Annual Financial Report

31 December 2016

In accordance with International Financial Reporting Standards

ATHENS
24 FEBRUARY 2017

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The attached notes on pages 18 to 66 form an integral part of these financial statements.

MANAGEMENT REPORT
by the Board of Directors of

NATIONAL SECURITIES S.A.
REGISTERED OFFICE: ATHENS, GEMI 999301000
28th FINANCIAL YEAR 01.01.2016 – 31.12.2016

Dear Shareholders,

Together with this Report we submit for your consideration the financial statements of the company for the financial year 1 January to 31 December 2016, prepared in line with IFRS, which comprise the statement of financial position as at 31 December 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The financial statements of NBG Securities S.A. (hereinafter, the Company) give a detailed picture of the assets, liabilities and equity of the Company, as well as its financial position.

For significant items included in the statements of comprehensive income and financial position, full explanations and details are provided in the Notes on the Financial Statements which form an integral part thereof.

The Company and the financial, labor and natural environment

2016 was a difficult year for stock markets. Although the General Index increased slightly by 1.95% (643.64 points as at 33/12/2016 vs. 631.35 points yoy, the average daily trading value posted significant decline by 29.52% to €60.4 million in 2016 vs. €85.7 million a year earlier.

With regard to the structure of the ATHEX market, the participation of foreign institutional investors stood at 53.54% (vs. 60.48% yoy), individuals at 19.57% (vs. 21.09% yoy) and Greek institutional investors at 8.48% (vs. 5.80% yoy) and PROPs at 15.50% (vs. 11.85% yoy).

During 2016 the Company undertook significant cost-reducing actions, such as: voluntary retirement scheme, closure of domestic and overseas branches, relocation of the head offices and more rational management of operating expenses. The above actions are expected to have a positive impact on the Company's results over the following financial years.

The Company continued to operate as a market maker for all listed derivatives and key shares in terms of capitalization, having gained high market shares and strong quality assessments, providing uninterrupted liquidity and serving the wider market.

Investor interest in the market for both highly capitalized stocks and derivatives was adversely affected in 2016 due to the temporary ATHEX shutdown in July 2015, thus leading to obvious problems in both valuations and liquidity of institutional investors. However, the Company managed to be in the first two positions in terms of total derivative market share for the FTSE/ASE25 Large Cap Index, at 22%, while it held the same position as regards Options on the said index, with a share of 32%. In addition, it held good rankings in most Futures on shares.

The Company's share on ATHEX stood at 11.68% and ranked 3rd among brokers for 2016.

During 2016, the Research Division focused on and further enhanced the quality of its activities by publishing targeted analyses and contacting institutional investors and the administrations of covered listed companies on a daily basis. The Division's researchers met with a number of investors, while the Company participated in conferences of the Hellenic Exchange to promote collaboration between institutional investors and the managements of Greek listed companies.

Going concern

The Company's management has stated that no going concern issue is posed due to restrictions on cash withdrawals and fund transfers, as laid down in the Act of Legislative Content No 65/28.06.2015 and implemented under the subsequent relevant ministerial decisions, taking into consideration the particularly high liquidity ratio (total current assets / total short-term liabilities), which at 31 December 2016 stood at 1.96, the minimal borrowing, and the adequacy of equity. Besides providing brokerage services, the Company is also active in investment banking which is not affected by the activities of the stock exchange sector.
In addition, the Company's management believes that the conclusion of an agreement between the Greek Government and the Institutions regarding the review of the 3rd economic adjustment programme for Greece will lead to the gradual lifting of capital controls, normalization of the situation, and the return of operating activity to earlier levels.

Prospects

The main targets for next year are:
- ongoing improvement in market share
- profitability despite the adverse economic climate
- maximum performance of the Company’s operating activities thanks to the new structure arising from the key changes outlined above
- increase in sales to foreign brokers/dealers
- further development of DMA transactions
- further development of e-trading through the Company's trading site.

Accounting principles

The accounting principles applied by the Company for its 2016 financial statements and other relevant useful information are stated to in the Notes to the Financial Statements, which are an integral part thereof.

As an Investment Services Provider SA the Company is required to draft its financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the EU, as stipulated by Article 18 of Law 3606/2007.

Operations and performance of the Company

Fees and commission income amounted to €6,652,176 in 2016 vs. €10,406,234 in 2015, down by 36.08%. Total income from operating activities amounted to €6,231,193 in 2016 vs. €12,838,672 in 2015, down by 51.47%. Costs for operating activities amounted to €17,815,490 in 2016 vs. €16,030,087 in 2015, down by 11.14%. Net trading income amounted to €(767,052) for 2016 vs. €1,881,463 yoy, and dividend income stood at €238,550 in 2016 vs. €118,020 in 2015. Net interest earnings amounted to €551,410 for 2016 vs. €356,907 in 2015. Year loss before tax stood at €11,032,887 for 2016 vs. year loss before tax of €2,834,508 in 2015.

Year loss stood at €8,566,898 for 2016 vs. year loss of €1,893,106 for 2015.

Financial position of the Company

With regard to its capital structure:

- The Company's share capital remained unchanged at €11,674,101.
- Total reserves amounted to €49,715,544 in 2016 vs. €52,225,83 in 2015.

Total equity was at €60,552,090 in 2016 vs. €76,108,247 in 2015, thus falling by 19.13%.

	INDICES	2016	2015	REMARKS
1	Gross Profit Margin (Net Operating Activities Earnings/ Income from Operating Activities)	(185.90%)	(24.9%)	The observed deterioration of the index is mainly attributed to 1. the reduction in fees and commission income by 36.08%% (€6,652,176 in 2016 vs. €10,406,234 in 2015) 2. the increase in operating expenses by 17.38% (€18,815,490 in 2016 vs. €16,030,087 in 2015)
2	Operating Expenses Rate (Administrative and distribution expenses / Fees and commission income)	47.61%	23.9%	The deterioration of the index is mainly attributed to the reduction in fees and commission income by 36.08% (see remarks under item 1) The latter is mainly due to the reduction in commissions from the sale/purchase of shares (€5,490,853 in 2016 vs. €8,192,086 in 2015) and other income (€377,294 in 2016 vs. €1,010,393 in 2015).
3	Profit before Tax in % (Profit of period before tax/ Income from Operating Activities)	(177.06%)	(22.1%)	For the index deterioration see remarks under item 1.
4	Return on Equity (Profit/(loss) of period after Tax / Total Equity)	(14.15)	(2.5%)	For the index deterioration see remarks under item 1.

5	General liquidity (Total current assets / Total short-term liabilities)	1.96	2.66	On high levels for both periods

Risks

Risks and financial instruments

In the context of its business activities, the Company acknowledges that it assumes and faces significant risks due to the nature of its business.

The Company has established processes and policies to address the risks it assumes.

The Company estimates its capital requirement for the risks it assumes in line with the applicable legal and regulatory framework and calculates the monthly Capital Adequacy ratio, which in 2016 ranged between 39.01% and 41.51%.

Credit risk

Credit risk is the current or future risk on earnings and capital arising from the counterparty's failure to fully or partially repay any amount due to the Company or in general to meet the terms and obligations deriving from any agreement with the Company.

The Company maintains appropriate ongoing credit administration, measurement and monitoring processes, in line with the regulatory provisions of the Supervisory Authorities.

Subject to credit risk are receivables from customers, stockbrokers and stock exchange, amounting to €10,749,611 in total. Due from private banking customers are subject to a daily strict credit control.

Subject to credit risk are also sight deposits of €48,713,307. The resulting credit risk concerns in essence the credit risk of banks where these deposits are placed, and is addressed by approved limits per counterparty.

In addition, subject to credit risk is the participation in the Guarantee Fund in the amount of €3,345,456 and the participation in the Clearing Fund in the amount of ATHEX & Cyprus Stock Exchange in the amount of €2,055,652.

Liquidity risk

The said risk describes the possibility that the Company may not be able to meet its obligations. The Company may outweigh its short-term obligations through its Current Assets given that the General Liquidity Liability is 1.96. In addition, given that as at 31/12/2016 the Company had total funding lines from banks of €30,000,000 the liquidity risk is considered limited.

Cash flow risk (interest rate risk)

Subject to this risk are loans with variable interest rate. For 2016 the Company was not exposed to any interest rate risk given that its short-term lending was minimal.

Market risk

Market Risk is the current or future risk on earnings and capital, caused by adverse changes in component prices in the same portfolio. This risk results from activities linked to market making operations in shares and financial derivatives and the purchase and sale of securities for short-term trading.

The Company has established risk limits while on a daily basis it measures the Value at Risk - VaR index for all its own positions as well as the various individual components thereof. In addition, individual limits on exposures and various sensitivity indices are monitored.

In particular, as regards the level of market risk, as evidenced by the VaR index, in 2016 the figure ranged between €11,187 and €276,302, while the average stood at €89,212.

The majority of exposures derive from the Company's activity as a market maker and are hedged (see price change risk).

Subject to this risk are shares of €13,673,769 and other securities of €2,844,770. The majority of shares in the trading portfolio amounting to €12,608,879 derive from the Company's activity as a Class B Market Maker in derivatives and as a result, the position is offset against that of the derivatives. The risk that results from the trading portfolio is measured on a daily basis in line with the VaR method.

Operational risk

Operational Risk is the risk of losses due to insufficiency or ineffectiveness/ failure of internal processes, persons or systems, or due to external events.

The Company has set out specific Strategy, Policy and Implementation Guidelines on Operational Risk Management, which define the management framework of operational risk in terms of strategy principles and targets and at the level of policy-process management. The Policy and Implementation Guidelines on Operational Risk Management define and describe: (a) the measurement and management system of operational risk, (b) operational risk typology and (c) the general management process for operational risk. This framework ensures that the operational risk assessment system is integrated in the risk management process of the Company. In addition, the Company has special policies and processes regarding measurement and management of operational risk. The Company has set up a Disaster Recovery Site, has implemented a Business Continuity Plan, and has drafted a Business Security Policy regarding its IT systems, which is based on NBG's Security Policies.

Concentration risk

Concentration risk is the risk of loss arising from a large exposure to a security or exposure to a market sector or financial instrument category or geographical region. An excessively skewed concentration of

exposures in one debtor group may lead to losses from exposures to Credit Risk, Liquidity Risk and/or Market Risk.

The Company has taken measures to avoid high concentration of exposures against individual debtors or linked debtor groups. Specifically, with regard to the investment of the Company's cash resources in time or simple deposits, an internal model has been established including an approved debtor list with maximum investment limit per counterparty. Similar limits per exposure to individual issuers are set for exposures to shares acquired from market making operations (Company's portfolio). The Company is indirectly exposed to concentration risk by virtue of concentration in securities of individual or related issuers that may appear in the security portfolios of customers who have been provided credit to buy shares. To mitigate this risk the Company has adopted and implemented stricter requirements than those legally imposed, thereby promoting the widest possible dispersion of securities in customer security portfolios.

Distribution of profit

The period ended in negative territory, at €8,566,898. The Company, by resolution of the Extraordinary General Meeting of 11 October 2016, paid dividend amounting to €4,479,021 from profits of previous years and €2,520,979 from taxed reserves. The Board of Directors proposes the approval of the paid dividend of €7,000,000 pre-approved by the EGM’s resolution dated 11.10.2016.

Other information

a) As at 31 December 2016, the Company's financial assets at fair value through profit and loss amounted to €16,562,401.

b) The Company has two branches, in Thessaloniki and in Iraklio.

c) The branches in Agrinio, Lamia, Nicosia, London and Bucharest are in the process of terminating their operations following decision of the BoD.

d) In the period since the end of the financial year up to the present no significant loss or likelihood of such loss has occurred. Any likely losses are included in other provisions, as described in note 24 to the financial statements.

e) On 15 December 2016 the Company announced a voluntary retirement scheme; 38 employees participated in the scheme and retired on 30 December 2016.

f) The Company has no labour or environmental problems.

Dear Shareholders,

Based on the above, you are invited to approve the annual financial statements for 2016 (01.01.2016 – 31.12.2016).

Athens, 24 February 2017

For the Board of Directors

The Chair of the Board	The Chief Executive Officer and Member of the Board
Eleni Tzakou-Lambropoulou	Athanasios P. Chrysafidis
ID No P.144944	ID No AM 082833

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Independent Auditor's Report

To the Shareholders of National Securities S.A.

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as adopted by the European Union, and for such internal controls that management considers necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

Deloitte.

Taking into consideration that the Company's Management is responsible for the preparation of the BoD Report, in implementation of the provisions of paragraph 5, article 2 (section B) of L. 4336/2015, we note the following:

a) In our opinion, the BoD Report is prepared (or is not prepared) in accordance with the applicable requirements of article 43a of Codified Law 2190/1920 and its content corresponds to the attached financial statements for the year ended at 31 December 2016.

b) On the basis of the knowledge we acquired during our audit of National Securities S.A. and its environment, we have not detected any material misstatements in the Board's Management Report.

Athens, 28 February 2017

The Certified Public Accountant

Despina Xenaki
Reg. No. SOEL: 14161
Deloitte Business Solutions S.A.
Fragkokklisias 3a & Granikou 151 25 Marousi
Reg. No. SOEL: E 120

STATEMENT OF COMPREHENSIVE INCOME		***Amounts (in €)***	
	Note	**01.01-31.12.2016**	**01.01-31.12.2015**
Fees and commission income	5	6,652,176	10,406,234
Dividend income		238,550	118,020
Financial transactions profits (loss)	6	(767,052)	1,881,463
Other operating income		107,519	432,955
Income from operating activities		**6,231,193**	**12,838,672**
Costs for provision of services	7	(14,409,851)	(13,193,053)
Administrative expenses	8	(3,021,222)	(2,322,824)
Selling expenses	9	(145,718)	(163,916)
Other operating expenses	10	(238,699)	(350,294)
Costs for operating activities		**(17,815,490)**	**(16,030,087)**
Net interest income		607,103	479,438
Less interest expenses		(55,693)	(122,531)
Net interest earnings		**551,410**	**356,907**
Profit/(Loss) before taxes		**(11,032,887)**	**(2,834,508)**
Income taxes	11	2,465,989	941,402
Profit/(Loss) of financial year		**(8,566,898)**	**(1,893,106)**
Other comprehensive income /(expense) after tax			
Items which will not be reclassified in the results set out below			
Reassessed net liability of defined benefit plans, after tax		10,741	113,773
Total comprehensive income / (expense) for the period		**(8,556,157)**	**(1,779,333)**

The attached notes on pages 18 to 66 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION			*Amounts (in €)*
	Note		
ASSETS		**31/12/2016**	**31/12/2015**
Non-current Assets			
Intangible assets	13	164,308	159,047
Property and equipment	14	697,209	210,804
Investments in associates		-	-
Deferred tax assets	15	3,869,047	1,407,445
Other long-term items	16	5,595,373	5,242,041
		10,325,937	**7,019,337**
Current Assets			
Due from customers, stockbrokers - stock exchange	17	10,749,611	20,400,803
Financial assets at fair value through profit and loss	18	16,562,401	9,107,536
Other assets	19	29,552,786	37,460,699
Cash and cash equivalents	20	48,716,990	46,362,696
		105,581,788	**113,331,734**
TOTAL ASSETS		**115,907,725**	**120,351,071**
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	21	11,674,101	11,674,101
Reserves	22	49,715,544	52,225,783
Retained earnings / (loss)		(837,555)	12,208,363
		60,552,090	**76,108,247**
Long-term Liabilities			
Employee benefit obligations	23	440,589	626,238
Other provisions	24	1,041,567	1,056,917
		1,482,156	**1,683,155**
Current Liabilities			
Loans	25	5,157,550	-
Due to customers, stockbrokers - stock exchange	26	46,946,957	40,576,650
Financial liabilities at fair value through profit and loss	27	23,100	364,796
Other liabilities	28	1,745,872	1,618,223
		53,873,479	**42,559,669**
TOTAL EQUITY AND LIABILITIES		**115,907,725**	**120,351,071**

The attached notes on pages 18 to 66 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY		*Amounts (in €)*			
	Share capital	Reserves		Retained earnings	Total
		Defined benefit plans	Other reserves		
Balance at 01/01/2015	**11,674,101**	**348,635**	**51,763,375**	**14,101,469**	**77,887,580**
Loss for the period	-	-	-	(1,893,106)	(1,893,106)
Other comprehensive income / (expense)	-	113,773	-	-	113,773
Total comprehensive income / (expense) for the period	**-**	**(113,773)**	**-**	**(1,893,106)**	**(1,779,333)**
Balance at 01/01/2016	**11,674,101**	**462,408**	**51,763,375**	**12,208,363**	**76,108,247**
Loss for the period	-	-	-	(8,566,898)	(8,566,898)
Other comprehensive income / (expense)	-	10,741	-	-	10,741
Total comprehensive income / (expense) for the period	**-**	**10,741**	**-**	**(8,566,898)**	**(8,556,157)**
Distribution of reserves and profits of previous years	-	-	(2,520,979)	(4,479,021)	(7,000,000)
Balance at 31/12/2016	***11,674,101***	**473,149**	**49,242,396**	**(837,555)**	**60,552,090**

The Company, by resolution of the Extraordinary General Meeting of 11 October 2016, paid an aggregate dividend of €7,000,000, i.e. €4,479,021 from profits of previous years and €2,520,979 from taxed reserves.

The attached notes on pages 18 to 66 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS		*Amounts (in €)*	
		01.01-31.12.2016	01.01-31.12.2015
Cash flows from operating activities			
Profit/(Loss) for the period		**(8,566,898)**	**(1,893,106)**
Non-cash items and other adjustments included in net profit/(loss)of the period:		**(2,469,999)**	**(562,169)**
Depreciation on tangibles assets	14	88,805	89,368
Depreciation on intangibles assets	13	56,397	56,259
Impairment loss from holdings in associates portfolio		-	79,418
Provisions		(185,871)	136,312
Deferred tax (income)/ expenses	11	(2,465,989)	(923,608)
Net losses on disposal of property and equipment		36,659	82
Net decrease in operating assets:		**20,953,962**	**42,359,542**
Due to credit institutions		5,157,550	-
Trading securities		(7,796,561)	(11,610,591)
Claims against customers / Due to customers (net amount)		16,031,840	6,373,351
Other assets		7,310,434	47,424,763
Dividends received		238,550	118,020
Interest received		12,149	53,999
Net increase / (decrease) in operating liabilities:		**127,649**	**(55,712,832)**
Income taxes paid		(25,169)	(2,066,947)
Other liabilities		208,511	(53,523,354)
Interest paid		(55,693)	(122,531)
Net cash from/ (for) operating activities		**10,044,714**	**(15,808,565)**
Cash flows from investing activities			
Acquisition of intangibles assets	13	(78,550)	(41,321)
Acquisition of tangibles assets	14	(617,099)	(35,061)
Disposal of tangibles assets		5,229	107
Net cash used in investing activities		**690,420**	**(76,275)**
Cash flows from financing activities			
Dividends paid		(7,000,000)	-
Net cash from/ (for) financing activities		**(7,000,000)**	**-**
Net increase / (decrease) in cash and cash equivalents		**2,354,294**	**(15,884,840)**
Cash and cash equivalents at the beginning of the period		46,362,696	62,247,536
Cash and cash equivalents at the end of period	20	48,716,990	46,362,696

The attached notes on pages 18 to 66 form an integral part of these financial statements.

Athens, 26 February 2016

The Chair of the Board	The Chief Executive Officer & Member of the Board	The Manager of Financial Services
Eleni Tzakou-Lambropoulou ID No P.144944	Athanasios P. Chrysafidis ID No AM 082833	Efthymios V. Voides ID No AZ 04759 Greek Economic Chamber Licence No. A Class 14475

The attached notes on pages 18 to 66 form an integral part of these financial statements.

Notes on the Financial Statements

1. General information on the Company

The NATIONAL SECURITIES S.A. (hereinafter, the "Company") was established in 1988. The Bank's headquarters are located at Kifisias 66, Marousi (GEMI No 999301000), tel. +30 210 77 20000, www.nbgsecurities.com. The Company provides financial and investment services and is active both in Greece and abroad.
Its total share capital is held by National Bank of Greece SA (NBG) and its financial statements are included in NBG Group consolidated financial statements.

The Board of Directors consists of the following members:

Eleni Tzakou-Lambropoulou	Chairman of the Board
Panagiotis-Ioannis Dasmanogolou	Vice Chairman
Athanasios Chrysafides	Chief Executive Officer
Nikolaos Albanis	Member
Christos Dallis	Member
Vasilios Kavalos	Member
Efthymios Katsikas	Member

Supervising Authority Capital Market Commission - Ministry of Development

Tax Identification Number 094239819

General Commercial Registry (GEMI) 999301000

Legal Advisor Eva Kotzabassi

The Board of Directors was constituted into a body by its resolution of 09/01/2017. Its term of office expires on 30/06/2019. These financial statements have been approved for issue by the Company's Board of Directors on 24/02/2016.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Financial Statements of the Company for the year ended 31 December 2016 (the "financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
The amounts are rounded-up and stated in Euro, unless otherwise stated.
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

The financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities held at fair value through profit or loss and all derivative contracts, which have been measured at fair value. The preparation of financial statements in conformity with the IFRS requires the use of estimates and assumptions that may affect both the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of available information and application of estimates and assumptions are inherent in the formation of estimates in the following areas: assessment of the recoverability of deferred tax assets, impairment of bad debt, estimation of retirement benefits obligations and provisions for other risks. Actual results in future could differ from those reported. The areas presenting a higher level of estimates and assumptions or complexity, or the areas where assumptions and estimates have significant impact on the Financial Statements, are disclosed in Note 3.

2.2 Going concern

Developments in the macroeconomic environment

Annual GDP contracted by 0.3% in 2015, significantly milder than the much more pessimist expectations of the third quarter of 2015, following the imposition of capital controls and the 3-week bank holiday in July 2015. The significant recovery of confidence in the economy and the disbursement of the Program funds contributed to the weakening of recessionary pressures in the first semester of 2016 (by -0.6% yoy) and the positive growth of GDP by 2.2% on an annual basis (+0.9% qoq seasonally adjusted) in the third quarter of 2016, supported by increased business investments and consumption expenditure. Overall, GDP growth in 2016 stood at +0.3%, outperforming compared with the official forecasts of an annual decline of 0.3%. In this context, the financial activity is expected to gain further momentum in 2017, with real GDP increasing by +2.7% annually, according to the latest forecasts of the European Commission and the IMF.

In the area of public finances, Greece outperformed the targets of the Third program, after achieving in 2015 a primary surplus of 0.25% of GDP in the budget of General Government, compared with an anticipated deficit of 0.25% of GDP. Accordingly, in 2016 the primary surplus of the government budget exceeded by €2.5 billion (1.4% of GDP) the relevant reviewed target of the program for 2016. According to the estimates of the European Commission, the primary surplus of the general government is expected to exceed 2% of GDP for 2016 (outperforming the Program's target of 0.5% of GDP), supporting the credibility of the adjustment effort for 2017, for which the relevant target of the Program is set at 1.75% of GDP.

Note that the Eurogroup of 25 May 2016 agreed on the features of a contingency fiscal mechanism, required for successful completion of the first review of the Program, while the Greek government passed the relevant law in May 2016, in order to ensure additional long-term credibility and sustainable attainment of future fiscal targets. This mechanism enables automatic activation of corrective fiscal measures, in the event that the attainment of the Program's annual primary surplus target is at risk.

Following the successful assessment of Greece's progress as regards the implementation of the actions and reforms in the context of the first Program review, and the simultaneous approval of the Eurogroup of 25 May 2016, along with the ECB and the ESM BoD, Greece and the European Commission entered into a supplementary Memorandum of Understanding (on 16 June 2016), which updated the terms of the Memorandum of August 2015 and assessed the implementation of the Program. The completion of the first review resulted in the disbursement of the second tranche amounting to €10.3 billion, paid in instalments between June and October 2016. In particular, in June 2016, €7.5 billion were disbursed towards debt servicing and repayment of overdue obligations, while the remaining tranches amounting to €1.1 billion and €1.7 billion were disbursed in October 2016 following a positive report by the EU institutions regarding the repayment of overdue debts and successful completion of a number of requirements.

In addition, the Eurogroup of 25 May 2016 expressed its commitment to grant new concessions, on the basis of agreement, aimed at ensuring the sustainability of the Greek debt, and agreed to a package of debt measures which will be phased in progressively, subject to the pre-defined conditionality of the ESM programme. These measures include, inter alia, smoothing the repayment profile and launching appropriate actions for managing and redesigning the measures in the short-, medium- and long-term horizon, with a view to further increasing the average term of the debt, reducing its servicing cost in the medium-/long-term, and in essence reducing the net present value of the Greek public debt.

Indeed, the Eurogroup of 5 December 2016 approved the implementation of short-term debt relief measures as of the beginning of 2017, mainly including: a) smoothening of the EFSF repayment profile by extending maturity to 32.5 years from 28, b) reducing interest rate risk by entering into interest rate swaps with the ESM, with a view to stabilizing total cost and mitigating the risk of higher market rates in the future. In addition, a potential exchange of floating rate instruments used in the Greek bank recapitalization with corresponding fixed rate notes of longer maturity is proposed, and c) ESM decided to fund future disbursements to Greece under the Third program, by issuing long-term notes maturing almost at the same time as the Greek debts, stabilizing thus the relevant interest rate costs. Lastly, in 2017 suspension of the imposition of a higher interest rate margin remained in place in respect of the tranche of €11.3 billion of the EFSF loans under the second programme, used to finance debt buy-back.

According to ESM estimates, the anticipated benefit of the short-term measures of debt relief is expected at 20 pp of GDP up to 2060, while they will contribute in reducing the Greek state's medium- and long-term financing requirements to sustainable levels, as decided by Eurogroup, up to 15% of GDP in the medium-term after the completion of the program and up to 20% of GDP in the long-term.

At the Eurogroup of 20 February, the Greek authorities and the institutions reached a common understanding regarding the key parameters for the completion of the pending second review of the program, which allows the review mission to return to Athens and resume work in order to conclude a staff-level agreement on policy reforms. After conclusion of the agreement on a technical level, the Eurogroup will reach a political agreement that will approve the relevant financing and, potentially, provide further information on the medium-term measures for the sustainability of the Greek public debt.

Stock Market

The deposits held by the Company with Greek credit institutions are subject to restrictions on cash withdrawals and capital transfers, as set out in the Act of Legislative Content 65/28.06.2015 and implemented in line with the relevant ministerial decisions.

The capital controls led to the contraction of trading activity in the Athens Exchange and, accordingly, to the significant decline of the Company's turnover.

2016 was a difficult year for stock markets, given the ongoing recession and capital controls. The stock market's prospects are considered to be relatively positive, as:

- The launch of discussions in 2017 and a final, positive for Greece, settlement of the debt within 2018 will result in the reversal of the overall negative environment in general.
- The expectation for lifting capital control by the end of 2018 at the latest will result in reversal of the negative environment in the Athens Exchange.
- A restart of the privatization process will have a positive impact on investment activity in the Athens Exchange.

Conclusion for the going concern

The Company's Management has stated that the going concern of the Company is not in doubt, taking into consideration a) the high capital adequacy ratios as at 31 December 2016 (39.01%), b) the exceptionally high liquidity ratio (Total current assets/ short-term liabilities), which stands at 1.96 as at 31 December 2016, c) the anticipated impact of reforms and measures to reduce operating costs.

2.3 Adoption of IFRS

2.3.1 New IFRS, interpretations and amendments effective as of 01.01.2016

Amendments

- IFRS 11 (Amendments) Accounting for the acquisition of an interest in a joint operation **(effective for annual periods beginning on or after 01 January 2016).** The amendments of IFRS 11 provide instructions on how to account for acquisition of joint operations which constitute a business, as defined in IFRS 3 Business Combinations. In particular, the amendments state that the relevant principles of IFRS 3 on accounting business combinations and other standards (e.g. IAS 36 Impairment of Assets regarding impairment tests for a cash-generating unit to which the goodwill acquired in a jointly controlled operation has been allocated) shall apply. The same principles shall also apply to the formation of a jointly controlled operation only if one of the participants contributes an existing business. The venturer should also disclose the relevant information required by IFRS 3 and other standards regarding business combinations.

- IAS 1 (Amendment) Disclosure Initiative (effective date: annual periods beginning on or after 1 January 2016). The amendments in IAS 1 clarify that information should not be obscured by aggregating or by providing immaterial information and that materiality considerations apply to all the parts of the financial statements. An entity is not obliged to disclose the information provided by IFRS if such information is not material. Amendments in the statement of comprehensive income require separate disclosure of other comprehensive income from affiliated companies and joint ventures, which is registered using the equity method based on whether or not it will subsequently be reclassified to profit or loss.

- IFRS - Annual Improvements cycle 2010-2012 (effective date: annual periods beginning on or after 01 February 2015, as adopted by the EU), introduce amendments to the following standards:

IFRS 2 Share-based Payment – Changes the meaning of "vesting period" and "market condition" and adds the terms "performance condition" and "service condition", formerly included in the definition of "vesting period".

Specifically:

- In line with the amendment, "market condition" is a performance condition related to the purchase price or value of the equity instruments of the company or of another

company of the same group. A market condition requires that the counterparty completes a specified service condition.

- As regards the "performance condition", the amendment clarifies that the term during which the performance target is achieved cannot be extended beyond the service term, and is determined according to the activities of the company or of another company of the same group.

IFRS 3 Business Combinations – Requires contingent consideration that is classified as an asset or liability to be measured at fair value on any reference date, regardless of whether the contingent consideration is a financial asset under IFRS 9 or IAS 39 or non-financial asset or liability. Any changes in the fair value should be recognized in profit or loss.

IFRS 8 Operating Segments – Requires disclosure of judgements made by the management in applying aggregation criteria in operating segments, including a brief description of such operating segments and financial indices used to define if the operating segments have similar financial features. It clarifies that the reconciliation of segment assets are required only if such assets are regularly reported to the chief decision-maker.

IFRS 13 Fair Value Measurement – Clarifies that the issuance of IFRS 13 and the amendments in IFRS 9 and IAS 39 do not remove an entity's ability to measure short-term receivables and payables on a non-discounting basis, provided that the impact of the discount is minor (amend only the base for conclusions).

IAS 24 Related Party Disclosures – Clarifies that an entity providing key management personnel services to another entity or its parent is a related party of the latter entity. Therefore, any payment amounts for management services shall be disclosed as related party transactions.

- IAS 27 Consolidated and Separate Financial Statements (Amendments) - Application of the Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company has no intention to apply this amendment to its separate financial statements.

- "IFRS - Annual Improvements to IFRSs 2012-2014 cycle" (effective date: annual periods beginning on or after 1 January 2016), introduce amendments to the following standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – The amendment clarifies that when an entity reclassifies an asset (or group of assets destined for sale, "disposal groups") from "held for sale" to "held for distribution" or vice versa, this event does not alter the plan of sale or distribution and therefore should not be accounted for as a change. This means that the asset or the disposal groups held for sale should not be replaced in the financial statements, as if they had never been classified as "held for sale" or "held for distribution", simply because the way of disposal was changed. The amendment also restores an omission in the standard clarifying that the directive to change the sales plan should be applied to an asset or disposal group held for sale when they are no longer held for distribution but not reclassified as "held for sale".

IFRS 7 Financial Instruments: Disclosures – There are two amendments to IFRS 7.

1) Servicing contracts after the transfer of financial assets
If an entity transfers a financial asset under conditions that allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all forms of continuing involvement of the entity over the transferred assets. IFRS 7 clarifies what is meant by "continuing involvement". The amendment provides additional guidance to help management determine whether the terms

of an arrangement to service a financial asset which has been transferred constitute "continuing involvement". This amendment provides the right (but not the obligation) of retroactive effect.

2) Interim financial statements
The amendment clarifies that the additional disclosure required by IFRS 7 "Disclosure - Offsetting financial assets and liabilities" is not specifically required for all interim periods, unless required by IAS 34. The amendment is retrospective.

IAS 19 Employee Benefits – The amendment clarifies that when the interest rate is determined for the discounting of the defined post retirement obligations, the currency is what is important for the conversion of the obligation and not the country of origin. The assessment of whether there is an active market for high quality corporate bonds is based on corporate bonds of the said currency and not on corporate bonds of a particular country. Likewise, when there is no active market for high-quality corporate bonds of the said currency, government bonds of the same currency can be used. The amendment is retrospective but is limited to the commencement of the most recent period presented in the financial statements.

- IAS 16 and IAS 38 Clarifications of Acceptable Methods of Depreciation (effective date: annual periods beginning on or after 01 January 2016)**.** The amendment to IAS 16 prohibits businesses from using revenue-based methods to calculate the depreciation of tangible assets. The amendment to IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for measuring the depreciation of an intangible asset. The presumption may be rebuttable when the intangible asset is expressed as a revenue calculation measure or when it can be proven that revenue and the consumption of the economic benefits embodied in the intangible asset are closely connected.
The Company is using the straight-line amortization method for its tangible and intangible assets. The management believes that the straight-line amortization method is the most appropriate method to reflect the economic benefits embodied in the relevant assets.

- IAS 19 (Amendments) Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 01 February 2015, as adopted by EU). This modifies the requirements of IAS 19 (2011) "Employee Benefits" regarding contributions paid by employees or third parties which are linked to the provision of services. If the amount of contributions is independent of the number of years of service, the contributions may be recognized as a reduction in service cost in the period in which the related service is rendered instead of being attributed to the periods of service. If the amount of contributions is dependent on the number of years of service, the contributions are required to be attributed to periods of service using the same method required by article 70 of IAS 19 for the gross benefit. This would involve using either the defined benefit plan's contribution formula, or a straight line basis. The Company has not applied this amendment, but it is not expected to have any material effect on the financial statements.

2.3.2 New IFRS, interpretations and amendments to become effective after 2016

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018). IFRS 9, issued in November 2009, introduced new requirements regarding classification and measurement of financial assets. IFRS 9 was initially amended in October 2010 to include requirements for the classification and measurement, as well as the de-recognition of financial liabilities and subsequently in November 2013 to include the new general hedge accounting model. In June 2014 a revised version, which replaces all previous versions, was issued mainly to include (a) provisions for impairment for financial assets and (b) minor amendments to its relevant provisions regarding classification and measurement by

introducing a new measurement category for certain simple debt instruments, "fair value through other comprehensive income" (FVTOCI). Key requirements of IFRS 9:

- All financial assets that are currently within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are required to be subsequently measured at amortized cost or fair value. Specifically, debt instruments held on the basis of a business model aiming at collecting contractual cash flows (instead of selling this instrument prior to its maturity in order to recognize modifications in fair value), that consist solely of payments of principal and interest on the principal outstanding, can generally be measured at amortized cost in subsequent periods. Debt instruments whose contractual terms provide solely for payments of principal and interest, on specific dates and held by means of a business model that aims at either collecting contractual cash flows or selling the debt instruments, are measured at FVTOCI, unless the asset is designated at fair value through profit or loss. All other debt and equity instruments are measured at their fair value at the end of subsequent accounting periods. Furthermore, according to IFRS 9, if an equity instrument is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in profit or loss.

- With respect to measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires the amount of change in the fair value that is attributable to changes in the credit risk of the liability to be recognized in other comprehensive income, unless this would create or enlarge a measurement or recognition inconsistency (an "accounting mismatch") in profit or loss. Changes in the fair value arising from changes in the credit risk of the liability are made at initial recognition and are not transferred subsequently to profit or loss. According to IAS 39, the total amount of change in the fair value of a financial liability determined at fair value through profit or loss is recognized in profit or loss.

- With regard to impairment for financial assets, IFRS 9 requires that the impairment is estimated using a model of expected credit loss in contrast to the existing model of the realized credit loss as specified in IAS 39. The expected credit loss model requires the accounting recognition of the expected credit loss and its change at each financial statement date so as to reflect the changes in credit risk in relation to the initial recognition. In other words, it is no longer necessary for a credit event to occur in order to identify a relevant credit loss. With the exception of impaired due to credit risk financial assets purchased by third parties or granted by the Bank, the expected credit loss must be measured through provisions at an amount equal to:

- expected 12-month credit loss (expected credit loss arising from credit events that may occur within 12 months as of the balance sheet date) or

- expected credit loss throughout the term of the financial instrument (expected credit loss arising from all potential credit events during the term of the financial instrument).

- A provision for expected credit loss throughout the term of the financial instrument is formed only if the credit risk of the said financial instrument has significantly increased since its initial recognition, as well as for contract assets or receivables from trade activities that do not constitute a financing activity as per IFRS 15. Impaired due to credit risk financial assets purchased by third parties or granted by the Bank are dealt with otherwise, because the asset was impaired due to credit risk at its initial recognition. As regards these assets, the company will recognize credit loss of full term since initial recognition as loss provision through recognition of changes in profit or loss. Any favourable changes regarding such assets are profits from write-back of provisions, even if the expected cash-flows that arise exceed the cash-flows estimated upon initial recognition.

- The new provisions regarding hedge accounting continue to use the three hedge accounting mechanisms as provided by IAS 39. IFRS 9, provides greater flexibility regarding the types of transactions that may be chosen for hedge accounting, especially

by broadening the types of financial assets that can be used as hedge accounting instruments and the kinds of risk subject to hedging that are included in non-financial entities. Moreover, the effectiveness testing requirements have been revised and replaced by the principle of "economic relationship". Currently, there are no requirements for retrospective effectiveness of the hedging relationship. However, increased disclosure requirements regarding the company's risk management activities have been introduced.

The Company has not applied this standard and is currently evaluating the impact of IFRS 9 on its consolidated and separate financial statements and the timing of its adoption. Although the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 01 January 2018, as issued by the IASB). IFRS 15 sets out the requirements for recognizing revenues that apply to all contracts with customers, by establishing a single comprehensive framework for revenue recognition. When IFRS 15 is effective, it will replace the current accounting framework for revenue recognition, which includes IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition. The core principal of IFRS 15 is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Specifically, to recognize revenue, IFRS 15 applies the following five steps:

- Identify the contracts with the customers
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the separate performance obligations
- Recognize revenue when each performance obligation is satisfied.

Under IFRS 15, a company recognizes revenue when (or as) each performance obligation is satisfied, e.g. by transferring a promised good or service to a customer (e.g., when the customer obtains control of that good or service). IFRS 15 also provides additional guidance on how to handle special cases. In addition, IFRS 15 requires comprehensive disclosures.
The Company has not applied this standard and is currently evaluating the impact of IFRS 15 on the Company's Financial Statements and the timing of its adoption. Although the application of IFRS 15 in the future may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

- **IFRS 16 "Leases"** (new standard) (effective date: annual periods beginning on or after 01 January 2019). This IFRS establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard specifies the accounting of leases, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the approach to lessor accounting substantially unchanged from IAS 17.

Lease recognition
A contract is, or contains, a lease if it conveys the right to control the use of a leased asset in exchange for consideration.

Lease accounting by lessees
Upon lease commencement a lessee recognises a right-of-use asset (right of use) and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Subsequently, the lessee measures the right-of-use asset at cost less accumulated depreciation and accumulated impairment, unless fair value accounting or revaluation models shall apply. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. Otherwise, the lessee shall use their incremental borrowing rate.

Lease accounting by lessors
Lessors shall classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.
Upon lease commencement, a lessor shall recognise assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. The lessor recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant return on the investment The lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another basis.

Sale and leaseback transactions
To determine whether the transfer of an asset is accounted for as a sale, an entity applies the requirements of IFRS 15 for determining when a performance obligation is satisfied. If an asset transfer satisfies the requirements of IFRS 15 to be accounted for as a sale the seller measures the right-of-use asset at the proportion of the previous carrying amount that relates to the right of use retained. Accordingly, the seller only recognises the amount of gain or loss that relates to the rights transferred to the buyer. If the fair value of the sale consideration does not equal the asset's fair value, or if the lease payments are not market rates, the sales proceeds are adjusted to fair value, either by accounting for prepayments or additional financing.
The Company has not applied this standard and is currently evaluating the impact of IFRS 16 on the Company's Financial Statements and the timing of its adoption. Although the application of IFRS 16 in the future may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (effective date: annual periods beginning on or after 1 January 2017, as issued by IASB)**.** The amendment clarifies the following: Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.
The Company has not applied this amendment, but it is not expected to have any material effect on the financial statements.
- IAS 7 Disclosure Initiatives (effective date: annual periods beginning on or after 1 January 2017). This amendment requires the disclosure of specific information to enable users of financial statements to evaluate changes in liabilities arising from financial activities.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018, as issued by the IASB). The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.
Conclusion The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.
The Company has not applied this amendment, but it is not expected to have any material effect on the financial statements.

- IFRS 15 (Amendment) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018, as issued by the IASB). The amendment addresses three topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts.

- IFRS 2 (Amendment) Clarification and measurement of share-based payment transactions (effective for annual periods beginning on or after 1 January 2018, as issued by the IASB). The amendment clarifies issues related to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.
The Company has not applied this amendment, but it is not expected to have any material effect on the financial statements.

- IFRS 4 (Amendment) Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (as issued by IASB) An entity choosing to apply the overlay approach does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018. The amendment provides two options for entities that issue insurance contracts within the scope of IFRS 4:
• an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
• an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.
The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

- IFRS 40 (Amendment) Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018, as issued by the IASB). The amendments in Transfers of Investment Property (Amendments to IAS 40) are:
• Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
• The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list.
The Company has not applied this amendment, but it is not expected to have any material effect on the financial statements.

Annual Improvements to IFRS, 2014-2016 The amendments affect the following standards:

IFRS 1 - Deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose (effective for annual periods beginning on or after 1 January 2018, as issued by the IASB).

IFRS 12 - Clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2017, as issued by the IASB).

IAS 28 - Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition (effective for annual periods beginning on or after 1 January 2018, as issued by the IASB).
The Company has not implemented such amendments which are not expected to have significant impact on the financial statements.
There are no other non-effective IFRS or interpretations expected to have material effect on the Company's financial statements.

2.4 Foreign currency translations

The consolidated financial statements of the Company are presented in thousands of Euro (€), which is the functional currency of the Company.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the results. Translation differences on debt securities and other monetary financial assets re-measured at fair value are included in "Other operating income" or "Other operating expenses".

Translation differences on non-monetary financial assets are a component of the change in their fair value. Translation differences, depending on the category of the non-monetary financial asset, are recognized either in the income statement (e.g. equity securities held for trading) or in other comprehensive income (e.g. equity securities). Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

2.5 Financial assets and liabilities at fair value through profit or loss.

Trading

The trade portfolio includes securities, which are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are included in a securities portfolio in which a pattern of short-term profit making exists. The trade portfolio also includes derivatives unless they are designated as effective hedging instruments.

Financial assets and liabilities at fair value through profit or loss (trading) are initially recognized at fair value and subsequently re-measured at fair value.

Gains and losses realized on disposal or redemption and unrealized gains and losses from changes in the fair value are recognized in the income statement in "Results from investment securities".

Dividend income is recognized when the right to receive payment is established (the ex-dividend date) for equity securities and is separately reported and included in “Net other income/ (expense)”.

The amount of change during the annual period, and cumulatively, in the fair values of designated financial liabilities and loans and advances to customers that is attributable to changes in their credit risk is determined as the amount of change in the fair value that is not attributable to changes in market conditions that give rise to market risk.

2.6 Derivative financial instruments and hedging

Derivative financial instruments including futures and other derivative financial instruments are initially recognized in the statement of financial position at fair value and subsequently are re-measured at their fair value. Derivatives are presented in assets when favourable to the Company and in liabilities when unfavourable to the Company.
Where the Company enters into derivative instruments used for trading purposes, realized and unrealized gains and losses are recognized in the income statement.

Certain derivative instruments transacted as effective economic hedges under the Company's risk management positions do not qualify for hedge accounting under the specific rules of IAS 39.

2.7 The investment and holdings in associates’ portfolio

Investment securities are initially recognized at fair value (including transaction costs) and are classified as available-for-sale, held-to-maturity, or loans-and-receivables based on the securities’ characteristics and management intention on purchase date. Investment securities are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset.

All other purchases and sales, which do not fall within market convention, are recognized as derivative forward transactions until settlement.

Available-for-sale investment securities are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition they are re-measured at fair value. Unquoted equity instruments whose fair value cannot be reliably estimated are carried at cost.

Unrealized gains and losses arising from changes in the fair value of available-for-sale investment securities are reported in other comprehensive income, net of taxes (where applicable), until such investment is sold, collected or otherwise disposed of, or until such investment is found to be impaired.

Available-for-sale investment securities may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or equity prices. When an available-for-sale investment security is disposed of or impaired, the accumulated unrealized gain or loss included in other comprehensive income is transferred to the income statement for the period and reported as gains/losses from investment securities. Gains and losses on disposal are determined using the moving average cost method.

Held-to-maturity investment securities consist of non-derivative, securities that are quoted in an active market, with fixed or determinable payments and fixed maturity, which the management has the positive intent and ability to hold to maturity.

Loan and receivable investment securities consist of non-derivative investment securities with fixed or determinable payments that are not quoted in an active market.

Held-to-maturity and Loan and receivable investment securities are carried at amortized cost using the effective interest rate method, less any provision for impairment. Amortized cost is calculated by taking into account any fees, points paid or received, transaction costs and any discount or premium on acquisition.

Investment in associates. Associates are entities over which the Company has between 20% and 50% of the voting rights, and over which the Company exercises significant influence, but which it does not control. In the financial statements, investments in associates are accounted for at cost.

The Company assesses at each reporting date whether there is objective evidence that an investment security or a group of such securities is impaired.

Particularly for equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired.

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

The amount of the impairment loss for held-to-maturity and loans and advances investment securities, which are carried at amortized cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate.

Interest earned while holding investment securities is reported as **interest income**.

Dividend income is recognized in the Statement of Comprehensive Income in "Dividend income" when the right to receive payment is established. This is the ex-dividend date for equity securities.

2.8 Advances and liabilities to customers

From the initial recognition advances and liabilities to customers are measured at fair value. Advances to customers shall be measured at amortized cost using the effective interest rate method, less any provision for impairment.

An allowance for impairment is established if there is objective evidence that the Company will be unable to collect all amounts due according to the original contractual terms.

Allowances for impairment losses on advances are recognized in the balance sheet as a deduction from the carrying value of claims against customers.

2.9 Fair value of financial instruments

The Company measures the fair value of its financial instruments based on a framework that ranks financial assets on three levels based on the inputs used for their valuation, as discussed below.

Level 1: Quoted prices in active markets for identical financial instruments. Level 1 assets and liabilities include bonds, equity securities and derivative contracts that are traded in an active stock market. An active market is a market in which there are frequent and large trading volumes and information on prices is provided on an ongoing basis, and high profit margins are achieved.

Level 2: Observable inputs other than Level 1 financial instrument quoted prices, such as quoted prices for similar assets or liabilities, quoted prices in markets which are not active or other inputs that are observable or can be corroborated by observable market data (for example derived from prices) for substantially the full term of the assets or liabilities. Level 2 includes bonds with quoted prices in markets which are not active, bonds without quoted prices and certain derivative contracts whose values are determined by using pricing models, discounted cash flow methodologies, or similar techniques with inputs that are observable in the market or can be derived or corroborated by observable market data. This category includes government and corporate debt securities with prices in markets that are not active and over-the-counter ("OTC") derivative contracts.

Level 3: Unobservable inputs where there is little or no market activity and which are significant when the fair value of the financial assets is calculated. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.
The level in the fair value hierarchy within which the fair value measurement is ranked is determined on the basis of the lowest level input that is significant for the fair value measurement overall. To this end, the significance of an input is determined against the fair value measurement overall.

2.10 Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Income statement.

2.11 Securities borrowing and lending

Securities borrowed and securities lent are recorded at the amount of cash collateral advanced or received, plus accrued interest. Securities borrowed from and securities lent to third parties as collateral under securities lending transactions are not recognised in the financial statements unless control of the contractual rights that comprise these securities transferred is gained or sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading portfolio. The obligation to return them is recorded at fair value as a trading liability.
Respectively, securities borrowed from or lent to third parties as collateral under securities borrowing transactions are not derecognised from the financial statements unless control of the contractual rights that comprise these securities transferred is relinquished. The Company monitors the market value of the securities borrowed and lent on a regular basis and provides or requests additional collateral in accordance with the underlying agreements. Fees and interest received or paid are recorded as interest income or interest expense, on an accrual basis.

2.12 Regular way purchases and sales

“Regular way” purchases and sales of financial assets and liabilities (that is, those that require delivery within the timeframe established by regulation or market convention) are recognised on the settlement date apart from trading and investment securities and derivative financial instruments, which are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset. Other purchases and sales of trading securities are treated as derivatives until settlement occurs.

2.13 Loan borrowings

Loan borrowings are initially measured at the fair value net of any transaction costs. Then, loan borrowings are carried at amortised cost using the effective interest rate method,

Loan borrowings are classified under short term obligations unless the Company can defer payment for longer than 12 months as of the balance sheet date.

2.14 Set-off

The recognition, in the financial statements, of the net amount resulting from setting off financial assets and liabilities is allowed only if there is a contractual right of setting off the recognized amounts and an intention for either settling, at the same time, the total amount of both the financial asset and liability, respectively, or settling the net amount resulting from the set off.

2.15 Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments. The said income and expense is calculated by using the effective interest rate method. Interest income includes interest on coupons earned on fixed income investment

and trading securities and accrued discount and premium on treasury bills and other instruments.

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

2.16 Fee and commission income

Fees and commissions are recognized as at the date the relevant services are provided. Commissions and fees arise from:

- negotiating stock exchange transactions on the ATHEX, the Derivative Exchange and other foreign stock exchanges.
- Investment banking consulting services in the field of mergers and acquisitions and development strategy, covering the need of its customers in all sectors.

In addition, the Company has a licence to carry out market making transactions on shares on the ATHEX and operates as a Class B Market Maker in derivatives on the ATHEX.

2.17 Tangible assets

Tangible assets include buildings, leasehold improvements, transport, furniture and related equipment, which are held by the Company for operating use and for administrative purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into operating condition.

Subsequent to initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of a tangible asset classified as “tangible asset” are capitalized only when it is likely that they will result in future economic benefits to the Company beyond those originally anticipated for the asset, otherwise they are expensed as incurred. Otherwise, such costs are immediately transferred to the results as they occur.

Depreciation of a tangible asset begins when it is used and ceases only when the tangible asset is disposed of or transferred to a third party. Accordingly, the depreciation of a tangible asset that is retired from active use, does not cease unless the asset is fully depreciated.

Tangible assets are depreciated on a straight-line basis over their useful lives. The estimated useful life of each category of tangible assets is as follows:

Leasehold improvements	During the remaining lease term, up to 12 years
Furniture and related equipment	up to 12 years
Motor vehicles	up to 10 years
Hardware and other equipment.	up to 5 years

The Company reviews on a periodic basis the tangible assets for possible impairment loss. Where the carrying amount of a tangible asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating results.

2.18 Intangible assets

The account "Intangible assets" includes software costs provided that they can be identified individually.

Software costs include costs directly associated with identifiable software products controlled by the Company anticipated to generate future economic benefits for a period exceeding one year and exceeding the respective acquisition costs. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Expenditure incurred in the development of software is recognized as an intangible asset and depreciated on a straight-line basis over their useful lives, not exceeding however a period of 5 years. Expenditure on starting up an operation or branch, training personnel, advertising and promotion and relocating or reorganizing part or the entire Company is recognised as an expense when it is incurred.

At each financial statement date, the Company's management reviews the value of intangible assets and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. When the carrying amount of an intangible asset exceeds its recoverable amount, the asset is written down.

2.19 Leases

The assessment of whether a contract constitutes or includes a lease depends always on the substance of such contract. The assessment should review whether (a) the performance of a contract depends on the use of a specific asset or assets, and (b) the contract grants the right to use such asset.

Operating leases

- The Company as a lessee

Leases where a significant portion of the risks and rewards of ownership of the tangible asset are retained by the lessor are classified as operating leases. The total payments made (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the fiscal year in which termination takes place.

- The Company as a lessor

Assets subject to operating leases are included in the balance sheet depending on the nature of the asset. They are depreciated over their useful lives on a basis consistent with similar core property used by the Company. Rental income (net of any incentives given to lessees) is recognized on a straight line basis over the lease term.

2.20 Cash and cash equivalents

Cash and cash equivalents include:

- cash in hand,
- sight deposits

2.21 Provisions

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

2.22 Employee Benefits

The Company participates in defined benefit/contribution plans.

Employee benefits

a. Defined benefit plans

A defined retirement benefit plan is a plan that defines the benefit to be provided, usually as a function of one or more economic and demographic factors. The most important factors, inter alia, are age, years of service, compensation, life expectancy, discount interest rates or assumed rates of increase in compensation and pensions. For defined benefit plans, the liability is the present value of the defined benefit obligation at the balance sheet date minus the fair value of the plan assets.
The defined benefit obligation and the relevant cost are calculated by independent actuaries on an annual basis using the projected unit credit method. The present value of the defined obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate or government securities in the same currency as the obligation, which have terms of maturity approximating the terms of the related liability, where the market depth for such securities is deemed insufficient. The service cost (current and past, including any cuts and the gains or losses resulting from settlements) and the net financial cost of net defined benefit liability /claim are recognized in the income statement and are included in staff costs. Net defined benefit liability (after deduction of assets) is recognized in the balance sheet, whereas any changes arising from recalculating (including actuarial gains and losses, the impact of changes in the asset ceiling, if any, and the expected return of assets, excluding interest rate) are recognized directly in Other Total Income and cannot be transferred in the future to profit and loss.

b. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions, if the entity does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and previous years. Company contributions to defined contribution plans are charged to the income statement in the year to which they relate and are included in "Employee Benefits".

Other employee benefits

The Company employees participate in various programs related to health benefit provisions. Such plans are all defined contribution plans and the Company's contributions are charged to the income statement in the year to which they relate and are described in the note "Employee Benefits".

2.23 Taxes

Income tax on profits is determined in accordance with tax laws applicable from time to time and recognized as an expense in the period in which profits arise.

Deferred tax is measured, using the balance sheet liability method, on all temporary differences arising between the carrying amounts of assets and liabilities included in financial statements and their respective tax basis amounts.

The main temporary discrepancies arise from provisions for employee benefits, write-downs resulting from the PSI pursuant to art. 3, Law 4046/2012, and untaken vacation provision. Deferred tax is also measured for tax benefits that may occur from unused tax losses carried forward to be offset, and are recognized as assets when the realization of sufficient future taxable profits to offset accumulated tax losses is considered probable.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realized or the liability is settled. Future tax rates are determined based on laws applicable at the date of the financial statements.

Deferred income tax relating to changes in the net value (liability) of defined benefit plans are charged or credited to Other comprehensive income.

Deferred tax assets and liabilities are offset when there is a valid legal entitlement to set off current tax assets against tax liabilities and when deferred income taxes relate to the same fiscal authority.

2.24 Share capital

Share issue costs: Incremental external costs directly attributable to the issue of shares and other equity items, other than on a business combination, are deducted from equity after measuring the corresponding income tax.

Dividends on ordinary shares: Dividends on ordinary shares are recognised as a liability in the year in which they are approved by the Company’s Shareholders at the Annual General Meeting.

2.25 Government grants

Government grants are recognized at fair value when there is certainty that they will be collected and that the Company will be in compliance with all the respective terms. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in other liabilities and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.26 Related party transactions

Transactions with affiliates include a) transactions with the Parent Company, b) transactions with the subsidiaries and affiliated companies of the Parent Company, c) transactions with members of the Company's management, their close relatives, companies held by such persons or over which the latter are able to exercise significant influence in respect of financial and operating policy. All transactions with related parties are carried out essentially under the same terms that apply to similar transactions with non-related parties and do not involve higher than normal risk.

2.27 Fiduciary

The Company provides fiduciary services for financial instruments of individuals and legal entities.
The said trust assets are not assets of the Company and are not recognised in the financial statements. The Company is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

3. Important subjective judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make subjective judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the Company's financial statements. The Company believes that the subjective judgements, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as at 31/12/2016.

The most important cases where the Company applies subjective judgements, estimates and assumptions complying with IFRS are the following:

Income tax

The Company is subject to income tax. Recognition of the relevant tax charge initially takes place on the basis of the corresponding amounts appearing on the Company's Tax Return. Calculation of income tax is essentially an accounting estimate and presupposes the exercise of subjective judgement. The Company’s usual operations comprise many transactions whose tax treatment and relevant calculations are uncertain and the assessment of the tax is provisional until tax liabilities are finalized by the Tax Authorities or by rulings on any disputes by the competent courts. The Company recognizes liabilities for further likely income tax and related additional amounts that may arise as a result of one-off or regular tax audits, using estimates as a basis.

Should the amount of tax finally charged be different from the amounts initially estimated, such difference will affect the income and deferred tax of the year for which the final burden of income tax is finalized during the final settlement of the Company's tax liabilities.

Deferred tax assets

Deferred tax assets are recognised insofar as it is likely that there will be a taxable profit against which the future tax benefit can be set off. Significant subjective judgement on the part of the Management is required in order to determine the level of deferred tax assets that can be recognized, depending on the time estimates and the level of future taxable profits together with future strategies for tax issues.

4. Management of financial risk

Because of its operations the Company is exposed to a range of financial risks. These operations include the analysis, assessment, acceptance and management of a certain level of risk or combination of risks.

The general goals of the Company's Risk Management are as follows:

- To establish basic standards of risk management, with a view to maximizing profit and leveraging opportunities to generate value for shareholders.
- To support the Company's business strategy, by ensuring that business goals are pursued through actions that focus on risk control and aim at stabilizing earnings and protecting against unforeseen losses.
- To enhance the use, allocation and risk-adjusted performance of capital, by incorporating risk parameters in the calculation of performance.
- To enhance the decision-making process, by adopting the required risk management orientation.
- To ensure harmonization with best practices and compliance with the quantitative and qualitative requirements of the regulatory framework.
- To ensure the effectiveness of Risk Management as well as reduction in its operating costs by reducing operating overlaps and avoiding unsuitable or obsolete processes and methodologies.
- To enhance awareness regarding risk related issues and promote a risk management-culture at every level of the Company's business activities.
- The organizational structure of the Company's Risk Management function should ensure the observance of clear limits of responsibility, the effective separation of duties, and avoidance of conflicts of interests at all levels, including the Board of Directors, executive and senior officers, as well as between the Company, its customers, and other stakeholders.
- Risk management activities are carried out at the following levels:
  - Strategy – includes risk management functions performed at Board level, i.e. approval of the risk and capital management strategy, on the basis of which risk definitions, framework and appetite are validated, as well as the remuneration levels associated with the risk management function.
  - Tactics – Include all risk management functions performed at senior executive officer level, i.e. approval of policies and risk management process manuals and the establishment of appropriate mechanisms and audits, so as to ensure that all risks and the risk/performance ratio are kept at acceptable levels. This category also includes the risk management activities performed at the Company's Risk Management Unit, as well as key support functions.
  - Function (business activity) – refers to the management of risks at the points where they are generated. The relevant operations are carried out by individuals or groups of individuals that assume risks for the account of the Company. Risk management at this level consists of appropriate audits, incorporated in the relevant operational processes and guidelines set out by the Management.

The Company is exposed to a range of risks, as a result of its financial operations, the most important being credit, market, liquidity, operational and concentration risk.

4.1 Credit risk

Credit risk is the current or future risk on earnings and capital arising from the counterparty's failure to fully or partially repay any amount due to the Company or in general to meet the terms and obligations deriving from any agreement with the Company.

4.1.1 Credit granting processes.

The Company maintains appropriate ongoing credit administration, measurement and monitoring processes, in line with the regulatory provisions of the Supervisory Authorities, including in particular:

- Effective and fully documented credit risk management policies and processes.
- Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities.
- Credit risk mitigation techniques
- The Company ensures that internal controls are in place for processes related to credit risk including:
  - Appropriate management of accounts receivable.
  - Independent assessment of credit risk management processes by the Internal Audit function.

4.1.2 Activities subject to credit risk

A. Receivables from customers, stockbrokers and the stock exchange

Subject to credit risk are every kind of due from customers, stockbrokers and stock exchange, amounting to €10,749,611 at 31 December 2016 (2015: €20,400,803), of which €43,406 (2015: €1,297,120) concerned foreign and Greek institutional customers, €8,730,191 (2015: €5,816,430) retail customers, and €1,976,014 clearing by the ATHEX and international brokers/clearing houses (2015: €13,287,253). Regarding institutional customers, the overwhelming majority of these are large and prestigious investment houses, whose transactions have already been transferred from T+1 to their custodians (banks). In light of the above, the risk in question is limited.

In current accounts for the purchase of securities in cash, the customer should pay the total purchase price in cash within the predefined clearing and settlement deadline of this transaction, as applicable. If the customer fails to pay the total price within this deadline, the Company sells immediately on the next working day as of expiry of the said deadline the securities for which the customer has not paid the price, and does not undertake any other purchase for the customer.

Long-term (margin) or short-term (2D) credit for the purchase of securities is granted solely to retail customers who have the necessary funds / portfolio, and are fully aware of the way securities work and the possible liabilities that may arise, while to receive credit it is necessary to sign an additional agreement. The debit balance is monitored in combination with the value of collateral on a daily basis by the competent department to ensure that the required coverage rate shall remain at the desired level.

Note in particular that according to the relevant legal framework and the Company's internal models, special techniques for the mitigation of credit risk are applied, including:

- requirement to fully cover debit balances with readily liquidated collateral (margin portfolios);

- valuation of collateral on a daily basis and procedure for maintaining collateral at the desired levels (the last resort being the imposition of forced sales);
- implementation of specific requirements regarding the quality of eligible collateral and dispersion in the margin portfolios (list of eligible securities for pledge, maximum dispersion ratios).

The following table shows debit balances and collateral values for Margin and 2D-Credit products as at 31/12/2016.

Product:	**Amount category (EURO)**	**31/12/2016**	**31/12/2015**
Long-term credit (Margin)	Debit balances	8,232,756	5,015,311
	Value of collateral	23,097,366	21,194,934
	Out-of-margin sum	2,783,280	1,256,959
	Debit balance not covered after valuation	49,968	68,005

Product	**Amount category (EURO)**	**31/12/2016**	**31/12/2015**
Short-term credit (2D-Credit)	Debit balances	62,532	479,939
	Value of collateral	485,267	2,308,352
	Out-of-margin sum	57,530	221,646
	Debit balance not covered after valuation	26,921	24,688

For clients in toto (Current Accounts, Margin, 2D-Credit) the non-covered debit balance that was over 12M past due totalled €152,854 at 31 December 2016 (vs. €100,167 at 31 December 2015).

B. Financial assets at fair value through profit and loss

The counterparty risk in positions assumed by Market Makers (Company's portfolio) is very limited given that they assume positions only in tangible assets traded in regulated markets. The Company is not responsible for clearing clients' positions in derivatives and accordingly does not incur counterparty risk from this activity.

C. Deposits with banks

Under Hellenic CMC decision 2/306/22.06.2004, to protect free available funds of customers, members of the ATHEX are required to hold cash of their customers in bank accounts. Accordingly, sight deposits amounting to €48,713,307 (2015: €46,355,817) are subject to credit risk. The resulting credit risk concerns in essence the credit risk of banks where these deposits are placed, and in this case placements are mainly carried out with the parent Company (NBG), systemic Greek credit institutions.

D. Other long-term items

	31/12/2016	31/12/2015
Participation in the Guarantee Fund for Investment Services	3,345,456	2,081,619
Participation in the ATHEX Clearing Fund	1,755,652	898,101
Participation in the Cyprus Stock Exchange Clearing Fund	300,000	300,000
Blocked time deposit in favor of the Guarantee Fund for Investment Services	-	1,581,619
Other long-term assets	194,265	380,702
Total other long-term assets	**5,595,373**	**5,242,041**

The Guarantee Fund covers retail investors (not institutional investors) against members of the ATHEX when the latter fail to fulfil the obligations resulting from stock market transactions. This maximum amount of such compensation is €30,000 per investor. The credit risk faced by the participation (share) of our Company emerges in the case where a member's share is not sufficient to cover its obligations as a whole. In such a case, the Guarantee Fund may "use" the shares of other members until the member's obligations are fully met and subsequently, takes the necessary legal steps to ensure the rights of other members.
The Clearing Fund ensures the clearance of stock exchange transactions, i.e. if a member is unable to fulfil its obligations, its share is used, and if the share is still not sufficient, the shares of the other members are used. This last case is the one that creates the credit risk for our share in the Clearing Fund. To begin with, due to the nature of transaction clearing (delivery versus payment) the risk is limited to market risk while it is further reduced due to the normal offsetting of sales and purchases. Note in addition that in recent years the bulk of transactions concerns institutional client transactions and transactions for own accounts.

E. Other assets

	31/12/2016	31/12/2015
Blocked deposit in favor of ATHEXClear on a derivative margin account	881,519	1,280,269
Receivables from the Greek State	9,403,890	9,430,306
ATHEX Clearing Fund	19,050,000	26,450,000
Other receivables	217,377	300,124
Total other assets	**29,552,786**	**37,460,699**

Blocked deposit in favor of ATHEXClear on a derivative margin account is subject to credit risk. The risk of ATHEX Clearing Fund is limited and falls under the previous paragraph (D). The impact on loss or profit and the net position of the Company caused by credit risk of receivables from the Greek State and other receivables is limited.

4.2 Market risk

Market Risk is the current or future risk on earnings and capital, caused by adverse changes in element prices in the same portfolio (positions in shares, financial derivatives, shares in Exchange Traded Funds etc.). This risk results from activities linked to market making operations in shares and financial derivatives and the purchase and sale of securities for short-term trading.
The Company maintains adequate measurement, monitoring and control functions for market risk, including:

- Position limits to keep the exposure to market risk under the approved limits, as provided for in the internal policy currently applied.
- Market risk quantification by measuring on a daily basis the Value at Risk (VaR) of the trade portfolio and individual components (1-day holding horizon, confidence interval of 99%, Delta-VaR methodology).
- Controlling the established VaR limits against the measured values.
- Measuring the sensitivities of positions in options.
- Reducing the ability to take up positions only in financial products that are included in the approved list of eligible products that meet basic criteria (adequate tradability, dispersion of positions to reduce specific risk).

In particular, as regards the level of market risk, as evidenced by the VaR index, in 2016 the figure ranged between €11,187 and €276,302, while the average stood at €89,212.

01.01 - 31.12.2016	VaR index value
As at 31/12/2016	99,551
Average (daily values)	89,212
Max (daily values)	276,302
Min (daily values)	11,187

4.2.1 Foreign exchange risk

The foreign exchange risk is not considered significant given that the Company ensures that only small amounts are kept in foreign exchange, and the customers' claims and obligations in foreign currency do not affect significantly, as a set off, the profit and loss of the Company.
As at 31/12/2016 the foreign exchange risk is deemed insignificant.

4.2.2 Interest rate risk

Interest rate risk is the risk of loss arising from fluctuations in current market interest rates. A distinction is made between interest risk for assets and interest risk for liabilities. With regard to assets, interest rate risk concerns margin loans, where the risk is transferred to the customer, since there is a contractual provision stipulating that any change in the reference rate shall be passed on to the customer. With regard to liabilities, the risk arises from loans received by the Company, which are concluded based on the Euribor rate. Exposed to interest rate risk are positions in the same portfolio and mainly tradable equity available outside Greece which is measured and monitored on a daily basis. The impact of interest rate risk on the Company's results and its net position is limited.

4.3 Liquidity risk

Liquidity risk is the current or future risk to earnings and capital arising from failure by the Company to meet its obligations when they fall due, thereby meaning that it needs to resort to extraordinary lending or forced sale of its assets under adverse circumstances. The following tables present the maturity of short-term liabilities and assets and their correlation for the years ended at 31/12/2016 and 31/12/2015.

31/12/2016	Up to 1 month	1 -3 months	4 -12 months	12+ months	Total
Liquidity – short-term liabilities					
Due to customers	354,325	-	-	-	**354,325**
Due to customers, stockbrokers - stock exchange	46,946,957	The joint training actions of Inter-Alpha are held at two annual events:	The joint training actions of Inter-Alpha are held at two annual events:	The joint training actions of Inter-Alpha are held at two annual events:	**46,946,957**
Financial liabilities at fair value through profit and loss	23,100	-	-	-	**23,100**
Loan	5,157,550	-	-	-	**5,157,550**
Other liabilities	1,011,731	375,479	4,337	-	**1,391,547**
Maturity of short-term liabilities by period	**53,493,663**	**375,479**	**4,337**	**-**	**53,873,479**
Current Assets	**77,096,913**	**198,530**	**28,286,345**	**-**	**105,581,788**

31/12/2015	Up to 1 month	1 -3 months	4 -12 months	12+ months	Total
Liquidity – short-term liabilities					
Due to customers	531,076	-	-	-	**531,076**
Due to customers, stockbrokers - stock exchange	40,576,650	The joint training actions of Inter-Alpha are held at two annual events:	The joint training actions of Inter-Alpha are held at two annual events:	The joint training actions of Inter-Alpha are held at two annual events:	**40,576,650**
Financial liabilities at fair value through profit and loss	364,796	-	-	-	**364,796**
Other liabilities	672,198	410,012	4,937	-	**1,087,147**
Maturity of short-term liabilities by period	**42,144,720**	**410,012**	**4,937**	**-**	**42,559,669**
Current Assets	**76,992,415**	**1,202,045**	**35,142,857**	**-**	**113,337,317**

In 2016, the Company's funding line from banks stood at €30,000,000. Based on the above data and the nature of the Company's business, the liquidity risk is considered minimal.

4.4 Operational risk

Operational Risk is the risk of losses due to insufficiency or ineffectiveness/ failure of internal processes, persons or systems, or due to external events.

The Company has set out specific Strategy, Policy and Implementation Guidelines on Operational Risk Management, which define the management framework of operational risk in terms of strategy principles and targets and at the level of policy-process management. The Policy and Implementation Guidelines on Operational Risk Management define and describe: (a) the measurement and management system of operational risk, (b) operational risk typology and (c) the general management process for operational risk. This framework ensures that the operational risk assessment system is integrated in the risk management process of the Company. In addition, the Company has special policies and processes regarding measurement and management of operational risk. The Company has set up a Disaster Recovery Site, has implemented a Business Continuity Plan and has drafted a Business Security Policy regarding its IT systems, which is based on NBG's Security Policies.

4.5 Concentration risk

Concentration risk is the risk of loss arising from a large exposure to a security or exposure to a market sector or financial instrument category or geographical region. An excessively skewed concentration of exposures in one debtor group may lead to losses from exposures to Credit Risk, Liquidity Risk and/or Market Risk.
The Company has taken measures to avoid high concentration of exposures against individual debtors or linked debtor groups. Specifically, with regard to the investment of the Company's cash resources in time or simple deposits, an internal model has been established including an approved debtor list with maximum investment limit per counterparty. Similar limits per exposure to individual issuers are set for exposures to shares acquired from market making operations (Company's portfolio). The Company is indirectly exposed to concentration risk by virtue of concentration in securities of individual or related issuers that may appear in the security portfolios of customers who have been provided credit to buy shares. To mitigate this risk the Company has adopted and implemented stricter requirements than those legally imposed, thereby promoting the widest possible dispersion of securities in customer security portfolios.

4.6 Capital adequacy

The Company's capital adequacy is monitored on a regular basis by the competent bodies of the Company and the relevant supervisory reports (pursuant to Decision HCMC 459/27.12.2007) are submitted each month to the Hellenic Capital Market Commission.

The following table presents the figures for the Company’s capital position as at 31/12/2016 and 31/12/2015.

(€)	31/12/2016	31/12/2015
Core Equity		
Share Capital	11,674,101	11,674,101
Reserves excluding revaluation adjustments	49,715,544	52,225,783
Accumulated deficit	(837,555)	12,208,363
Total Core Equity	**60,552,090**	**76,108,247**
Less: Deferred tax assets	2,321,428	562,978
Less: Temporary losses	-	196,000
Less: Intangible assets	164,308	159,047
Total Regulatory Equity	**58,066,354**	**75,190,222**
Weighted Assets		
Weighted Assets for credit risk	103,460,374	125,835,240
Weighted Assets for market risk		
Weighted Assets for operational risk	21,824,981	17,695,235
Total-Risk Weighted Assets		
	23,577,475	34,328,672
	148,862,830	**177,859,147**
Basel II Capital Adequacy Ratio	39.01%	42.23%

4.7 Offsetting financial assets and liabilities

The recognition, in the statement of financial position of the Company, of the net amount resulting from setting off financial assets and liabilities is allowed only if there is a contractual right that allows setting off of the recognized amounts and in addition there is the intention to either settle, at the same time, the total amount of both the financial asset and liability, respectively, or settle the net amount resulting from the set off. The Company enters into principal agreements for set-off or similar contracts, which do not meet the criteria set by the applicable accounting standard for setting off in the statement of financial position, but provide the right to set off relevant amounts in the event of the counterparty's failure to comply with the agreed terms (whether due to bankruptcy, failure of payment or execution). The following table presents the recognized financial instruments as at 31 December 2016 and 2015, which, whether set off or not, are subject to principal or similar agreements for setting off, as well as the net impact that the full exercise of the setting off right would bring to the statement of financial position of the Company ("net amount").
Financial liabilities are subject to offsetting, enforceable netting agreements and similar agreements.

At 31 December 2016		Derivative financial instruments (1)	Securities lending agreements	Total
Recognized financial assets (gross amount)		**43,862**	**-**	**43,862**
Financial assets recognized in the Statement of Financial Position (net amount)		**43,862**	**-**	**43,862**
Related amounts not offset in the Statement of Financial Position	Received financial instrument guarantees	(43,862)	-	(43,862)
Net amount		**-**	**-**	**-**

At 31 December 2016		Derivative financial instruments (2)	Securities lending agreements (2)	Total
Recognized financial liabilities (gross amount)		**3,933**	**19,167**	**23,100**
Financial liabilities recognized in the Statement of Financial Position (net amount)		**3,933**	**19,167**	**23,100**
Related amounts not offset in the Statement of Financial Position	Granted financial instrument guarantees	**(43,862)**	**-**	**(43,862)**
	Granted cash guarantees	**39,928**	**(19,167)**	**20,761**
Net amount		**-**	-	**-**

(1) Included in "Financial assets recognized at fair value through profit or loss" in the Company's Statement of Financial Position at 31 December 2016.

(2) Included in "Financial liabilities recognized at fair value through profit or loss" in the Company's Statement of Financial Position at 31 December 2016.

At 31 December 2015		Derivative financial instruments (1)	Securities lending agreements	Total
Recognized financial assets (gross amount)		**21,236**	**-**	**21,236**
Financial assets recognized in the Statement of Financial Position (net amount)		**21,236**	**-**	**21,236**
Related amounts not offset in the Statement of Financial Position	Received financial instrument guarantees	(21,236)	-	(21,236)
Net amount		**-**	**-**	**-**
At 31 December 2015		Derivative financial instruments (2)	Securities lending agreements (2)	Total
Recognized financial liabilities (gross amount)		**7,418**	**357,378**	**364,796**
Financial liabilities recognized in the Statement of Financial Position (net amount)		**7,418**	**357,378**	**364,796**
Related amounts not offset in the Statement of Financial Position	Granted financial instrument guarantees	**(21,236)**	**-**	**(21,236)**
	Granted cash guarantees	**13,818**	**(357,378)**	**(343,560)**
Net amount		**-**	-	**-**

(1) *Included in "Financial assets recognized at fair value through profit or loss" in the Company's Statement of Financial Position at 31 December 2015.*

(2) *Included in "Financial liabilities recognized at fair value through profit or loss" in the Company's Statement of Financial Position at 31 December 2015.*

5. Net fee and commission income

Net fee and commission income includes the following:

	01.01-31.12.2016	01.01-31.12.2015
Commission income from sale and purchase of shares	5,490,853	8,192,086
Commission income from bonds and mutual funds	269,015	2,676
Commission income from derivatives	515,014	1,201,078
Other income (Consulting/ custodian services etc.)	377,294	1,010,394
Total fee and commission income	**6,652,176**	**10,406,234**

6. Financial transactions profits (loss)

Results from investment securities include:

	01.01-31.12.2016	01.01-31.12.2015
Profit/ (loss) from shares	(486,923)	(6,923)
Profit/ (loss) from derivatives	(784,505)	943,007
Profit/ (loss) from other securities	504,376	945,379
Total results from investment securities (profit/ (loss))	**(767,052)**	**1,881,463**

7. Costs for provision of services

Costs for provision of services include:

	01.01-31.12.2016	01.01-31.12.2015
Employee benefits	8,378,098	6,615,280
Subscriptions	2,334,233	2,292,649
Income from rents of buildings/ means of transport	679,375	709,442
Depreciation	145,203	144,465
Other taxes	607,732	398,512
Third-party fees	1,362,348	1,949,380
Telecommunications	266,614	237,989
Premiums	147,231	213,318
Other expenses	489,017	632,018
Total costs for provision of services	**14,409,851**	**13,193,053**

8. Administrative expenses

	01.01-31.12.2016	01.01-31.12.2015
Employee benefits	2,537,105	1,823,564
Other expenses	484,117	499,260
Total administrative expenses	**3,021,222**	**2,322,824**

9. Selling expenses

	01.01-31.12.2016	01.01-31.12.2015
Employee benefits	56,262	57,970
Sundry advertising and promotion expenses	24,384	27,670
Travel expenses	55,832	70,437
Other expenses	9,240	7,839
Total distribution expenses	**145,718**	**163,916**

10. Other operating expenses

Other operating expenses include:

	01.01-31.12.2016	01.01-31.12.2015
Loss from customer transactions	34,398	39,574
Foreign exchange differences	83,395	-
Loss from write downs and disposal of fixed assets	42,228	82
Provisions for impairment of investments	-	79,418
Loss provision for doubtful claims	-	167,942
Other expenses	78,678	63,278
Total other operating expenses	**238,699**	**350,294**

11. Taxes

Taxes recognized in the statement of total income for the period are broken down as follows:

	01.01 - 31.12.2016	01.01 - 31.12.2015
Income tax	-	17,794
Deferred tax income/ (expenses)	2,465,989	923,608
Total income tax	**2,465,989**	**941,402**

Tax on profits for the period before the Company tax is different from the theoretical amount that would arise as a result of applying the income tax rate of 29% on its profit.

The difference is as follows:

	01.01 - 31.12.2016	01.01 - 31.12.2015
Profit/(Loss) before taxes	(11,032,887)	(2,834,508)
Income tax (tax rate 29%)		
Income / (expenses)	**3,199,537**	**822,007**
Increase/decrease resulting from:		
Difference as a result of change in tax rates	-	61,955
Effect of unused tax losses not recognized as deferred tax assets.	(1,000,000)	-
Non taxable income	151,976	81,003
Non deductible expenses	(25,145)	(133,295)
Tax difference of previous years	139,621	109,732
Income tax	**2,465,989**	**941,402**

Management assessed that future profitability would not be sufficient to offset the total of the carryforward tax losses before their expiration, thus did not recognize deferred tax asset of €1,000,000 on taxable losses of €3,448,274, which will expire up to 2022. The amount of deferred tax assets on tax losses considered as non realizable, however, could be recognised in future periods if estimates of future taxable income during the carryforward period are increased.

The tax authorities have not audited the books and financial data of the Company for 2009 and 2010, and consequently these tax obligations are not finalized. In a future tax audit, additional taxes and additional charges may be imposed, which cannot be determined accurately at present. However, the Company's management estimates that they shall not have a material effect on the Company's financial position.
Financial years 2011, 2012, 2013, 2014 and 2015 have been audited by a legally approved statutory auditor in line with Codified Law 2190/1920, i.e. Deloitte Business Solutions S.A., pursuant to article 82 of Law 2238/1994 and article 65A of Law 4174/13, and the relevant tax certificates were issued unreservedly on 16/07/2012, 26/09/2013, 09/07/2014, 29/09/2015 and 29/09/2016, respectively. The tax audit for 2016 had not been completed by the date of approval of the financial statements. Under POL. 1006/05.01.2016, businesses for which a tax certificate is issued without any reservation for tax violations are not exempt from the regular tax audit by the competent tax authorities. As a result, the tax authorities are entitled to re-examine and conduct their own tax audit. However, the Company's management estimates that the findings of such future audits by the tax authorities, if any, shall not have a material effect on the Company's financial position.

12. Employee benefits

The number of employees of the Company is broken down as follows:

	31/12/2016	31/12/2015
Salaried employees	82	147
Total	**82**	**147**

Employee benefits are broken down as follows:

	01.01 - 31.12.2016	01.01 - 31.12.2015
Salaries, wages and allowances	5,943,677	6,969,003
Social security contributions	1,096,992	1,267,579
Other related employee benefits and costs	154,213	189,754
Employee compensation for participating in a voluntary retirement scheme	3,947,104	-
Costs/ (income) relating to defined benefit plans for employees	(170,522)	70,478
Total employee benefits	**10,971,464**	**8,496,814**

On 15 December 2016 the Company announced a voluntary retirement scheme; 38 employees participated in the scheme and retired on 30 December 2016.

13. Intangible assets

All intangible assets concern software. Intangible assets in 2015 and 2016 are broken down as follows:

	Software
Acquisition cost	
01.01. 2015	2,838,073
Additions	41,321
Disposals and Write Offs	(84,784)
31.12. 2015	**2,794,610**
Additions	78,550
Disposals and Write Offs	(55,582)
31/12/2016	**2,817,578**
Accumulated depreciation	
01/01/2015	2,663,676
Depreciation for the period	56,259
Disposals and Write Offs	(84,372)
31.12. 2015	**2,635,563**
Depreciation for the period	56,397
Disposals and Write Offs	(38,690)
31.12. 2016	**2,653,270**
Carrying amount 31/12/2015	**159,047**
Carrying amount 31/12/2016	**164,308**

14. Property and equipment

Property and equipment in 2015 and 2016 is broken down as follows:

	Leasehold improvements	Vehicles & equipment	TOTAL
Acquisition cost			
01.01. 2015	4,183,274	5,233,412	9,416,686
Additions	3,711	31,350	35,061
Disposals and Write Offs	-	(93,530)	(93,530)
31/12/2015	**4,186,985**	**5,171,233**	**9,358,218**
Additions	421,326	195,773	617,100
Disposals and Write Offs	(3,963,812)	(500,198)	(4,464,010)
31/12/2016	**644,499**	**4,866,807**	**5,511,307**
Accumulated depreciation			
01.01. 2015	4,150,866	5,000,070	9,150,936
Depreciation for the period	24,807	64,561	89,368
Disposals and Write Offs	-	(92,890)	(92,890)

31/12/2015	**4,175,673**	**4,971,741**	**9,147,414**
Depreciation for the period	25,051	63,754	88,806
Disposals and Write Offs	(3,963,163)	(458,959)	(4,422,122)
31/12/2016	**237,561**	**4,576,536**	**4,814,098**
Carrying amount 31/12/2012			
31/12/2015	**11,312**	**199,492**	**210,803**
31/12/2016	**406,938**	**290,271**	**697,209**

15. Deferred tax assets

Deferred tax assets and liabilities in 2014, excluding offsetting, were as follows:

	Balance 01/01/2016	Recognition in the Statement of Comprehensive Income	in Reserves	Balance 31/12/2016
Deferred tax assets				
Tax loss transferred to offset	730,737	2,790,532	-	3,521,269
Liabilities from defined employee benefit plans	181,608	(49,451)	(4,387)	127,770
Provisions for leave not taken	5,936	(5,337)	-	599
Tax provisions for litigation losses	101,500	-	-	101,500
Loss from holdings and securities impairment	118,736	(259,412)	-	(140,676)
Debit difference as a result of the GGB swap under the PSI	268,928	(10,343)	-	258,585
Total deferred tax assets	**1,407,445**	**2,465,989**	**(4,387)**	**3,869,047**

	Balance 01/01/2015	Recognition in the Statement of Comprehensive Income	in Reserves	Balance 31/12/2015
Deferred tax assets				
Tax loss transferred to offset	-	730,737	-	730,737
Liabilities from defined employee benefit plans	187,885	46,828	(53,105)	181,608
Provisions for leave not taken	7,676	(1,740)	-	5,936
Tax provisions for litigation losses	91,000	10,500	-	101,500
Loss from holdings and securities impairment	-	118,736	-	118,736
Debit difference as a result of the GGB swap under the PSI	250,381	18,547	-	268,928
Total deferred tax assets	**536,942**	**923,608**	**(53,105)**	**1,407,445**

Deferred tax assets on transferable tax losses are recognized insofar the realization of future taxable profits is considered probable.
Deferred tax assets on transferable tax losses amount to €730,737 and €2,790,532 in 2015 and 2016 respectively.

Use	2015	2016	Total
Tax losses	3,001,234	12,589,347	15,590,581

As at 31 December 2016 the Company recognized tax assets on part of the said deferred tax losses amounting to €12,142,307, which the Management considers recoverable for the following reasons:

a) The anticipated revival of investment activity in the ATHEX is estimated to positively affect both turnover growth due to the increased revenues from stock trading fees, and profitability in the same portfolio.

b) Operating costs have declined significant, mainly due to reduced staff expenses following completion in 2016 of the voluntary retirement scheme, the downsizing of the Branch Network, and the cuts in operating expenses.

The amount of the deferred tax assets on tax losses currently considered as non realizable, however, could be recognised in future periods if estimates of future taxable income during the carryforward period are increased.

16. Other long-term items

Other long-term items include:

	31/12/2016	31/12/2015
Participation in the Guarantee Fund for Investment Services	3,345,456	2,081,619
Participation in the ATHEX Clearing Fund	1,755,652	898,101
Participation in the Cyprus Stock Exchange Clearing Fund	300,000	300,000
Blocked time deposit in favor of the Guarantee Fund for Investment Services	-	1,581,619
Other long-term assets	194,265	380,702
Total other long-term assets	**5,595,373**	**5,242,041**

According to the provisions of article 74.4 of Law 2533/1997, in the event that the Company stops operating, the amount by which the latter participates in the Guarantee Fund for Investment Services for covering possible obligations is returned to the Company from the Fund, reduced by the compensations it is expected to pay.

Contributions to the Clearing Fund were paid as per the provisions of Law 2471/1997 and the decisions issued by the Hellenic Capital Market Commission.

17. Due from customers, stockbrokers or stock exchange

Due from customers, stockbrokers and stock markets are broken down as follows:

	31/12/2016	31/12/2015
Due from customers	635,910	1,786,242
Receivables from customers of long- or short-term credit	8,295,288	5,495,250
Due from the HELEX and foreign brokers	1,976,015	13,287,253
Provisions for doubtful claims	(157,602)	(167,942)
Total due from customers, stockbrokers - stock markets	**10,749,611**	**20,400,803**

The fair values of these liabilities and their accounting values are similar.

18. Financial assets at fair value through profit and loss

The trading portfolio includes:

	31/12/2016	31/12/2015
Shares listed on Athens Stock Exchange	13,673,769	6,313,695
Foreign shares	-	40
Mutual Funds	2,844,770	2,772,565
Derivative financial instruments	43,862	21,236
Total financial assets at fair value through profit and loss	**16,562,401**	**9,107,536**

The fair value of financial assets is calculated on the basis of quoted prices in active markets for identical financial instruments (Level 1). The positions of the Company in listed shares and mutual funds in the Athens Stock Exchange are effectively offset against derivative financial instruments.

19. Other assets

Other assets include:

	31/12/2016	31/12/2015
Blocked deposit in favor of ATHEXClear on a derivative margin account	881,519	1,280,269
Receivables from the Greek State	9,403,890	9,430,306
Additional collateral in the ATHEX Clearing Fund	19,050,000	26,450,000
Other receivables	217,377	300,124
Total other assets	**29,552,786**	**37,460,699**

The level of additional collateral in the Clearing Fund is determined by the daily trading volume and the Fund is activated in the event of default of a clearing member pursuant to article 79 of Law 3606/2007. In the event that the Company stops to operate, by decision of the Hellenic Capital Market Commission, the relevant amount from the Clearing Fund is

returned to the Company, after satisfying by absolute priority the claims of its customers arising from the provision of investment services, as per article 76 of Law 3606/2007.
The fair values of these liabilities and their accounting values are similar.

20. Cash and cash equivalents

Cash and cash equivalents include:

	31/12/2016	31/12/2015
Cash	3,683	6,879
Sight deposits of own cash resources	3,943,215	19,417,233
Sight deposits of customer funds	44,770,092	26,938,584
Total Cash and Cash Equivalents	**48,716,990**	**46,362,696**

21. Share capital

As at 31/12/2016 and 31/12/2015, the Company´s share capital stood at €11,674,101, divided into 3,891,367 ordinary shares of a par value of €3,00 each.

22. Reserves

Reserves are broken down as follows:

	Statutory reserve	Tax-free reserves pursuant to special legal provisions	Defined benefit plans	Total
Balance at 01/01/2015	**3,891,367**	**47,872,008**	**348,635**	**52,112,010**
Employee benefits (IAS 19)	-	-	113,773	113,773
Balance at 31/12/2015	**3,891,367**	**47,872,008**	**462,408**	**52,225,783**
Distribution of reserves		(2,520,979)		(2,520,979)
Employee benefits (IAS 19)	-	-	10,741	10,741
Balance at 31/12/2016	**3,891,367**	**45,351,029**	**473,149**	**49,715,544**

1. Under Greek commercial law, the Company is obliged to withhold from its net accounting profits a minimum of 5% annually as statutory reserve. This no longer applies when the total statutory reserve exceeds 1/3 of the paid up share capital. This reserve, which is already taxed, cannot be distributed throughout the Company's life and is intended to cover any debit balance of the profit and loss account. At 31/12/2016, the Company's statutory reserve stood at €3,891,367 and was accordingly equal to 1/3 of the paid up share capital.

2. Reserves pursuant to special legal provisions are as follows:

	31/12/2016	31/12/2015
Reserves subject to separate taxation as per Art. 72 of L. 4172/2013	40,512,161	43,033,140
Difference from conversion of share capital to Euro	7,525	7,525
Reserves of Art. 14 Law 2954/2001	1,310,865	1,310,865
Income reserves not subject to taxation	15,909	15,909
Reserves from income specially taxed	2,991,850	2,991,850
Special reserves	512,719	512,719
	45,351,029	**47,872,008**

23. Retirement benefit obligations

Defined employee benefits concern provisions for employee compensation on retirement from employment, pursuant to Law 2112/1920, and were determined by actuarial valuation.
The following tables present the composition of net costs for the relevant provision recognized in the income statements for 2016 and 2015, as well as the changes in the relevant provisions for employee compensation.

	31/12/2016	31/12/2015
Unfunded plans		
Present value of unfunded obligations	440,589	626,238
Net liability in Statement of Financial Position	**440,589**	**626,238**
Defined benefit plan costs		
Current service cost	34,189	56,025
Net financial cost on the net defined benefit obligation	14,717	14,453
Total (which is included In staff salaries)	**48,906**	**70,478**
Losses/(income) on curtailments / settlements	3,657,873	-
Net impact on the Statement of Comprehensive Income	**3,706,779**	**70,478**

Impact of defined benefit obligation plans on the Statement of Financial Position	**01.01-31.12.2016**	**01.01-31.12.2015**
Balance at 01/01	626,238	722,638
Current service cost	34,189	56,025
Net financial cost of net defined benefit obligation	14,717	14,453
Benefits paid by the Company	(3,877,301)	-
Losses/(income) on curtailments / settlements	3,657,873	-
Loss/ (gains) from changes in financial assumptions	60,129	(66,340)
Loss/ (gains) from changes in expert judgement assumptions	(75,256)	(100,538)
Obligation at the end of the period	**440,589**	**626,238**
Adjustments		
Adjustment of liabilities from changes in assumptions	(60,129)	66,340
Expert judgement adjustments to liabilities	75,256	100,538
Total actuarial profit/(loss) in Other Income	**15,127**	**166,878**

Change in net liability of defined benefit plans	01.01-31.12.2016	01.01-31.12.2015
Balance at 01/01	626,238	722,638
Benefits paid by the Company	(3,877,301)	-
Total costs recognized in the Statement of Comprehensive Income	3,706,779	70,478
Amount recognized in Other Income	(15,127)	(166,878)
Balance at 31/12	**440,589**	**626,238**

Assumptions	31/12/2016	31/12/2015
Discount Rate	1.60%	2.35%
Inflation	1.50%	1.50%
Rate of increase in salary	0% for the period 2017-2018 0.50% annually, for the period 2019-2020 1.00% annually, for the period 2021-2022 and 1.50% annually, thereafter	0% for the period 2016-2018 0.50% annually, for the period 2019-2020 1.00% annually, for the period 2021-2022 and 1.50% annually, thereafter
Average remaining working life	19.99	19.77

The table below presents the sensitivity analysis of each significant actuarial assumption by showing how the defined benefit obligation would be affected by the changes in the relevant actuarial assumption that would be possible at the balance sheet date.

Results sensitivity analysis

Actuarial assumption	Change in assumption	Increase/ (decrease) in the defined benefit obligation
Discount interest rate	Increase by 50 bps	(9.3)%
	Decrease by 50 bps	10.4%
Inflation	Increase by 50 bps	0.4%
	Decrease by 50 bps	(1.6)%
Rate of increase in salary	Increase by 50 bps	8.7%
	Decrease by 50 bps	(9.1)%
Rate of pension increases	Increase by 50 bps	0.0%
	Decrease by 50 bps	(0.0)%
Expected duration	More than one year	1.1%
	Less than one year	(1.2)%

24. Other provisions

Other provisions are broken down as follows:

	Legal proceedings	Other risks	Total
	2016		
Balance 01 January 2016	**239,500**	**817,417**	**1,056,917**
Provisions charged/ (released) to income statement during the year and other risks	-	(15,350)	**(15,350)**
Balance 31 December 2016	**239,500**	**802,067**	**1,041,567**

	Legal proceedings	Other risks	Total
	2015		
Balance 01 January 2015	**329,500**	**829,524**	**1,159,024**
Provisions charged/ (released) to income statement during the year and other risks	(90,000)	(12,107)	**(102,107)**
Balance 31 December 2015	**239,500**	**817,417**	**1,056,917**

Legal proceedings: Pending litigation against the Company concerning customer claims from alleged breaches of contractual or legal obligations of the Company in the context of its ordinary course of business (provision of investment services).

Provisions for other risks: These include tax provisions from accounting differences of unaudited years and provisions for other contingent liabilities. The Company's Management believes that the final outcome of the relevant cases will not have a material impact on its financial position, results and cash flows, beyond the estimated provisions.

25. Total net loans

Loans are broken down as follows:

	31/12/2016	31/12/2015
Obligations to NBG	5,157,550	-
Total loans	**5,157,550**	**-**

Authorized credit limit by NBG, including letters of guarantee, as at 31 December 2016 stands at €30,000,000 (31/12/2015: €30,000,000).
The fair value of the above liability and its accounting value are similar.

26. Due to customers, stockbrokers - stock exchange

These liabilities are as follows:

	31/12/2016	31/12/2015
Due to Customers (not settled transactions)	2,037,947	13,547,209
Due to Customers (mature credit balances)	44,770,092	26,938,584
Due to HELEX and foreign stockbrokers	138,918	90,857
Total due to customers, stockbrokers and stock exchange	**46,946,957**	**40,576,650**

The fair values of these liabilities and their accounting values are similar.

27. Financial liabilities at fair value through profit and loss

These liabilities are as follows:

	31/12/2016	31/12/2015
Listed stocks on the ATHEX (short selling)	19,167	357,378
Derivative financial instruments	3,933	7,418
Total financial liabilities at fair value through profit and loss	**23,100**	**364,796**

The fair value of financial assets is calculated on the basis of quoted prices in active markets for identical financial instruments (Level 1).

28. Other liabilities

Other liabilities include:

	31/12/2016	31/12/2015
Insurance due	228,662	264,156
Accrued costs of year	371,893	406,374
Staff pay due	36,347	28,557
Staff pay tax	627,645	322,519
Other taxes	8,248	8,498
Various creditors	118,752	57,045
Suppliers	354,325	531,074
Total other liabilities	**1,745,872**	**1,618,223**

The increased staff pay tax is due to the voluntary retirement scheme completed on 30 December 2016.

29. Related party transactions

The Company is part of the NBG Group and provides services in the context of its ordinary activities to NBG and other Group Companies.

The terms of its business relationship are not materially different from the usual terms applicable to the Company's transactions with non affiliates.
The Company's transactions with related parties during 2016 and 2015, as well as the balance of assets and liabilities at 31/12/2016 and 31/12/2015 are as follows:

ASSETS	**31/12/2016**	**31/12/2015**
Parent Company (NBG)	46,435,999	41,380,644
Other NBG Group Companies	2,612,157	4,069,447

OBLIGATIONS	**31/12/2016**	**31/12/2015**
Parent Company (NBG)	5,438,462	284,385
Other NBG Group Companies	22,492	10,359

INCOME	**01.01-31.12.2016**	**01.01-31.12.2015**
Parent Company (NBG)	717,654	1,263,263
Other NBG Group Companies	89,550	325,814

CHARGES	**01.01-31.12.2016**	**01.01-31.12.2015**
Parent Company (NBG)	1,183,210	1,494,226
	566,499	
Other NBG Group Companies		386,818
Executive management pay	517,985	237,111

The said executive pay includes the pay of the Chief Financial and Operation Officer and management officers, members of the Board. The large increase of the said amount compared with 2015 is due to compensation paid to a management executive who participated in the voluntary retirement scheme.

30. Contingent liabilities and commitments

• Legal proceedings

Some legal proceedings and claims against the Company are still pending, in the context of normal business activity, which at first instance were decided in our favor and are expected to have a positive final outcome for the Company. Moreover, a number of actions by counterparties and third parties against the Company are pending before the Athens Mutli-member and One-member Courts of First Instance, for the payment of €356,000 (2015: 196,000), the outcome of which is not expected to have a significant impact on the Company's financial statements.

• Capital commitments

At 31/12/2016 the Company had granted letters of guarantee to third parties totaling €71,273 vs. €2,151 in 2015.

• Operating lease commitments

Contingent future liabilities from rented buildings total €4,414,475 (2015: €5,044,203). The calculation was based on the contractually agreed rents plus stamp duty, adjusted annually until expiry of the contract, at a zero average CPI (0.0%).

	31/12/2016	**31/12/2015**
0 to 1 yr	478,688	651,142
1 to 5 yrs	1,961,883	2,026,866
Over 5 years	1,973,904	2,366,195
Total contingent future liabilities from rented buildings	**4,414,475**	**5,044,203**

- **Assets pledged**

Assets pledged include:

	31/12/2015	31/12/2015
Shares	9,431,399	3,280,732
Additional collateral in the Clearing Fund	19,050,000	26,450,000
Deposits	-	1,581,619
Total assets pledged	**28,481,399**	**31,312,351**

The above securities of €9,431,399 (2015: €3,280,732) are pledged in favour of ATHEXClear.

31. Events after the reporting period

There are no events regarding the Company subsequent to the date of the financial statements that have to be reported in accordance with IFRS.

32. Fees of Certified Auditors

The total fees charged by the certified auditors for the year ended 31/12/2016 (01/01/2016-31/12/2016) are:

	31/12/2016
Fee for the statutory audit of financial statements and	67,400
Fees for other auditing services related to tax legislation and the regulatory framework for the Company's operations	77,700
Total Fees of Certified Auditors	**145,100**

Availability of annual financial report and other information

The Annual Financial Report, which includes

- The Board of Directors' Report.
- The Independent Auditor's Report.
- The Company's Annual Financial Statements
- Various disclosures as stipulated in Art. 3 par. 2 of HCMC Decision 9/459/27.12.2007

are posted on the website: http://www.nbgsecurities.com.