EUROBANK ERGASIAS S.A.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2016

8 Othonos Street, Athens 105 57, Greece

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

General Commercial Registry No: 000223001000

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Selected Explanatory Notes to the Condensed Interim Financial Statements

Interim Balance Sheet

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

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

Interim Income Statement

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

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

Interim Statement of Comprehensive Income

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

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

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

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

Interim Cash Flow Statement

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

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

1. General information

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

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

2. Principal accounting policies

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

Going concern considerations

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

<u>Macroeconomic environment</u>

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.

<u>Liquidity risk</u>

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

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

Solvency risk

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

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

Going concern assessment

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

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

Amendments to standards adopted by the Bank

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

IAS 1, Amendment - Disclosure initiative

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

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

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

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

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

IAS 19, Amendment - Defined Benefit Plans: Employee Contributions

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

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

IAS 27, Amendment - Equity Method in Separate Financial Statements

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

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

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

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

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

Annual Improvements to IFRSs 2010-2012 Cycle

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

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

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

Annual Improvements to IFRSs 2012-2014 Cycle

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

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

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

3. Critical accounting estimates and judgments in applying accounting policies

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

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

4. Greek Economy Liquidity Support Program

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

(a) First stream - preference shares

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

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

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

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

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

5. Credit exposure to Greek sovereign debt

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

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

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

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

6. Capital management

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

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

Capital position

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

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

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

Restructuring plan

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

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

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

Monitoring Trustee

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

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

7. Dividend income

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

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

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

8. Operating expenses

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

Contributions to resolution and deposit guarantee funds

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

Staff costs

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

9. Impairment allowance for loans and advances to customers

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

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

[1] *Credit cards balances are included.*

10. Other impairments and restructuring costs

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

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

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

11. Income tax and tax adjustments

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

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

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

Tax certificate and open tax years

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

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

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

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

The movement on deferred income tax is as follows:

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

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

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

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

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

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

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

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

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

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

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

Assessment of the recoverability of deferred tax assets

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

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

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

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

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

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

Legal framework for tax credit against the Greek State

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

12. Discontinued operations

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

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

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

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

Post balance sheet event

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

13. Loans and advances to customers

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

[1] *Credit cards balances are included.*

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

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

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

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

14. Investment securities

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

The investment securities per category are analyzed as follows:

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

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

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

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

Visa Europe sale transaction

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

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

Sale of European Financial Stability Facility (EFSF) notes

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

Post balance sheet event

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

15. Shares in subsidiary undertakings

Eurobank Bulgaria A.D., Bulgaria

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

Eurobank Ergasias Leasing S.A., Greece

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

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

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

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

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

ERB Hellas Funding Ltd, Channel Islands

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

IMO Rila E.A.D., Bulgaria

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

Proton Mutual Funds Management Company S.A., Greece

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

Post balance sheet events

Tegea Holdings Ltd and Tegea Plc, United Kingdom

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

Eurolife ERB Insurance Group Holdings S.A., Greece

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

16. Other assets

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

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

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

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

17. Due to central banks

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

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

18. Due to credit institutions

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

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

19. Due to customers

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

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

20. Debt securities in issue

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

Securitized

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

Medium-term notes (EMTN)

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

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

Government guaranteed and covered bonds

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

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

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

Post balance sheet events

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

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

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

21. Other liabilities

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

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

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

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

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

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

22. Ordinary share capital and share premium

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

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

Treasury shares

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

23. Preference shares

	Preference Shares	
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.

24. Hybrid capital

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

	Series A € 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 hybrid capital.

25. Fair value of financial assets and liabilities

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

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

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

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

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

Financial instruments carried at fair value

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

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

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

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

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

Reconciliation of Level 3 fair value measurements

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

Bank's valuation processes and techniques

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

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

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

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

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

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

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

Financial instruments not carried at fair value

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

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

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

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

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

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

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

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

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

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

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

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

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

27. Contingent liabilities and commitments

Credit related commitments are analyzed as follows:

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

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

Irrevocable payment commitments

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

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

Legal Proceedings

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

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

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

28. Other significant and post balance sheet events

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

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

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

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

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

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

Note 2-Principal accounting policies

Note 4-Greek Economy Liquidity Support Program

Note 11-Income tax and tax adjustments

Note 12-Discontinued operations

Note 14-Investment securities

Note 15-Shares in subsidiary undertakings

Note 17-Due to central banks

Note 20-Debt securities in issue

29. Related parties

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

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

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

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

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

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

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

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

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

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

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

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

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

30. Board of Directors

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

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

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

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

Athens, 31 August 2016

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