EUROBANK ERGASIAS S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2016

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Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Consolidated Interim Balance Sheet

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

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

Consolidated Interim Income Statement

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

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

Consolidated Interim Statement of Comprehensive Income

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

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

Consolidated Interim Statement of Changes in Equity

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

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

Consolidated Interim Cash Flow Statement

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

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

1. General information

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

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

2. Principal accounting policies

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

Going concern considerations

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

Macroeconomic environment

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

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

Liquidity risk

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

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

Solvency risk

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

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

Going concern assessment

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

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

Amendments to standards adopted by the Group

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

IAS 1, Amendment - Disclosure initiative

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

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

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

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

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

IAS 19, Amendment - Defined Benefit Plans: Employee Contributions

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

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

IAS 27, Amendment - Equity Method in Separate Financial Statements

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

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

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

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

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

Annual Improvements to IFRSs 2010-2012 Cycle

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

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

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

Annual Improvements to IFRSs 2012-2014 Cycle

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

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

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

3. Critical accounting estimates and judgments in applying accounting policies

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

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

4. Greek Economy Liquidity Support Program

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

(a) First stream - preference shares

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

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

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

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

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

5. Credit exposure to Greek sovereign debt

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

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

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

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

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

6. Capital management

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

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

Capital position

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

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

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

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

Restructuring plan

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

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

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

Monitoring Trustee

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

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

7. Segment information

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

The Group is organized in the following reportable segments:

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

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

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

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

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

Operating segments

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

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

The International segment is further analyzed as follows:

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

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

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

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

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

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

[(1)] Income/(loss) from associated undertakings and joint ventures is included.
[(2)] Interbank eliminations between International and the other Group's segments are included.
[(3)] Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.
Note: In the second quarter of 2015, the Bank transferred its operations in United Kingdom (London branch) to its subsidiary Eurobank Private Bank Luxembourg S.A. In particular, at the date of transfer total assets of London branch amounted to € 198 million and total liabilities amounted to € 196 million.

8. Earnings per share

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

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

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

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

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

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

9. Operating expenses

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

Contributions to resolution and deposit guarantee funds

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

Staff costs

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

10. Impairment allowance for loans and advances to customers

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

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

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

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

11. Other impairments and restructuring costs

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

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

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

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

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

12. Income tax and tax adjustments

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

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

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

Tax certificate and open tax years

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

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

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

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

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

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

The movement on deferred income tax is as follows:

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

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

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

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

The net deferred income tax is analyzed as follows:

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

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

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

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

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

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

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

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

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

Assessment of the recoverability of deferred tax assets

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

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

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

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

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

Legal framework for tax credit against the Greek State

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

13. Discontinued operations

Insurance operations classified as held for sale

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

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

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

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

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

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

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

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

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

Post balance sheet event

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

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

Operations in Ukraine classified as held for sale

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

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

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

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

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

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

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

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

14. Loans and advances to customers

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

[(1)] *Credit cards balances are included.*

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

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

Non-performing loans sale transactions

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

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

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

15. Investment securities

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

The investment securities per category are analyzed as follows:

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

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

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

Visa Europe sale transaction

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

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

Sale of European Financial Stability Facility (EFSF) notes

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

Post Balance sheet event

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

16. Investment property

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

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

17. Shares in subsidiary undertakings

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

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

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

[(1)] *SPVs under liquidation.*

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

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

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

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

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

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

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

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

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

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

Post Balance sheet events

Tegea Holdings Ltd and Tegea Plc, United Kingdom

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

Eurolife ERB Insurance Group Holdings S.A., Greece

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

18. Other assets

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

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

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

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

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

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

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

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

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

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

19. Due to central banks

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

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

20. Due to credit institutions

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

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

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

21. Due to customers

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

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

22. Debt securities in issue

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

Medium-term notes (EMTN)

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

Government guaranteed and covered bonds

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

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

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

Post balance sheet events

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

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

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

23. Other liabilities

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

[(1)] Including balances from brokerage activities.

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

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

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

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

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

24. Ordinary share capital, share premium and treasury shares

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

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

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

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

Treasury shares

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

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

25. Preference shares

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

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

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

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

26. Preferred securities

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

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

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

27. Fair value of financial assets and liabilities

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

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

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

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

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

Financial instruments carried at fair value

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

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

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

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

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

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

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

Reconciliation of Level 3 fair value measurements

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

Group's valuation processes and techniques

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

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

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

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

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

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

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

Financial instruments not carried at fair value

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29. Contingent liabilities and commitments

Credit related commitments are analyzed as follows:

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

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

Irrevocable payment commitments

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

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

Legal Proceedings

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

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

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

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

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

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

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

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

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

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

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

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

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

31. Other significant and post balance sheet events

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32. Related parties

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

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

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

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

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

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

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

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

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

33. Board of Directors

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

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

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

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

Athens, 31 August 2016

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