and meeting the increased institutional regulatory compliance requirements of the Group. Provisions were reduced by € 0.33 million (€ 0.02 in 2016 as compared to € -0.31 million in 2015), so balancing the slight increase in operating expenses.

Overall, in 2016 the Investment Bank of Greece Group posted losses, after provisions and taxes, amounting to € 1.87 million (as compared to a profit of € 463,000 in 2015), mainly due to the reduction in stock market commissions caused by the drop in stock exchange turnover, the reduced profitability of Market Making, and the late collection of Investment Banking fees which are expected to be collected in 2017.

SHARE CAPITAL STRUCTURE

The share capital amounts to € 110.427.027 divided into 3.762.420 common shares with a nominal value of € 29,35 each, and is fully paid-up. All shares are common, nominal, with voting right, they have not been listed for negotiation in the Athens Stock Exchange and bear all the rights and obligations deriving from the Statutes of the Bank and determined by Law. The Bank did not hold own shares on 31.12.2016.

DIVIDEND POLICY

The Group's Board of Directors will recommend to the Ordinary General Meeting of Shareholders that no dividend be allocated to the shareholders in the current fiscal year.

REGULATORY INDICES

The capital adequacy index (Core Tier I) stood, despite the increased requirements under Basel II, at 44.10%, down from 53.22% in 2015 (the minimum permissible limit set by the Bank of Greece is 8%), and remained among the highest in Greece and in Europe.
The group's liquidity is at very good levels. Liquid asset ratios instituted by virtue of Act no. 2560/1.4.2005 by the Governor of the Bank of Greece, which referred to the regulatory framework for the capital adequacy of credit institutions under the Bank of Greece, stood at high levels in 2016. The liquid asset ratio stood at 77.14% as against a minimum permissible level of 20%, while the Maturity Mismatch ratio stood at 31.56% as against a minimum permissible level of -20%.

RISK MANAGEMENT

The Group continues to focus on activities that earn commission, and therefore the related credit and market risks are extremely limited. Regarding liquidity risk, the Group is monitoring carefully the difficulties that afflicted the liquidity of the banking system, which, given the nature of its activities, were mainly derived from loss of deposits; it maintains its liquidity at a very high level.
The credit risk arising from the loan and advances portfolio is monitored and is mainly made up of margin trading accounts that are fully secured by stocks. In commercial loans, the Bank focuses exclusively on providing loans to medium-sized and large companies with high-quality security, strong repayment capability, adequate risk premium and collection of commissions from parallel banking activities. Lastly, as regards interest rate risk and FX and volatility risks, the Bank deploys the necessary control mechanisms and conducts regular simulations, while its overall exposure is also limited and fully in line with the requirements of the Bank of Greece.

COURSE OF THE GROUP IN 2017 AND FUTURE PROSPECTS

The Bank, having improved further its market shares in the stock market and in view of the completion of the memorandum negotiations in the first half of 2017, which led to a considerable increase in average daily turnover, expects to recover a large part of its profitability, turning to account the leading position it has maintained as a member of the Stock Exchange. In 2017, the increase of the loan portfolio, based on the business plan, is expected to deliver still higher income from interest and commissions from banking activities generally. Lastly, the Group expects to collect fees from completed Investment Banking projects related to the disposition of assets of the Cyprus Popular Bank.

The aims of the Bank for 2017 remain an increase in assets via select loans and advances, the investment in, and final completion of, all technology infrastructure projects for the provision of a full range of banking products and full exploitation of the banking licence, and the establishment of the Group as one of the main underwriters of all new corporate bond issues via the unique position of the Group in providing differentiated stock market and banking activities, while concurrently retaining its high capital adequacy and liquidity indices.

In the context of an on-site audit conducted by the Bank of Greece for:
a) the correctness of the data filed for pre-emptive regulation of capital adequacy, credit risk and market risk;
b) the internal audit and corporate governance system, focusing on credit risk management, market risk and approval procedures for undertaking credit risks; and
c) money laundering,
the Bank received draft findings, which the Management forwarded to the Board of Directors and the Audit Committee, to notify them of the actions already undertaken or planned for a more effective handling of the findings included in the above draft plans.

PERSONNEL

An important asset for the success and development of the Bank is its personnel. On December 31, 2016, the Bank employed 172 persons. The distribution of human resources as to age and gender indicates the advocacy by the Bank of equal opportunities. The Bank engages with employees' work issues and invests on an on-going basis on their professional training and advancement.

PROTECTION OF THE ENVIRONMENT

For the Bank, environmentally responsible actions constitute an essential part of sustainable business growth. As a member of a financial group, it recognises the environmental impact of its activities and sets specific targets and aims for best practice in utilising natural resources, minimising waste, limiting climate change and protecting biodiversity and ecosystems. Further, the Group encourages it customers and suppliers, employees and shareholders, to adopt best environmental practices, as per the guidelines and initiatives advanced by International Organisations.

EVENTS SUBSEQUENT TO THE BALANCE-SHEET

None.

Marousi, 4th July 2017

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Chief Executive Officer	**Chief Operating Officer**
THEODOROS THEODOROU	**ANESTIS FILOPOULOS**

(Translated from the original in Greek)

Independent Auditor's Report

To the Shareholders of "Investment Bank of Greece S.A."

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Investment Bank of Greece S.A. which comprise the statement of financial position as of 31 December 2016 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

b) Based on the knowledge we obtained from our audit for the Company Investment Bank of Greece S.A. and its environment, we have not identified any material misstatement to the Board of Directors report.

pwc

Athens, 12 July 2017

The Certified Auditor – Accountant

PricewaterhouseCoopers
Certified Auditors - Accountants
268 Kifissias Avenue, Halandri 152 32
SOEL Reg. No. 113

Konstantinos Michalatos
SOEL Reg. No. 17701

STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro '000	Note	31st December 2016	31st December 2015
Interest and similar Income		4.208	2.361
Interest and similar expenses		(412)	(329)
Net interest income	7	**3.796**	**2.032**
Fee and commission income		5.371	7.658
Fee and commission expense		(2.592)	(3.292)
Net fee and commission income	8	**2.780**	**4.366**
Dividend income		50	51
Net trading income	9	532	2.896
Gain / Loss from investment portfolio		0	(40)
Other operating income	10	1.529	1.448
		2.110	**4.355**
Total net income		**8.686**	**10.753**
Staff costs	11	(6.993)	(6.921)
Other operating expenses	12	(3.340)	(3.231)
Depreciation	22	(378)	(221)
Total operating expenses		**(10.711)**	**(10.373)**
Results before provisions and taxes		**(2.026)**	**380**
Provisions for loans impairment	19	(149)	(64)
Provisions for impairment losses	13	170	(242)
Total provisions		**20**	**(306)**
Results before tax		**(2.005)**	**74**
Less: Income tax	14	176	279
Results after tax (a)		**(1.829)**	**353**
Other comprehensive income after tax (b)		**(38)**	**110**
Total comprehensive income (a)+(b)		**(1.867)**	**463**

The accompanying notes (pages 13-60) form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

Amounts in Euro '000	Note	31st December 2016	31st December 2015
ASSETS			
Cash and balances with Central Bank	15	8.397	13.146
Loans and advances to credit institutions	16	40.122	44.398
Financial Assets at fair value through profit and loss	17	41.052	35.379
Derivative financial instruments	18	21	196
Loans and advances to customers	19	30.973	15.276
Investment portfolio	20	282	78
Investment in subsidiaries and associates	21	9.081	5.444
Property investment	22	630	2.553
Property, plant and equipment & Intangible assets	22	832	7.344
Deferred tax assets	23	5.485	5.320
Other stock exchange transactions	24	9.041	17.309
Guarantee Securities for Investment Services	25	10.593	9.011
Current tax assets	26	275	1.703
Other assets	26	1.059	2.325
Total assets		**157.842**	**159.482**
EQUITY AND LIABILITIES			
Due to credit institutions	27	1.858	12.096
Due to customers	28	52.066	37.612
Customers balance to stock exchange accounts	29	18.043	20.053
Derivative financial instruments	18	124	173
Retirement benefit obligations	30	236	202
Other liabilities	31	3.112	4.602
Provisions	32	971	1.445
Total liabilities		**76.411**	**76.184**
Shareholders equity			
Share capital	33	110.427	110.427
Revaluation reserve		11	44
Other reserves	34	18.196	18.201
Retained earnings		(47.203)	(45.374)
Total equity		**81.431**	**83.298**
Total liabilities and equity		**157.842**	**159.482**

The accompanying notes (pages 13-60) form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

Amounts in Euro '000	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total
Opening balance as at 1st January 2015	**110.427**	**(11)**	**18.145**	**(45.726)**	**82.835**
Profits/Losses from revaluation of fair value of financial assets A.F.S.	0	77	0	0	77
Tax related to profits/losses recognized in equity	0	(22)	0	0	(22)
Profit for the year 01/01-31/12/2015	0	0	0	353	353
Other comprehensive income	0	0	55	0	55
Equity balance as at 31st December 2015	**110.427**	**44**	**18.201**	**(45.374)**	**83.298**

Amounts in Euro '000	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total
Opening balance as at 1st January 2016	**110.427**	**44**	**18.201**	**(45.374)**	**83.298**
Profits/Losses from revaluation of fair value of financial assets A.F.S.	0	(45)	0	0	(45)
Tax related to profits/losses recognized in equity	0	13	0	0	13
Profit for the year 01/01-31/12/2016	0	0	0	(1.829)	(1.829)
Other comprehensive income	0	0	(5)	0	(5)
Equity balance as at 31st December 2016	**110.427**	**11**	**18.196**	**(47.203)**	**81.431**

The accompanying notes (pages 13-60) form an integral part of the financial statements

STATEMENT OF CASH FLOWS

Amounts in Euro '000	**Note**	**31st December 2016**	**31st December 2015**
Cash flows from operating activities			
Profits before tax		**(2.005)**	**74**
Adjustments for:			
Depreciation	22	378	221
Share of profit / loss from measurement of financial assets at fair value through Profit & Loss		537	(617)
Profits / loss from revaluation of derivative financial instruments		127	(6)
Employee benefits in the form of stock options & other provisions for employee benefits	30	34	(24)
Impairment loss from investments	13	46	243
Provision for Loans	13 , 19	149	64
Other Provisions	13	(216)	(476)
Profit / loss from revaluation of property		0	(972)
Cash flows from operating activities before changhes in working capital		*(949)*	*(1.493)*
Changes in working capital			
Trading portfolio		(6.210)	(26.769)
Loans and advances to customers		(15.847)	1.640
Other assets		8.294	(5.507)
Due to financial institutions		(10.238)	11.411
Due to customers		14.454	(15.753)
Other liabilities		(2.543)	6.639
Collection of receivables from credit institutions		0	58.015
Cash flows from operating activities before payment of income tax		*(13.038)*	*28.183*
Income tax paid		0	0
Net cash flows from operating activities		**(13.038)**	**28.183**
Investing activities			
Portfolios available for sale and held to maturity			
Purchase of fixed assets		(53)	69
Acquisition of subsidiaries and associates		(3.683)	135
Investments Purchases		(250)	2.785
Other investments		8.315	0
Purchase of intangible assets		(314)	(327)
Net cash flow from investing activities		**4.014**	**2.662**
Net increase / decrease in cash and cash equivalents		(9.024)	30.845
Cash and cash equivalents at the beginning of the financial year		57.544	26.699
Cash and cash equivalents at the end of the financial year	35	**48.520**	**57.544**

The accompanying notes (pages 13-60) form an integral part of the financial statements

(It should be noted that due to rounding efforts, some totals presented in the condensed financial statements might not appear exactly equal to totals presented in the financial statements, and this might also be the case for percentages.)

1. General Information about the Bank

"INVESTMENT BANK OF GREECE (IBG)" (hereinafter referred to as "IBG" or "the Bank") was formulated following N. 55401/18.1.2000 decision of the Public Notary in Athens Anna Panaiotou Tsafara, and in accordance with K2-881/24.1.2000 decision of the Ministry of Development that was published following N. 533/26.1.2000 of the Official Greek Government Gazette (SA & LTD Issue). It operates as a societe anonyme in accordance with Greek legislation and in particular Law 2190/1920 in force.

The corporate registered office of the Bank was initially situated in the Municipality of Athens and was transferred to the Municipality of Amarousion (24B Kifissias Street) following Ordinary General Assembly's of the Shareholders decision of 27 November 2001. It operates mainly in Greece and occupies 163 employees following a voluntary exit scheme implemented in December 2013. It is supervised by the Credit and Related Financial Institutions Department (CRFID) of the Bank of Greece, in accordance with Law 2076/1992 on financial institutions, having their head office in Greece, where the Bank submits regulatory records as applicable by Bank of Greece Governor's Act2640/18.01.2011.

On December 29th, 2003, the Ordinary General Assembly of the Shareholders approved of the merger of the Bank with absorption of "Marfin-Hellenic S.A.", in accordance with Laws 2190/1920, 2515/1997 and 2166/1993, and the transformation Balance Sheet of 31st June 2003. The above mentioned merger was approved by the Athens Prefecture following its N. K 2/2369/27.2.2004 decision.

On June 29, 2006 the Boards of Directors of "INVESTMENT BANK OF GREECE S.A" and "EGNATIA FINANCE S.A" approved of the initiation of the merger procedures through absorption of the latter by the former and transformation date June 30, 2006.

The Boards of Directors of the Bank and "EGNATIA FINANCE S.A.", with its corporate registered office in Athens (8 Dragatsaniou Street) and S.A. Records N. 23105/06/B/90/34 (hereinafter referred to as "the absorbed Bank"), have announced that in accordance with articles 68 paragraph 2, 69 – 77 of Law 2190/1920, article 16 of Law 2515/1997, articles 1 to 5 of Law 2166/1993 and commercial legislation in general, they have signed the Schedule of Contract Merger with which the above mentioned companies would merge through absorption of the latter by the former. The schedule was subjected to publication provisions described in Law 2190/1920 and was submitted to S.A Register of the Ministry of Development, S.A. and Credit Department, on April 20, 2007. The above mentioned merger was also approved, following its K2/9485/22.6.2007 decision, by the Athens Prefecture.

The Credit and Related Financial Institutions Department (CRFID) of Bank of Greece has approved of the merger though absorption of "EGNATIA FINANCE S.A." by the Bank following its N. 245/1/08.06.2007 decision.

On June 6, 2008 The Boards of Directors of "INVESTMENT BANK OF GREECE S.A." and "LAIKI ATTALOS S.A", a subsidiary of "MARFIN EGNATIA BANK S.A", have approved of the merger through absorption of "LAIKI ATTALOS S.A" by "INVESTMENT BANK OF GREECE S.A.". The transformation date was scheduled for 31/12/2007. The above merger was approved by the K2/14014/28.11.2008 decision of the Prefecture of Athens. As a result of the merger and the exchange relation, the percentage of "MARFIN EGNATIA BANK S.A." in the equity of "INVESTMENT BANK OF GREECE S.A." increased from 92.04% to 92.19%.

The Credit and Related Financial Institutions Department (CRFID) Bank of Greece at its meeting numbered 270/21.10.2008 approved the Merger of the Bank with absorption of the company "LAIKI ATTALOS S.A.".

As at 31 December 2016 the shareholders structure of "INVESTMENT BANK OF GREECE S.A." was as follows:

Shareholders	**Number of Shares**	**%**
CYPRUS POPULAR BANK LTD. (Under Administration since 25/3/2013)	3.652.724	97.08%
ACTIVE S.A.	32.012	0.85%
Ilias Ahanasios Bogdanos	32.012	0.85%
SAXON MARITIME INC.	21.396	0.57%
Other shareholders	24.276	0.65%
TOTAL	**3.762.420**	**100.00%**

The company's duration is determined at ninety nine (99) years and its purpose, according to its Articles of Incorporation, is the provision of all banking services targeted both for itself, as well as for third parties, and in terms of banking services that can be provided in accordance with applicable legislation on banking services. These services cover the whole spectrum of investment needs for modern businesses and individuals and include:

- Stock exchange Services in Athens Stock Exchange (ASE)
- Access to Foreign Markets
- Financial Analysis services
- Corporate Finance Advisory services
- Corporate Banking services
- Private Banking
- Asset management
- Private Equity management
- Custodial services

Branches operating in Greece:

1. Main: 32 Aigialeias Str, Maroussi, Attiki
2. Thessaloniki: 20 Mitropoleos St., Thessaloniki
3. Heraklion: 25th August Heraklion

Inclusion of Cyprus Popular Bank (the "CPB"), the major shareholder and creditor of the Bank under a resolution regime

The CPB, due to its participation in the Greek debt restructuring program, which took place during March-April 2012 (PSI +), but also due to the increasing credit risk affecting its loan book, suffered significant losses which affected both the accounting and the regulatory capital. As a result, the Group's capital adequacy ratios fell significantly below the minimum required.

On 25 March 2013 and in the context of the economic support program for Cyprus by the European Union ("EU"), the European Central Bank ("ECB") and the International Monetary Fund ("IMF") (jointly "troika"), the CPB entered into a resolution regime, which included, inter alia: (a) the absorption of a substantial part of its assets, liabilities and operations in Cyprus by the Bank of Cyprus, and (b) the transfer of its Greek banking activities, including a significant part of IBG's loans and deposits, to Piraeus Bank Group.

Disposal of IBG's loans and deposits

On 26 March 2013 and in the context of the Cypriot Law for the Resolution of Banks and Other Financial Institutions, a framework agreement was signed for the transfer to Piraeus Bank of, essentially all of the Bank's loan book (nominal value before provisions of approximately € 365.3 million) and of a significant part of its customer deposits, which at that date amounted to~€66.2 million. Moreover, other assets and liabilities were transferred, amounting to €0.3 million (before provisions) and €1.5 million respectively. The agreed consideration took into account, inter alia, the loan book's expected loss estimates of international consulting firm PIMCO, under the adverse scenario. The accounting loss from this transaction, which impacted the 2013 income statement, amounted to €17 million. The initial agreed consideration amounted to €125.7 million and was received in full by the Bank, while a settlement amount of €58.1 remained receivable as at 31 December 2014 from Piraeus Bank and Bank of Cyprus, to which the majority of Cyprus Popular Bank's assets and liabilities were transferred under the Cypriot Law for the Resolution of Banks and Other Financial Institutions. The amount of €58,1 mil has been received at 19.01.2015, increasing the Bank's liquidity.

Assessment of the Bank's ability to continue as a "going concern"

The financial statements have been prepared in accordance with the "going concern" principle as the Management has assessed that the Bank has the ability to continue operating in the foreseeable future. In its assessment, the Management took into account the factors set out below:

Macroeconomic Environment

The developments that have taken place in 2016 and the national and international discussions with respect to the terms of the Greece's financing program have resulted in an unstable macroeconomic and financial environment in the country. The return to economic stability depends to a large extent on the actions and decisions of local and international institutions. Notwithstanding the above and given the nature of the Company's operations and its financial position, any negative developments are not expected to significantly affect the operations of the Company. Nevertheless, Management continually assesses the situation and its possible impact to ensure that all necessary actions and measures are taken in order to minimize any impact on the Bank's operations.

IBG's capital adequacy

As at 31 December 2016, the Bank's core Tier I ratio stood at 44,10% (2015: 53,22%), which was well above the minimum level of 8% required by the Bank of Greece ("BOG"). The Bank's cash and cash equivalents as at 31/12/2016 equal to € 48,5 mil. which is 93% of the deposits.

2. Basis of preparation

2.1. Compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (I.F.R.S), as they have been adopted by the European Union, including the amendments issued by the International Accounting Standards Board (I.A.S.B.).

The financial statements as of 31/12/2016 were approved by the Board of Directors on 4/7/2017 and are subject to final approval by the General Assembly of the Shareholders, and are available to investors at the Bank's offices (32 Aigialeias Street & Paradeisou, Marousi), as well as via the internet at the Bank's website (www.ibg.gr), and will be available for at least two years in accordance with article 2, paragraph 1 of Presidential Enactment N. 360/1985, and as this is in effect following the amendment of Law 3301/2004.

2.2. Basis of Presentation

The financial statements are prepared in Euro which is the reporting currency and are rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention, which has been modified so as to include the measurement at fair value of the financial assets and liabilities (including derivative financial instruments) through the income statement. The financial statements have been prepared under the going concern basis and after taking into account the macroeconomic and fiscal developments.

Preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported assets and liabilities, the recognition of contingent liabilities at the date of the financial statements and the recognition of revenue and expenses during the period under consideration. Consequently, the real results may differ from these estimates, despite the fact that they are based on the best knowledge of the Management on the current situation. The areas involving a significant degree of judgment or complexity, or where assumptions and estimates significantly affect the financial statements are mentioned in Note 4.

2.3. Amendments to standards and new interpretations adopted by the Bank to standards and interpretations

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

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

IAS 19R (Amendment) "Employee Benefits"

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and 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.

IFRS 11 (Amendment) "Joint Arrangements"

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

IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation

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

IAS 16 and IAS 41 (Amendments) "Agriculture: Bearer plants"

These amendments change the financial reporting for bearer plants, such as grape vines and fruit trees. The bearer plants should be accounted for in the same way as self-constructed items of property, plant and equipment. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

IAS 27 (Amendment) "Separate financial statements"

This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements.

IAS 1 (Amendments) "Disclosure initiative"

These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

IFRS 10, IFRS 12 and IAS 28 (Amendments) "Investment entities: Applying the consolidation exception"

These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Annual Improvements to IFRSs 2012

The amendments set out below describe the key changes to certain IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project.

IFRS 2 "Share-based payment"

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

IFRS 3 "Business combinations"

The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 "Financial instruments: Presentation". It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.

IFRS 8 "Operating segments"

The amendment requires disclosure of the judgements made by management in aggregating operating segments.

IFRS 13 "Fair value measurement"

The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.

IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets"

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

IAS 24 "Related party disclosures"

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Annual Improvements to IFRSs 2014

The amendments set out below describe the key changes to four IFRSs.

IFRS 5 "Non-current assets held for sale and discontinued operations"

The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

IFRS 7 "Financial instruments: Disclosures"

The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.

IAS 19 "Employee benefits"

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

IAS 34 "Interim financial reporting"

The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

Standards and Interpretations effective for subsequent periods

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

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Company is currently investigating the impact of IFRS 9 on its financial statements.

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

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Company is currently investigating the impact of IFRS 15 on its financial statements.

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

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is currently investigating the impact of IFRS 16 on its financial statements. The standard has not yet been endorsed by the EU.

IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017)

These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments have not yet been endorsed by the EU.

IAS 7 (Amendments) "Disclosure initiative" (effective for annual periods beginning on or after 1 January 2017)

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.

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

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

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

The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39. The amendments have not yet been endorsed by the EU.

IAS 40 (Amendments) "Transfers of Investment Property" <u>(effective for annual periods beginning on or after 1 January 2018)</u>

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

IFRIC 22 "Foreign currency transactions and advance consideration" <u>(effective for annual periods beginning on or after 1 January 2018)</u>

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

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle) <u>(effective for annual periods beginning on or after 1 January 2017)</u>

The amendments set out below describe the key changes to two IFRSs. The amendments have not yet been endorsed by the EU.

<u>*IFRS 12 "Disclosures of Interests in Other Entities"*</u>

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

<u>*IAS 28 "Investments in associates and Joint ventures"*</u>

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

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

3. Basic Accounting Policies

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

3.1. Subsidiaries

The Bank is not listed in the Athens Stock Exchange and constitutes a subsidiary of "CYPRUS POPULAR BANK", which, as of 25/3/2013, is under a resolution regime, with a shareholding of 97.08% of the voting rights. In accordance with IAS 27 "Consolidated and Separate Financial Statements", it is exempted from the preparation of consolidated financial statements since both the Bank's financial statements and those of its subsidiaries are consolidated under full consolidation method in the financial statements of "CYPRUS POPULAR BANK", that prepares its financial statements in accordance with the IFRS framework, and which are available to the general public.

Subsidiaries are accounted for at acquisition cost less any impairment losses, where deemed necessary.

3.2. Foreign currency transactions

Transactions in foreign currencies are translated to Euro, at the foreign exchange rate outstanding on the dates of these transactions.

Monetary assets and liabilities denominated in foreign currencies, at the reporting date are translated to euro at the foreign exchange rate outstanding at that date. Foreign exchange differences arising on translation are recognized in the income statement.

Translation differences on non-monetary financial assets and liabilities, are recognized in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in the income statement.

3.3. Investments in financial instruments

(a) Classification

Financial Instruments at fair value through profit or loss. This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by Management. These include derivative contracts that are not designated and effective hedging instruments.

Loans and receivables are loans and receivables created by the Bank providing money to a debtor other than those created with the intention of short-term profit taking.

Available-for-sale assets are financial assets that are not held for trading purposes, loans and receivables, or held to maturity. Available-for-sale include certain debt and equity investments.

(b) Recognition

The Bank recognizes financial assets held for trading and available-for-, on the date it is committed to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognized. Loans and receivables are recognized when cash is advanced to the borrowers.

(c) Measurement

Financial instruments are measured initially at fair value, plus transaction costs.

After initial recognition, all trading instruments and available-for-sale assets are measured at fair value, apart from instruments that lack a quoted market price in an active market, and whose fair value cannot be reliably measured, which are stated at cost, including transaction costs, and less impairment losses incurred.

All non-trading financial liabilities, loans and receivables, as well as held-to-maturity assets, are measured at amortized cost less impairment losses. Amortized cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and are amortized based on the effective interest rate of the instrument.

(d) Fair Value Measurement

The fair value of financial instruments is based on their quoted market price, at the reporting date, without deductions on transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using valuation models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on Management's best estimate, while the discount rate is a market related rate, at the reporting date, for an instrument with similar terms and conditions. When valuation models are used, inputs are based on market related prices at the reporting date.

The fair value of derivatives that are not exchange-traded is estimated as the amount that the Bank would receive or pay to dissolve the contract at the reporting date, taking into account current market conditions, and current creditworthiness (credit capability) of the counter-parties.

(e) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of available-for-sale assets are recognized directly in other comprehensive income. When the financial assets are sold, collected, or otherwise disposed of, the cumulative gain or loss recognized in other comprehensive income is transferred to the income statement.

Gains and losses arising from a change in the fair value of instruments at fair value through profit or loss, are also recognized in the income statement.

(f) Derecognition

A financial instrument is derecognized when the Bank loses control on contractual rights that comprise the financial instrument. This occurs when the rights are realized, have expired, or surrendered to a non-related third party. A financial liability is derecognized when it is extinguished.

3.4. Sale and repurchase agreements

The Bank enters into agreements to purchase (sales) of investments and resell (repurchases) substantially the identical investments at a certain date in the future, and at a fixed price. Investments purchased subject to commitments to resell them at future dates (reverse repos) are not recognized. The amounts paid are recognized in loans and advances to either banks, or customers. The receivables are shown as collateralized by the underlying security. Investments sold under repurchase agreements (repos) continue to be recognized in the statement of financial position and are measured in accordance with the accounting policy for either assets held for trading, or available-for-sale as appropriate. The proceeds from the sale of these investments are reported as liabilities to either banks or customers.

The difference between the sale and repurchase consideration is recognized on an accrual basis over the period of the transaction and is included in interest.

3.5. Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation, and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of property, plant and equipment. Land is not depreciated. The estimated useful life for property, plant and equipment is calculated as follows:

- Buildings	30 – 50 years
- Fittings and equipment	4 – 7 years
- Vehicles	9 – 10 years

Leasehold improvements are depreciated over the useful life of the improvement, or the duration of the lease whichever is the lower.

The asset's useful life is reviewed and adjusted, if appropriate, at each reporting date.

Property, plant and equipment are reviewed for impairment whenever events, or changes in circumstance, indicate that the carrying amount at cost might not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell, and "value in use".

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

3.6. Investment property

Investment property is property held by the Bank either to earn rental income, or for capital appreciation. The Bank records investment property at fair value as determined by an independent valuation company with an appropriate recognized professional qualification. Some of these assets are leased, but the lease contract would be signed prior to its acquisition by the Bank. Initially, investment property is recorded at cost including acquisition expenses. Any gain or loss arising from a change in fair value is recognized in profit or loss.

3.7. Intangible Assets

Intangible assets consist of software that has been acquired by the Bank and stated at cost, less any accumulated amortization and impairment losses.

Amortization is charged to the income statement on a straight-line basis over the estimated useful life of software, which is between 1 and 5 years.

3.8. Cash and Cash equivalents

Cash and cash equivalents consist of monetary assets with an original maturity of three months or less, such as cash balances, unrestricted balances held at Central Bank, and amounts due from financial institutions. Cash and cash equivalents are recognized at amortized cost.

3.9. Impairment of Financial Assets

(a) Assets carried at amortized cost

The Bank assesses at each reporting date whether there is substantial evidence that a financial asset, or group of financial assets, is impaired. A financial asset, or group of financial assets, is impaired, and impairment losses are incurred, only when there is substantial evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and such a loss event (or events) does have an impact on the estimated future cash flows of the financial asset, or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that come to the attention of the Bank about the following loss events:

i. Significant financial difficulty of the issuer or obligator.
ii. A breach of contract, such as a default, or delinquency in interest or in principal payments.
iii. The Bank granting the borrower, due to economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would otherwise not consider.
iv. The strong probability that the borrower will enter into bankruptcy or another financial reorganization.
v. Lack of existence of an active market for that financial asset due to financial difficulty, or.
vi. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets, after initial recognition of these assets, although this decrease cannot yet be identified within the individual financial assets of a group, including:
    - adverse changes in the payment status of borrowers in the group, or
    - national or local economic conditions that correlate with defaults on the assets in the group.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment, and for which an impairment loss is or continues to be recognized, are not included in a collective assessment of impairment.

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

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

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

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

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience. When a loan is uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

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

(b) Assets carried at fair value

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of equity and debt investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in the income statement. Impairment losses recognized in the income statement on equity investments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

3.10. Financial Liabilities

Financial liabilities are stated at amortized cost which occurs using the effective interest method. Deposits from banks and deposits from customers are classified in this category.

3.11. Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.
Commission from financial guarantee contracts is initially recognized as liability (at fair value) and they are taken to the income statement gradually during the contract's duration.
Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortization calculated to recognize in the income statement the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date.
Financial guarantee contracts are included in the entry "Other liabilities".

3.12. Employee benefits

Short-term benefits: Short-term benefits to personnel (except for termination of employment benefits) in cash and other form are recognized as expense when considered accrued. Benefits to employees based on their efficiency and profitability of the Bank are recognized to the extent that the Bank has undertaken during the reporting date obligation to make such payments.

Retirement Benefits: Benefits following termination of employment include lump-sum severance grants, pensions and other benefits paid to employees after termination of employment in exchange for their service. The Bank's liabilities for retirement benefits cover both defined contribution schemes, and defined benefit plans.

i) Defined contribution plan

Defined contribution schemes relate to payments made by the Bank to State administered pension funds (for example the Social Security Foundation). The Bank has no legal obligation to cover any potential cash or actuarial deficit of the funds. The contributions payable by the Bank to such defined contribution plans are recognized as liabilities reduced by the amounts paid. Any accrued contributions are recognized as an expense in the income statement.

ii) Defined benefit plan

Adefined benefit plan refers to a benefit plan receivable by employees upon their exit from the service (pursuant to relevant Greek legislature), in which the benefits are based on economic and demographic assumptions. The most significant of which include, among others, an employee's age, years of service, salary, life expectancy ratios, a discount rate and the growth rate of salaries and pensions. The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation less the plan assets' fair value at the reporting date.

The defined benefit obligation is calculated on an annual basis by an independent actuary with the use of the projected unit credit method.

The present value of the liability is calculated by discounting the estimated future cash outflows using Interest rates of high ranking corporate or government bonds in the same currency and with the same term to maturity as the obligation. In cases where there is no deep market in such bonds, an interest rate that takes into account the risk and maturity related to the obligation is used. The service and net interest cost of the defined benefit plan is recognized in the statement of profit or loss included in staff costs. The defined benefit obligation is recognized in the statement of financial position (net of plan assets). Gains or losses on remeasurement are recognized in other comprehensive income and are not reclassified to the income statement in subsequent periods.

Employment Termination Benefits: Benefits due to employment termination are paid when employees step down prior to the retirement date. The Bank recognizes these benefits upon committing itself that it terminate employees' employment according to a detailed plan for which there is no withdrawal possibility.

3.13. Provisions

Provisions are recognized by the Bank when there is a probable outflow of economic benefits resulting from a present legal or constructive obligation arising from past events and when reliable estimates of the amount of the obligation can be drawn. Provisions are measured taking into account the time value of money.

3.14. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, and when there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Offsetting income and expense is allowed only if they are part of the same entry.

3.15. Leased Agreements

Bank undertaking as the Lessee: Leases where the lessor transfers the right to use an asset for an agreed period, without transferring the risks and rewards of ownership of the asset are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement over the lease.

Bank undertaking as the Lessor: Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their anticipated useful lives on a basis consistent with similar owned property. Rental income (net of any incentives offered to lessees) is recognized using the straight-line method over the lease term.

3.16. Interest income and expense

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

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

3.17. Fees and commissions

Fee and commission income is recognized on an accrual basis when the relevant service has been provided unless they influence the effective interest rate.

3.18. Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes of trading financial assets and liabilities.

3.19. Dividend income

Dividend income is recognized in the income statement, when the right to receive income is established.

3.20. Income Tax and Deferred Tax

The income tax charge involves current taxes, deferred ones, and the differences of preceding financial years' tax audit.

Income tax is recognized in the financial year's income statement, except for tax on transactions recognized in other comprehensive income, in which case it is recognized directly in reserves. To assess the annual tax charge, all the required adjustments on the accounting result are taken into account in order to establish the final taxable income.

The current income taxes include short-term liabilities, or claims vis-à-vis fiscal authorities pertaining to payable taxes on the year's taxable income, and all additional income taxes regarding previous financial years. Current taxes are measured on the basis of tax rates and fiscal regulations in force during the corresponding financial years, based on the yearly taxable profit.

Deferred taxes are taxes or tax relieves from the financial encumbrances or benefits of the financial year in question, which have been allocated, or shall be allocated to different financial years by tax authorities. Deferred income tax is established by using the liability method which is determined by the temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be in force during the period when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted up to the reporting date. In case it is not possible to clearly determine the time needed to invert the temporary differences, the tax rate to be applied is the one in force on the financial year after the reporting date.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Tax audit differences regard additional income taxes and additional charges on behalf of the fiscal authorities due to the Bank's taxable income redenomination in the framework of the ordinary or extraordinary tax audit.

3.21. Share Capital

(a) Incremental costs of share capital increase

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

(b) Dividend

Dividend distribution on ordinary shares is recognised as a deduction in the Bank's equity and is approved by its shareholders.

3.22. Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services within a particular economic environment and is vulnerable to risks and attributions dissimilar to other segments. The definition of business and geographical segments is based on the risks and returns which relate to the services and products provided by each segment of the Bank. The Bank operates mainly in Greece. Its network comprises of 4 branches. Its income is attributable to is operations in Greece.

3.23. Reclassification of Comparative Elements

In the financial statements for fiscal year 2015 the following reclassifications have been made so that items are rendered homogeneous and comparable.

Specifically, in the comparative Statement of Financial Position have been transferred amounts:

- From the item "Other assets" to the item "Current tax claims".
- From the item "Other assets" to the item "Financial assets at fair value through Profit & Loss", which concerns accrued interest.
- From the item "Provisions" to the item "Other assets", which concerns a provision for depreciation.
- From the item "Liabilities to financial institutions" to the item "Other liabilities", which concerns obligations towards associated credit institutions.

4. Critical accounting estimates and judgements

The preparation of financial statements in accordance with the IFRS requires Management estimates and assumptions, which affect the reported amounts of assets and liabilities, in the context of the Bank's accounting policies. Estimates and assumptions are evaluated on a continuous basis, and are based on past experience and other factors, including expectations about future events.

The estimates and assumptions that bear a significant risk of resulting in material misstatements to the carrying amounts of assets and liabilities within the next financial year are as follows:

A. Credit risk provisions

The financial assets measured at amortized cost are subject to impairment testing on each reporting date. For loans examined on an individual basis, impairment testing is based on Management's assessment of the present value of the estimated cash inflows, relating to either the loan servicing by the debtor or to the liquidation of collaterals. In calculating these cash flows, Management makes assessments on the counterparty's financial position, on the possibility of a settlement and on the fair value of available collaterals and guarantees. With regard to loans assessed on a collective basis, the necessary provision depends on assessments regarding each loan group credit risk, the market's economic factors, and the inherent portfolio risks. The relevant parameters are based on historical data adjusted to reflect present economic conditions. Estimates, underlying assumptions and methodology are calibrated regularly to ensure that actual losses do not materially differ from provisions.

B. Deferred tax asset recoverability

The Bank recognizes deferred tax assets to the extent that Management estimates that the Bank will have adequate taxable profits in the future to offset incurred tax losses and tax deductible timing differences. Management estimates considered the updated business plan of the Bank, which forecasts that besides the stock markets and investment operations the Bank will have the opportunity to conservatively and selectively expand its loan portfolio to business credit customers.

5. Financial risk management

As all the other credit institutions, the Bank is exposed to risks. Those risks are constantly monitored in various ways in order to avoid excessive risk concentrations. The nature of the aforementioned risks as well as the way of managing risks is explained below. Also, further information is presented on the description of the extent and the nature of financial risks the Bank is faced with and corresponding comparative data concerning the prior period.

5.1. Credit Risk

Credit risk is the risk of loss resulting from counter party default. The Bank considers credit risk for loans as a loss that the Bank would suffer if a client or counter party failed to meet their contractual obligations. Credit risk management is focused on maintaining a certain disciplined mentality, transparency, and conscious risk undertaking based on internationally recognized practices.

Credit Risk Management

Credit risk methodology is defined in order to reflect the economic environment. Various methods that are used are annually, or whenever considered necessary, revised and adjusted in compliance with the Bank's strategy as well as with its short term and longer term objectives.

Various segment and domicile analyses of economies, in conjunction with economic provisions provide guidance for the determination of the credit policy.

The Bank has established credit limits based on the creditworthiness of the counter party in order to minimize the credit risk that it undertakes. Creditworthiness analysis for each client is based on the country of domicile, the business sector, as well as, certain qualitative and quantitative characteristics of the client, the nature of the transaction, and the collateral supplied.

Simultaneously, during the credit process, limits for credit facilitation have been defined, and duties have been segregated in order to ensure objectivity, independence and control over new and existing credits.

During the credit approval procedure, the total credit risk of every counterparty, or group of counterparties is examined, and all risks are then related to one another, so that the establishment of credit limits approved by various companies of the group.

The monitoring of credibility of counterparts as well as credit openings in combination with the corresponding limits that have been approved is carried out on a systematic basis.

Simultaneously, any concentration is analyzed and monitored on a constant basis, with main objective, the limitation of the contingent bid openings and dangerous concentrations, so that they comply with the approved limitations of the credit policy in force. Credit risk concentration can be established on the basis of the economy sector, counterparty or group of counterparties, country, currency, the nature of the transaction, and supplied collateral. In particular, as far as retail clients are concerned, the systematic monitoring of the credit performance is carried out with the assistance of specific analyses, such as, vintage analysis and flow rate analysis.

Balancing the relation between profit and risk is a matter of vital importance to the Bank's profitability. The aforementioned relation is analyzed at customer and product levels through a system of profitability measurement, and pricing definition, that has been developed with main aim the interrelation of the incurred risk with expected returns.

Simultaneously, within the framework of credit risk management policy, the effect from extreme but feasible scenarios on the quality of credit and available funds is evaluated, through the conduct of stress testing.

Credit rating system

The methods for evaluating credibility are modified depending on the nature of the counterparty in the following categories: central governments (for purchase and holding of debt instruments), financial institutions, corporate customers, small and medium sized entities (SMEs) and retail customers.

As far as evaluation of central governments and financial institutions is concerned, it is analyzed below under «Counter party banks risk» and «Country risk».

Retail customers are evaluated based on two different systems of credit rating. The first system (behavioral credit scoring) is concerned with the evaluation of payment performance and the Bank's relationship with current customers, while the second system (application credit scoring) is concerned with qualitative and financial information of customers (income, assets).

As far as the assessment of large, small and medium sized entities is concerned, an extended system of risk classification is applied. The first part concerns the classification of the creditworthiness of the business with reference to a ten-scaled rating system based on quantitative and qualitative analysis, thus defining the possibility of the business not meeting its contractual obligations. The significance of the relative criteria varies in conjunction with the nature and size of the operations conducted by the business. The second part of assessment of large, small and medium sized entities is concerned with transaction risks assessment with the use of a ten-scaled independent system for assessing the quality and the sufficiency of collaterals, thus defining the expected loss in case the counterparty fails to meet its contractual obligations.

The degree of creditworthiness for a client is used in conjunction with the degree of sufficiency of collaterals (i.e. unsecured risk) during the credit approval stage, as well as, for defining the corresponding limitations. In particular, the allocation of the degree of creditworthiness of the business portfolio is systematically monitored for the purposes of the internal calculation of possible failure to meet contractual obligations, as well as, of timely diagnosis of unfavorable displacements in the various degrees of quality/risk of the portfolio, aimed at the development of the proper strategy for hedging incurred risks.

Loans and advances to customers credit rating

The table below presents the amounts of loans and advances to customers, as well as, provisions for loans impairment in every category of the Bank's credit rating.

	31st December 2016		31st December 2015	
	Loans and advances to customers %	**Allowance doubtful debts %**	**Loans and advances to customers %**	**Allowance doubtful debts %**
Credit rating category:				
Low risk	48,36%	2,18%	73,46%	2,08%
Medium risk	43,93%	0,00%	12,11%	0,00%
High risk	7,70%	68,17%	14,43%	67,35%
Total	**100,00%**	**6,31%**	**100,00%**	**11,24%**

Maximum exposure to credit risk prior to calculation of collaterals and other credit risk protection measures

The table below presents the maximum exposure of the Bank to credit risk arising from financial instruments as presented in the statement of financial position without taking into consideration collaterals or other credit risk revisions produced. As far as financial instruments presented in the statement of financial position are concerned, exposure to credit risk equals to their carrying amount.

	Maximum exposure	
Amounts in Euro '000	**2016**	**2015**
Credit risk exposures relating to on-statement of financial position items:		
Loans and advances to banks	40.122	44.398
Derivative financial instruments	21	196
Loans and advances to customers:		
Loans to individuals	8.856	8.083
Loans to corporate entities:		
Large corporate customers	22.118	7.193
Other assets	20.693	28.645
Total on-balance sheet assets	**91.809**	**88.515**
Credit risk exposures relating to off-statement of financial position items:		
Letters of guarantee	2.612	1.621
Total	**94.421**	**90.136**

Loans and advances

The table below presents the nature of the loans and advances of the Bank.

Amounts in Euro '000	31st December 2016		31st December 2015	
	Loans and advances to customers	**Loans and advances to banks**	**Loans and advances to customers**	**Loans and advances to banks**
Loans and advances neither past due nor impaired (a)	27.206	40.122	10.814	44.398
Loans and advances past due but not impaired (b)	3.773	0	4.382	0
Loans and advances individually impaired (c)	2.079	0	2.015	0
Loans before allowance	**33.058**	**40.122**	**17.211**	**44.398**
Allowance for doubtful debts	-2.085	0	-1.935	0
Loans after allowance	**30.973**	**40.122**	**15.276**	**44.398**

(a) Loans and advances neither past due nor impaired

The table below presents the loans of the Bank neither past due nor impaired for every category of the internal credit rating system.

Amounts in Euro '000	Loans and advances to customers: Individuals	Corporate entities: Large corporate customers	Corporate entities: Small and medium size enterprises (SMEs)	Total	Loans and advances to banks
2016					
Credit rating category:					
Low risk	9.204	4.462	0	**13.666**	40.122
Medium risk	0	13.540	0	**13.540**	0
High risk	0	0	0	**0**	0
Total	**9.204**	**18.002**	**0**	**27.206**	**40.122**
2015					
Credit rating category:					
Low risk	8.346	383	0	**8.729**	44.398
Medium risk	0	2.085	0	**2.085**	0
High risk	0	0	0	**0**	0
Total	**8.346**	**2.468**	**0**	**10.814**	**44.398**

(b) Loans and advances past due but not impaired

The table below presents the analysis of time delay for loans that were past due but not impaired as at the reporting date, per category, as well as the estimated fair value of collaterals received.

Amounts in Euro '000	Individuals	Corporate entities: Large corporate customers	Corporate entities: Small and medium size enterprises (SMEs)	Total
2016				
Past due up to 30 days	0	3.305	0	**3.305**
Past due 31- 60 days	0	0	0	**0**
Past due 61 - 90 days	0	0	0	**0**
Past due up to 180 days	0	468	0	**468**
Total	**0**	**3.773**	**0**	**3.773**
Fair value of collateral	**0**	**349**	**0**	**349**
2015				
Past due up to 30 days	0	3.914	0	**3.914**
Past due 31- 60 days	0	0	0	**0**
Past due 61 - 90 days	0	0	0	**0**
Past due up to 180 days	0	468	0	**468**
Total	**0**	**4.382**	**0**	**4.382**
Fair value of collateral	**0**	**349**	**0**	**349**

(c) Impaired loans and advances

The table below presents impaired loans and advances where estimation of impairment was made on individual basis, as well as the estimated fair value of collaterals per category. The loans included in this table present a delay of over 90 days and are classified as non-performing.

Amounts in Euro '000	Individuals	Corporate entities: Large corporate customers	Corporate entities: Small and medium size enterprises (SMEs)	Total
2016				
Individually impaired loans	0	2.079	0	**2.079**
Fair value of collateral	0	370	0	**370**
2015				
Individually impaired loans	0	2.015	0	**2.015**
Fair value of collateral	0	370	0	**370**

Counter party banks risk

The Bank is exposed to the risk of capital losses due to contingent delayed payments of outstanding and contingent obligations of counterparty banks.

On a day-to-day basis of its operations, the Bank conducts transactions with other banks and credit institutions. While conducting such transactions, the Bank is exposed to the risk of capital loss in case counterparty banks delay the payment of their outstanding or contingent obligations.

The limits of counterparty banks reflect the accepted risk level and are further divided into Foreign Exchange Services, Foreign Exchange Available, or other services that are faced with the aforementioned risk, and with reference to the needs and the size of operations of each service. Generally, the highest possible limits are defined following evaluation models of the banks and the directions demonstrated by supervising authorities.

Counter risk assessment is conducted using a special banks' and other credit institutions' assessment model (Scoring Model). The model assesses each counterparty with reference to economic quantitative, as well as, qualitative criteria. As far as quantitative criteria are concerned (capital adequacy, profitability, liquidity, etc), the banks and credit institutions are assessed based on various. The qualitative criteria (previous positive transactions record, management's assessment, e.t.c.) are provided with reference to the judgment of risk management.

The credit limit for each counter party is split into sub limits, thus covering placements, investments, foreign currency acquisitions, as well as, defined trade limits. The actual data are examined against the limits in an everyday basis and in real time.

Country risk

The Bank is exposed to country risk of capital loss due to international and political developments, as well as, other developments in a particular country where the funds or cash and cash available of the Bank have been placed or invested in various local banks and credit institutions.

All countries are assessed with reference to size, economic data, and the country's prospects, as well as, the credibility degree by international appraisal organizations (Moody's, Standard & Poor's). Actual data per country are examined against limits on a day-by-day basis. The limits are revised at least once in a year while the countries with the smaller size and lower solvency ratio are assessed and analyzed more frequently and whenever this is deemed necessary.

5.2. Market risk

Market risk is the risk of the occurrence of possible losses caused by the fluctuation and volatility of market prices, such as share prices, interest rate and foreign exchange rate fluctuations, etc.

The Bank operates mainly in the trading sector and holds open positions in various financial products and, therefore, is exposed to market risks, foreign currency risks (FX trading book), as well as fluctuation risks on the value of shares and other securities (Equities/Equity and Index Derivatives book), listed, mainly, on ASE.

The Risk Management Committee (RMC), which is a body responsible for the definition of the market risk management policy, has approved of the procedures of market risk management and has defined the corresponding limits of incurrence of the aforementioned risk per product and portfolio. The limits in question are monitored systematically, examined and revised annually, and modified in compliance with the Bank's strategy and current market conditions.

RMC is also responsible for approving the corresponding limits for counterparty risks, Issuer, and country following the relevant suggestion made by the Market Risk Management unit (MRM) and based on internal or/and external economic analyses.

Measurement, control and monitoring of market risk is conducted by MRM unit, on a daily basis for all parts in the portfolio and for the Bank as a whole.

Measurements are conducted using IT systems applying modern methodologies and market risk measurement techniques such as Value At Risk – VAR or Sensitivity Factors.

The assessment of VAR defines the biggest possible portfolio loss with a confidence level of 99% and a one day of hold period, without taking into consideration variations in prices that are due to unusual economic reasons and violent events. The VAR module of calculation of the biggest possible loss incurred is based on variance-covariance methodology, and covers both the trading and available-for-sale portfolio of the companies of the Bank. Market risk, in terms of VaR, for the aforementioned positions as at 31 December 2016, amounted to 191,90 K Euro as analyzed in the table below.

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Currency risk	4,45	1,99
Interest rate risk of bond portfolio	178,36	41,88
Market risk of Stock Exchange Products portfolio	36,11	217,17
Reduction due to correlation	-27,01	-39,89
Net Market Risk	**191,90**	**221,15**

Apart from the aforementioned measurements, the market risk of portfolios is monitored by a range of additional limits such as the highest opening position limit for every product, and stop-loss limits for every portfolio.

Finally, at regular intervals and always at the end of each quarter, measurements of various scenarios similar to those of critical situations affecting market risk are conducted, in order to achieve, primarily, more effective management of the aforementioned risk, as well as, to keep Management and the other supervisory bodies informed. Results from measurements conducted are then presented separately for every risk involved.

5.3. Interest Rate Risk

Interest rate risk is the investment risk faced by the Bank that arises from changes in market interest rates. Interest rate risk arises from interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in different amounts.

The Bank mainly applies the method of Static Repricing Gap in order to estimate exposure to interest rate risk of transactions' portfolio and the bank's portfolio. The Static Repricing Gap method is used in order to estimate the sensitivity level of all current assets and liabilities of the bank and the companies of the Group (on Statement of Financial Position and off Statement of Financial Position items).

The method in question separates products by maturity (fixed) or next repricing (floating) and calculates the gap each period as well as measures sensitivity, thus calculating the interest rate opening, the balance between the assets and liabilities for each period.

The Tables below present the Bank's exposure to interest rate risk. The Tables present assets and liabilities of the Bank at their carrying amounts classified according to interest rate revaluation date, for fluctuating interest rates, or maturity date, for fixed interest rates.

Interest Rate Risk

Amounts in Euro '000	**Up to 1 month**	**1-3 months**	**3-12 months**	**Non-interest bearing**	**Total**
At 31st December 2016					
Assets					
Cash and balances with Central Bank	7.787	0	0	610	8.397
Loans and advances to credit institutions	40.122	0	0	0	40.122
Trading portfolio and other financial instruments at fair value through P&L	12.004	906	28.141	0	41.052
Loans and advances to customers	28.067	0	217	2.690	30.973
Investment portfolio	30	0	0	252	282
Other assets	13.478	0	0	23.538	37.016
Total assets	**101.489**	**906**	**28.358**	**27.089**	**157.842**
Liabilities					
Due to credit institutions	1.858	0	0	0	1.858
Due to customers	47.680	4.386	0	0	52.066
Other liabilities	7.716	0	0	13.799	21.516
Provisions	0	0	0	971	971
Total liabilities	**57.255**	**4.386**	**0**	**14.770**	**76.411**
Total interest sensitivity gap	**44.234**	**(3.480)**	**28.358**	**12.319**	**81.431**
At 31st December 2015					
Total assets	80.263	8	0	79.211	**159.482**
Total liabilities	47.342	4.308	0	24.534	**76.184**
Net liquidity gap	**32.921**	**(4.299)**	**0**	**54.677**	**83.298**

Furthermore, the Bank, in the process of measuring interest rate risk assessment, estimates the negative effect on the annual interest rate results from a parallel change in the interest rate fluctuation of all currencies.

5.4. Currency Risk

Currency risk is the risk of a fluctuating value of financial instruments, as well as, assets and liabilities caused by changes in currency rates. Foreign currency transactions risk arises from an open position, positive or negative, which exposes the Bank to currency exchange risk. Such a risk could arise in the event of assets being carried in one currency while financed by liabilities in another, or from forwards and swaps, as well as derivatives, including options.

The Tables below present the Bank's exposure to currency risk. These Tables present assets and liabilities of the bank at their carrying amounts and classified per currency.

Currency Risk

Amounts in Euro '000	EUR	USD	GBP	CHF	JPY	Other currencies	Total
As at 31st December 2016							
Foreign exchange risk for assets							
Cash and balances with Central Bank	8.214	165	12	3	0	3	**8.397**
Loans and advances to credit institutions	35.812	2.843	384	66	73	944	**40.122**
Trading portfolio and other financial assets at fair value through Profit & Loss	39.237	1.815	0	0	0	0	**41.052**
Derivative financial instruments	21	0	0	0	0	0	**21**
Loans and advances to customers	30.945	8	0	20	0	0	**30.973**
Investment portfolio	282	0	0	0	0	0	**282**
Participations in associates	9.081	0	0	0	0	0	**9.081**
Property, plant and equipment	1.462	0	0	0	0	0	**1.462**
Other assets	25.801	559	70	22	0	0	**26.452**
Total assets	**150.855**	**5.390**	**466**	**110**	**73**	**947**	**157.842**
Foreign exchange risk of liabilities							
Due to credit institutions	377	1.482	0	0	0	0	**1.858**
Due to customers	44.885	7.081	63	3	0	34	**52.066**
Derivative financial instruments	124	0	0	0	0	0	**124**
Other liabilities	18.503	1.769	174	56	60	593	**21.155**
Provisions	971	0	0	0	0	0	**971**
Retirement benefit obligations	236	0	0	0	0	0	**236**
Total liabilities	**65.096**	**10.332**	**236**	**60**	**60**	**627**	**76.411**
Net on-SFP position	**85.759**	**(4.941)**	**230**	**50**	**13**	**320**	**81.431**
As at 31st December 2015							
Total assets	154.421	3.610	292	283	103	773	**159.482**
Total liabilities	57.729	17.606	258	7	58	525	**76.184**
Net on-SFP position	**96.692**	**(13.997)**	**34**	**276**	**45**	**248**	**83.298**

Moreover, the Bank, in the process of measuring the highest possible currency risk, estimates the negative effect on the annual results from changes in currency variations.

5.5. Risk arising from share price changes

The risk pertaining to shares and other securities held by the Bank arises from possible adverse movements on share and other securities prices. The Bank invests, mainly, on shares in the Athens Stock Exchange (ASE) and in the Cyprus Stock Exchange (CSE), and depending on the investment objective, they are classified to the appropriate portfolio (trading or available for sale). Transactions are also made with the aim of taking advantage of short-term fluctuations in share/ratio prices or for hedging open positions with the use of derivative products on shares or ratios.

The Bank, however, is not exposed to risks as far as commodities prices are concerned.

The Bank, in assessing risk arising from share price changes, calculates the negative effect on its annual results from a change in share prices. The aforementioned measurements, conducted by reference to the balances as at 31 December 2016 showed that in the event of a decrease in share prices by 20% the Bank would suffer losses amounting to around € 525 ths.

5.6. Liquidity Risk

Liquidity risk is the risk of the Bank not being able to fully meet payment obligations and potential payment obligations as and when they fall due, and caused by lack of liquidity. This risk includes the possibility that the Bank may have to raise funding at cost or sell assets on a discount.

The aforementioned risk is controlled with the use of a developed liquidity management structure comprising of various types of controls, procedures and limits. In such a manner, compliance with regulations on liquidity ratios, set by relevant authorities, as well as, internal limits are assured.

Control and management of liquidity risk are achieved with the use and control of the following ratios:

(α) Cash Available Ratio, defined as estimation of «cash available» of the period of up to 30 days direct maturity, as defined by the corresponding Act of the Governor of the Bank of Greece, as far as «borrowed funds» are concerned, as defined by the corresponding Act of the Governor of the Bank of Greece.

(β) Liquidity Gap Ratio, defined as the percentage of the gap between «assets and liabilities» for the period up to 30 days, as defined by the corresponding Act of the Governor of the Bank of Greece, to «borrowed funds», as defined by the relevant Act of the Governor of the Bank of Greece.

A significant part of assets is financed by customer deposits. Short term cash requirements are financed mainly through current and savings deposits. Long-term investments are mainly funded by bond issues and time deposits.

Although the aforementioned deposits can be withdrawn on demand, without further notice, their highly diversified nature, both in number and in type of accounts, ensure the absence of significant fluctuations and, therefore, in their majority, constitute a fixed deposit basis.

The Bank regularly conducts liquidity stress tests.

The Tables below analyzes liabilities to other banks, customer deposits, and other borrowed funds, as well as, other liabilities to the Bank's customers in the corresponding periods with reference to the period from reporting date to maturity.

The presented amounts reflect contractual non-discounted cash flows.

Liquidity Risk

Amounts in Euro '000	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
As at 31st December 2016							
Liabilities							
Due to banks	60	0	1.799	0	0	0	**1.858**
Due to customers	41.461	0	10.605	0	0	0	**52.066**
Other liabilities	18.483	1.529	1.267	1.207	0	0	**22.486**
Total liabilities	**60.004**	**1.529**	**13.671**	**1.207**	**0**	**0**	**76.411**
Total assets	**123.618**	**2.549**	**16.902**	**7.485**	**6.946**	**343**	**157.842**
As at 31st December 2015							
Liabilities							
Due to banks	468	0	11.629	0	0	0	**12.096**
Due to customers	25.137	4.306	8.169	0	0	0	**37.612**
Other liabilities	20.360	504	3.946	1.665	0	0	**26.475**
Total liabilities	**45.965**	**4.810**	**23.743**	**1.665**	**0**	**0**	**76.184**
Total assets	**130.900**	**0**	**6.560**	**6.463**	**15.217**	**343**	**159.482**

The Bank's liquidity was significantly enhanced upon the receipt, during 2015, of the € 58,1 million receivable balance arising from the settlement of the assets and liabilities transfer to Piraeus Bank.

5.7. Capital adequacy

The Bank is under the supervision of the Bank of Greece that sets and monitors demands on capital adequacy as far as banks are concerned. As a member of Cyprus Popular Bank Group, the Bank is also subject to, indirect, supervision by the Central Bank of Cyprus.

Bank of Greece requires that every Credit Institution should have a minimum Core Tier I ratio of 8% which is designed to cover all foreseeable risks (credit, market, operational).

For the calculation of capital adequacy as starting from 01/01/2014 there has been applied a new supervisory framework (Basel III) that was incorporated into Greek Legislation based on Law 4261/2014 base, which substantially modifies the calculation of credit risk and introduces capital requirements for operational risk. The calculation of market risk has not been subject to significant changes. In particular, the credit risk of the investment portfolio and operational risk are calculated using the standard method.

The capital adequacy of the Bank is monitored at regular intervals by the Financial Department of the Bank and the results are submitted on a quarterly basis to the Bank of Greece.

The regulatory capital of the Bank is exclusively derived from the Core Equity (Tier I). It comprises equity capital, reserves and results carried forward, which are further adjusted in accordance with the provisions of EPATH 114-1/04.08.2014.

The Bank has no Tier II regulatory capital.

The Capital Adequacy ratio of the Bank as at 31/12/2016 is as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Share Capital	110.427	110.427
Other Reserves	18.207	18.245
Retained Earnings	(47.203)	(45.374)
Goodwill and other intangible assets	(501)	(416)
Other adjustments	(1.467)	(44)
Total Tier I	**79.463**	**82.838**
Total supervisory capitals	**79.463**	**82.838**
Weighted assets		
- on-SFP items	99.606	88.016
- off-SFP items	1.469	421
- transaction portfolio items	60.978	47.339
- operatinal risk	18.142	19.864
Total	**180.194**	**155.641**
Capital Adequacy Ratio	**44,10%**	**53,22%**

The Bank's capital adequacy index was reduced in 2016 due to an increase in the Bank's weighted assets, but remains at a considerably higher level than the minimum Core Tier I index of 8% of Risk Weighted Assets.

6. Fair value of financial assets and liabilities

6.1. Financial assets and liabilities not carried at fair value

Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences might arise between the carrying amount and the fair value of financial assets and liabilities.

The items of transaction portfolio, derivatives and securities available-for-sale are presented in the financial statements at their fair value. Loans and other advances, securities held to maturity and financial liabilities are presented at amortized cost. The carrying amount of the aforementioned items, as presented in the financial statements, does not materially differ from their fair value. In particular:

(a) Loans and advances to banks

Loans and advances to banks include mainly short term interbank placements and other collectibles. The vast majority of placements have a maturity date within one month and, therefore, the fair value is quite similar to the carrying amount.

(b) Loans and advances to customers

Loans and advances to customers are presented after deduction of the corresponding provision for impairment. The vast majority of loans refer to loans of fluctuating interest, thus, the carrying amount of the loans and advancers to customers does not materially differ from their fair value.

(c) Deposits

The fair value of deposits without fixed maturity date (saving and current accounts) is the amount that the Bank should pay after customers' demands, equal to their carrying amount. Deposits from customers, as well as, placements from other banks have an average maturity period below three months. Therefore, their estimated fair value does not materially differ from their carrying amount.

6.2. Fair value hierarchy

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. The observable data is based on active markets and derives from independent sources, while non-observable information refers to Management estimates. Such two methods for deriving information create the following hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
The level includes listed shares and borrowing funds on stock exchanges (such as those in London, Frankfurt and New York) and derivatives such as Futures (Nasdaq, S & P 500).

Level 2 – Inputs, other than quoted prices, are included in level 1 that are observable for the asset or liability directly or indirectly. The level includes the majority of OTC derivatives and various issued debts. The sources of such data are the curve of LIBOR, Bloomberg and Reuters.

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level includes capital investments and borrowed funds that are not traded in an active market, as there are no similar traded products.

Amounts in Euro '000	**31st December 2016**			
Financial assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading portfolio	37.170	3.881	0	**41.052**
Derivative financial instruments	21	0	0	**21**
Investment portfolio	32	0	250	**282**
Total	**37.223**	**3.881**	**250**	**41.354**

Financial liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	124	0	0	**124**
Total	**124**	**0**	**0**	**124**

On December 31, 2015, the assets in the transactions portfolio and the derivatives were classed under Level 1. Debt instruments available for sale were classed under Level 3.

7. Net interest income

Net interest income is analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Interest income		
Interest from fixed income securities	1.953	981
Interest received from loans	1.353	1.128
Interest received from interbank transactions	856	184
Other interest related income	45	69
Total	**4.208**	**2.361**
Interest expense		
Interest on customer deposits	(235)	(289)
Interest on interbank transactions	(10)	(14)
Other interest related expenses	(167)	(26)
Total	**(412)**	**(329)**
Net interest income	**3.796**	**2.032**

8. Net fee and commission income

Net fee and commission income is analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Net fees and commission income from Commercial Banking	(69)	(78)
Net fees and commission income from Investment Banking	1.233	1.644
Net fees and commission income from Securities transactions	1.204	2.514
Other	412	286
Net fees and commission income	**2.780**	**4.366**

9. Net trading income

Trading income is analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Net result from shares, mutual funds, and share hedging	(667)	(1.453)
Net result from FX and FX hedging	427	212
Net result from bonds and bonds hedging	357	1.195
Net result from derivatives held for trading	415	2.943
Total	**532**	**2.896**

10. Other operating income

Other income of the Bank is analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Buildings rentals	15	21
Income from unused provisions	358	1.191
Other income	778	126
Extraordinary income	378	110
Total	**1.529**	**1.448**

Other income concerns the write-off of older obligations to various A.E.L.D.E. (Financial Services Companies) and obligations disputed at law.

11. Staff Costs

Staff costs are analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Wages and salaries	5.367	5.248
Social insurance contribution	1.181	1.138
Pension plan costs	86	168
Other staff costs	359	368
Total	**6.993**	**6.921**

The number of staff members as of 31/12/2016 was 172 (31/12/2015: 163).

12. Other operating expenses

Other operating expenses are analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Fees relating to lawyers, advisory, auditors etc.	508	444
IT expenses	585	588
Subsciptions	360	342
Building and set-up expenses	674	829
Advertising expenses, sponsorship etc.	47	62
Taxes and duties	632	579
Printing and office materials	16	12
Miscellaneous operating expenses	518	376
Total	**3.340**	**3.231**

13. Provisions for impairment losses

The account "Other impairments and provisions" is analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Impairment for participations (Note 21)	46	242
Impairments in Property investment	148	0
Provisions for other assets impairment	86	0
Provisions for legal cases and for Letters of gurrantee	(450)	0
Total	**(170)**	**242**

The impairment of property investments concerns the property at Amerikis Street, amounting to € 148,000, and is due to a recent valuation by independent valuators.

14. Income tax

Income tax recognized in the income statement is analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Tax for the financial Year (Note 31)	25	0
Deferred tax	152	279
Total	**176**	**279**

According to Law 4110/2013, the nominal Greek corporate tax rate increased to 29% (from 26% in 2014) for income generated in accounting years 2015 and onwards. In addition, dividends distributed, based on General Meetings held as of 1 January 2014 onwards, are subject to 10% withholding tax. For unaudited tax years refer to Note 36.

For fiscal year 2016, the audit is in progress and the related tax certificate is expected to be granted after the publication of the financial statements for fiscal year 2016.

Upon completion of the tax audit the Company's management does not expect that any significant tax obligations will arise beyond those entered and depicted in the financial statements.

For fiscal year 2014 and thereafter, according to decision 1006/2016 of the Ministry of Economics accepting the opinion of the Legal Council of the State, companies for which a tax certificate is issued not containing any notes about violations of tax legislation are not exempted from the imposition of additional tax and fines in the context of legislative limitations (5 years from the closing of the fiscal year in which the tax statement should have been filed).

15. Cash and Balances with Central Bank

Cash and Balances in Central Bank are analyzed as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Cash in hand	610	1.328
Balances with Central Bank	7.787	11.818
Total	**8.397**	**13.146**

The average amount of cash placed with the Bank of Greece during the month of December 2016 was € 502 ths.

16. Loans and Advances to credit institutions

The Bank's loans and advances to other Banks are analyzed as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Loans to financial institutions	8.001	10.052
Nostro accounts in foreign banks	16.259	29.049
Nostro accounts in local banks	3.411	5.296
Marginal foreign deposits	12.451	0
Total	**40.122**	**44.398**
Current	***40.122***	***44.398***
Non current	***0***	***0***

17. Financial Assets at fair value through profit and loss

Trading portfolio includes shares listed in Athens Stock Exchange and other foreign bonds.

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Shares & other non-fixed income securities		
Shares listed in Athens Exchange	8.747	5.637
E.E.C. Public Bonds	23.287	15.639
Other Trading Bonds	7.807	4.772
Bank's Bonds	1.211	9.332
Trading portfolio	**41.052**	**35.379**
Current	***41.052***	***35.379***
Non current	***0***	***0***

18. Derivative financial instruments

Amounts in Euro '000	31st December 2016 Notional amount	31st December 2016 Fair Value Assets	31st December 2016 Fair Value Liabilities	31st December 2015 Notional amount	31st December 2015 Fair Value Assets	31st December 2015 Fair Value Liabilities
Index / equity derivatives:						
Futures	6.656	0	0	2.459	0	0
Options	70	21	77	109	40	69
Index futures	3.377	0	0	2.587	0	0
FX Swaps	0	0	47	0	157	103
		21	**124**		**196**	**173**
Total		**21**	**124**		**196**	**173**
Current		***21***	***124***		***196***	***173***
Non - current		***0***	***0***		***0***	***0***

Due to the daily clearing of futures derivatives, their fair value as at 31 December 2016 and 2015 is included as a net amount in the relevant margin account, included in Other Assets.

19. Loans and Advances to Customers

Loans and advances to customers are analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Consumer loans	249	171
Loans to individuals	8.709	8.168
Intercompany Loans	17.632	8.389
Corporate loans	6.468	483
	33.057	**17.211**
Less: allowance for losses (impairment) on loans and advances to customers	(2.085)	(1.935)
Total	**30.973**	**15.276**
Current	***30.973***	***15.276***
Non current	***0***	***0***

Provisions for impairment losses are analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Balance at beginning of period	(1.935)	(1.871)
Provision for the period	(149)	(64)
Balance at end of period	**(2.085)**	**(1.935)**

20. Investment portfolio

The investment portfolio of the Bank comprises available for sale financial instruments which include exclusively shares.

Amounts in Euro '000	31st December 2016	31st December 2015
Shares listed in Athens Exchange	30	0
Mutual funds	0	62
Non-listed domestic shares	252	16
Total shares	*282*	*78*
Total available for sale portfolio	**282**	**78**
Current	***0***	***0***
Non current	***282***	***78***

21. Investment in subsidiaries and associates

Name	% participation 31/12/2016	Country of incorporation	Services Provided
IBG CAPITAL S.A.	99,99%	Greece	Equity participation
IBG CAPITAL MANAGEMENT S.AR.L.	100,00%	Louxembourg	Mutual Funds Management
IBG GLOBAL FUNDS SICAV-SIF	100,00%	Louxembourg	Mutual Fund
HELLENIC CAPITAL PARTNERS A.E.D.A.K.E.S.	20,00%	Greece	Mutual Funds Management
IBG A.E.P.E.Y.	79,31%	Greece	Investment services
MARFIN SECURITIES CYPRUS	100,00%	Cyprus	Brokerage Services, Cyprus stock exchange
CPB ASSET MANAGEMENT M.F.M.C. S.A.	4,40%	Greece	Mutual Funds Management
IBG INVESTMENTS S.A.	90,00%	British Virgin Islands	Investment services

Amount in Euro '000	Assets	Liabilities	Revenue Turn Over	Profit / (Loss) before tax
IBG CAPITAL S.A.	3.182	377	203	151
IBG CAPITAL MANAGEMENT S.AR.L.	40	14	17	9
IBG GLOBAL FUNDS SICAV-SIF	5.077	27	86	(29)
HELLENIC CAPITAL PARTNERS A.E.D.A.K.E.S.	1.617	373	935	(56)
IBG A.E.P.E.Y.	0	0	0	0
MARFIN SECURITIES CYPRUS	1	1	0	0
CPB ASSET MANAGEMENT M.F.M.C. S.A.	1.426	865	657	(600)
IBG INVESTMENTS S.A.	6.307	4.473	508	331

The financial statements of the above mentioned subsidiaries of the Bank, with the exemption of "IBG BROKERAGE S.A" which is under liquidation, are consolidated under full consolidation method in the consolidated financial statements of "Investment Bank of Greece S.A".

Investment in associates is analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Balance at beginning of period	**5.444**	**4.558**
- Transffered between portfolios	3.750	1.250
- Impairment of participation on subsidiary	(46)	(89)
- Decrease of percentage in investments in associates	(67)	(288)
- Decrease of shares in investments in associates	0	13
Balance at end of period	**9.081**	**5.444**

22. Investment Property, Plant and Equipment and Intangible assets

Property plant and equipment and investment property are analyzed as follows:

	Property, plant and equipment				
Amounts in Euro '000	**Land-buildings**	**Mechanical equipment & transport**	**Furniture & other equipment**	**Total**	**Investment in property**
Acquisition cost on 1st January 2016	12.013	36	3.276	15.324	2.553
Less: Accumulated depreciation	(5.317)	(11)	(3.068)	(8.397)	0
Carrying amount on 1st January 2016	**6.696**	**25**	**207**	**6.928**	**2.553**
Impairment of Property Investments	0	0	0	0	(128)
Additions & reversal of impairment from buildings	5	3	46	53	0
Write-off – disposals	(7.268)	(4)	(86)	(7.358)	(1.795)
Transfers	(19)	0	0	(19)	0
Depreciation for the period	(71)	(4)	(74)	(149)	0
Depreciation attributed to disposed-written-off	787	3	86	876	0
Acquisition cost on 31st December 2016	4.730	34	3.235	8.000	630
Less accumulated depreciation	(4.602)	(11)	(3.057)	(7.670)	0
Carrying amount on 31st December 2016	**129**	**23**	**178**	**330**	**630**

Total rental income from investment property for the period ended 2016 amounted to € 14,88 thousands. In March 2016 there was completed the sale of a self-owned property at 24 Kifisias Ave., the result of which was accounted-for in the previous fiscal year.

Intangible assets are analyzed as follows:

Amounts in Euro '000	**Software**
Acquisition on 1st January 2016	1.196
Less: Accumulated depreciation	(779)
Carrying amount on 1st January 2016	**416**
Additions	314
Write-off – disposals	0
Depreciation for the period	(33)
Depreciation attributed to disposed-written-off	(196)
Acquisition cost on 31st December 2016	1.510
Less: Accumulated depreciation	(1.009)
Carrying amount on 31st December 2016	**501**

23. Deferred tax assets

Temporary differences during 2016 are analyzed as follows:

Amounts in Euro '000	**Balance as at 1st January 2016**	**Recognition in Profit & Loss**	**Recognition in Equity**	**Balance as at 31st December 2016**
Investments in property and property, plant and equipment	778	*(762)*	*0*	16
Impairment on loans and advances to customers	1.117	*(10)*	*0*	1.107
Other provisions	1.048	*(259)*	*0*	789
Retirement benefit obligations	59	*10*	*0*	69
A.F.S. Portfolio	(18)	*0*	*13*	(5)
Impairment on other participation	1.495	*19*	*0*	1.514
Fair Value of Revaluation of Bonds	0	*306*	*0*	306
Tax Losses	841	*848*	*0*	1.689
Total	**5.320**	***152***	***13***	**5.485**

Temporary differences during 2015 are analyzed as follows:

Amounts in Euro '000	**Balance as at 1st January 2015**	**Recognition in Profit & Loss**	**Recognition in Equity**	**Balance as at 31st December 2015**
Investments in property and property, plant and equipment	1.148	(370)	0	778
Impairment on loans and advances to customers	1.487	(371)	0	1.116
Other provisions	513	535	0	1.048
Retirement benefit obligations	67	(8)	0	59
A.F.S. Portfolio	24	(20)	(22)	(18)
Impairment on other participation	1.317	178	0	1.495
Tax Losses	509	332	0	841
Total	**5.064**	***277***	***(22)***	**5.320**

The Bank has approximately € 213 mil. transferred tax losses as at 31/12/2016. The DTA recognition is limited to € 5.485 ths. based on the current expectations for the bank's future taxable losses (see note 4).

24. Other stock exchange transactions

Amounts are analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Margin derivative trading account	6.950	13.200
Clearing accounts for securities transactions of ASE, ADEX and foreign stock exchanges	1.425	959
Customers' demands for securities transactions of ASE, ADEX and foreign stock exchanges	665	3.150
Total	**9.041**	**17.309**
Current	***0***	***0***
Non current	***9.041***	***17.309***

25. Guarantee Securities for Investment Services

Amounts are analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Guarantee deposit funds	4.717	4.673
Complementary A.S.E. members guarantee fund	4.161	2.662
Auxiliary Capital	1.715	1.676
Total	**10.593**	**9.011**
Current	***0***	***0***
Non current	***10.593***	***9.011***

26. Current Tax assets & Other assets

Current tax assets are analyzed as follows:

Amounts in Euro '000	31st December 2016	31st December 2015
Income tax advance	149	1.575
Other receivables from Greek State	126	128
Total	**275**	**1.703**

Other assets are analyzed as follows:

Ποσά σε Ευρώ '000	**31st December 2016**	**31st December 2015**
Interest and other receivable income	211	272
Guarantees	275	408
Advances	82	110
Other debtors	1.061	2.445
	1.628	**3.235**
Less: Provisions	(569)	(910)
Total	**1.059**	**2.325**
Current	***785***	***1.917***
Non current	***275***	***408***

27. Due to credit institutions

Amounts due to other Banks are analyzed as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Interbank deposits	1.799	11.629
Due to banks	59	468
Total	**1.857**	**12.096**
Current	***1.857***	***12.096***
Non current	***0***	***0***

28. Due to customers

Amounts due to customers are analyzed as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Sight deposits	6.428	5.351
Savings account	969	811
Time deposits	39.590	28.002
Blocked deposits	5.080	3.448
Total	**52.066**	**37.612**
Current	***52.066***	***37.612***
Non current	***0***	***0***

In the time deposits balance, amount of € 26.005 ths refers to clients with stock accounts.

29. Customers balance to stock exchange accounts

The amounts are as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Settlement accounts from securities transactions of ASE, ADEX and foreign stock exchanges	682	3.807
Due to customers from securities transactions of ASE, ADEX and foreign stock exchanges	17.361	16.246
	18.043	**20.053**
Current	***18.043***	***20.053***
Non current	***0***	***0***

30. Retirement benefit obligations

The amounts recognized in the Statement of financial position are as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Recognition in balance sheet:		
Lump sum pension indemnity		
- Funded	0	0
- Non-funded	236	202
	236	**202**

The amounts recognized in the Income Statement are described below:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Current service cost	21	21
Staff cost from affiliated company	10	0
Financial Cost	4	7
Settlement costs	52	139
Total included in staff costs	**86**	**168**

Changes in liabilities in the Statement of Financial Position are as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Opening book amount	**202**	**227**
Total amount debited in Income Statement	(58)	(151)
Contributions paid	86	168
Amount to Other comprehensive income	5	(41)
Closing year end account	**236**	**202**

31. Other liabilities

Other liabilities are analyzed as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Liabilities arising from taxes	257	417
Obligations to Associated banks	1.166	1.942
Interest and other related expenses	8	3
Checks Payable	1.272	2.004
Insurance companies	310	150
Other creditors	99	86
Total	**3.112**	**4.602**
Current	***3.112***	***4.602***
Non current	***0***	***0***

32. Provisions

Provisions are analyzed as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Provision for Legal cases	650	500
Provision for gurantees	0	600
Provision for open tax year (Note 36)	321	345
Total	**971**	**1.445**

In 2016 there was no balance of unused leave from previous years and the Bank has not formed a related provision for 2016.

33. Share Capital

Share Capital remained unchanged and is analyzed as follows:

	Number of Shares	**Nominal Value**	**Total of Ordinary Shares**
31st December 2015	**3.762.420**	€ 29,35	**110.427.027**
31st December 2016	**3.762.420**	€ 29,35	**110.427.027**

34. Other Reserves

Other reserves are analyzed as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Statutory reserve	11.719	11.719
Extraordinary reserve	4.924	4.924
Other reserve	8	14
Share Premium	1.545	1.545
Other reserves	**18.196**	**18.201**

Statutory Reserve: According to Greek Corporate Law, the Bank is required to deduct from its accounting profits a minimum of 5% per year for the purposes of a statutory reserve. The deduction ceases to be compulsory when the statutory reserve reaches 1/3 of the share capital. This is a non-distributable reserve, but can be set-off against accumulated accounting losses.

Untaxed Reserves (tax free reserves): The bank set off the tax free reserves in accordance with special laws with tax losses without any tax or accounting consequence. For these accounts, as defined in the relevant standard IAS12, there is not any provision for deferred tax liability.

Extraordinary Reserves: The extraordinary reserves have been created from taxed profits, and as such no additional tax liability will be imposed in case of their distribution.

35. Cash and Cash Equivalents

For the preparation of the cash flow statement of the Bank cash and cash equivalents include loans and advances to banks with an original maturity of 90 days or less.

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Cash and balances with Central Bank (Note 15)	8.397	13.146
Loans and advances to banks (Note 16)	40.122	44.398
Total	**48.519**	**57.544**

Cash flows from operating activities of the Bank include trading portfolio transactions, while investment portfolio transactions are included in cash flows from investing activities.

36. Commitments, contingent liabilities and assets

a) Contingent liabilities from guarantees

The contractual values of contingent liabilities are analyzed as follows:

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
Contingent Liabilities from guarantees		
Letters of Guarantee (Bid and Performance books)	1.849	1.616
Letters of Guarantee (Advance Payment, Retention of Tenths, Prompt Payment)	763	5
Total	**2.612**	**1.621**

b) Contingent tax liabilities

The Bank has been audited by the tax authorities for all fiscal years up until and including 2009. The Bank's tax returns and records have not been audited by the tax authorities for the year ended 31/12/2010 and as such the Bank remains potentially liable for additional taxes and penalties that may be imposed for that year. A provision of € 321 thousands has been booked for this contingency.

A Tax Certificate has been issued for 2011, 2012, 2013, 2014 and 2015 by the Bank's Certified Auditors in accordance with paragraph 5 of article 82 of Law 2238/1994. In the same context, the Bank is subject to a tax audit for the year ended 31 December 2016 by its current Certified Auditors, which is in progress. The related Tax Certificate will be issued at a later stage, however, for the purposes of these financial statements it was estimated that no additional material tax liabilities will be posted from the finalization of such tax audit.

c) Contingent liabilities from litigation

There are no pending legal claims or liabilities which could have a material adverse effect on the financial position of the Bank as at 31 December 2016, apart from the cases from which a provision has already been made (Note 31)

37. Related Parties Transactions

All transactions are conducted at arm's length and on the same basis as with any third party. The total amount of transactions with related parties per category is presented below.

37.1. Transactions with companies in the CYPRUS POPULAR BANK Group

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
a) Asset accounts		
Loans and advances to banks	12.690	10.126
Loans and advances to customers	15.896	6.716
Other amounts due	211	192
Total	**28.797**	**17.034**

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
b) Liability accounts		
Due to banks	1.482	10.571
Deposits	1.690	2.907
Other liabilities	1.171	103
Total	**4.342**	**13.581**

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
c) Income		
Interest and similar income	525	154
Dividens received	0	0
Fee and commission income	1.023	1.072
Other income	148	128
Total	**1.695**	**1.355**

Amounts in Euro '000	**31st December 2016**	**31st December 2015**
d) Expenses		
Interest and similar expenses	70	4
Fee and commission expenses	153	0
Other expenses	0	103
Total	**223**	**108**

37.2. Transactions with Management and members of the Board of Directors

Amounts in Euro '000	31st December 2016	31st December 2015
a) Asset accounts		
Loans	4	0
Total	**4**	**0**

Amounts in Euro '000	31st December 2016	31st December 2015
b) Liability accounts		
Deposits	28	7
Total	**28**	**7**

Amounts in Euro '000	31st December 2016	31st December 2015
c) Income		
Interest and similar income	0	0
Fee and commission income	0	0
Total	**0**	**0**

Amounts in Euro '000	31st December 2016	31st December 2015
d) Expenses		
Interest and similar expenses	0	0
Total	**0**	**0**

37.3. Remuneration of Management and members of the Board of Directors

Amounts in Euro '000	31st December 2016	31st December 2015
Fees to members of the BoD	75	66
Salaries	531	453
Total	**606**	**519**

38. Events after the reporting period

There are no events after the reporting period that should be disclosed in the financial statements.

Marousi, 4th July 2017

Chief Executive Officer	Chief Operating Officer	Accounting Department Manager
Theodoros Theodorou	**Anestis Filopoulos**	**Konstantinos Kalliris**