INVESTMENT BANK OF GREECE

ANNUAL FINANCIAL REPORT

1 January - 31 December 2015

In accordance with International Financial Reporting Standards

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

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DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Board of Directors presents the financial statements of the INVESTMENT BANK OF GREECE S.A. for the year ended on December 31, 2015.

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

The Investment Bank of Greece S.A. is one of the best capitalised banks: the Capital Adequacy Index stands at 53.21% and the Index of Liquid Funds at 84.27%; bad/doubtful claims from loans are at less than 16.5% (loans granted under former ownership, covered by a percentage of over 65%). The total customer base numbers more than 200,000 accounts. In 2015 too, the Bank held the top position in the Derivatives Market of the Athens Stock Exchange and was among the top ten of the Athens Stock Exchange based on market share; it continued being the top investment firm in the preferences of foreign institutional investors.

FINANCIAL DEVELOPMENTS IN 2015

Despite the stabilisation of the economy and a return to growth in 2014 after six consecutive years of recession, political developments in late 2014 and early 2015 led the economy to lower levels in 2015. Specifically, according to the latest estimates GDP declined by 0.2% on an annual basis, as against growth of 0.7% in 2014. On the other hand, the recession was lower than initially predicted, since the economy was partially strengthened by high consumption due to fears about a possible Grexit, tourism performed very well, and past structural reforms started bearing fruit. The imposition of capital controls also seemed to have a smaller impact than was feared at first, possibly because most businesses and households were well prepared for that development.

Overall, the year 2015 was marked by three elections (national elections in January, referendum in July, national elections in September) and arduous and time-consuming negotiations between the government and the institutions (lenders). These events added to the uncertainty in the market and the economy, interrupting the course of stabilisation that had begun in 2014. The majority of any investment and related decisions were "put on freeze" and deferred for a later time, also impacting the economy.

This uncertainty proved extremely damaging for the banking sector, since it led to massive outflows of deposits (amounting to approx. EUR 40 billion between January and June), a further increase of loans in default, and ultimately to extensive losses, following the formation of very strong provisions. The initial refusal by the government to apply the program and reach an agreement with the lenders led to the closing of the banks and the imposition of a bank holiday for about a month, the imposition of capital controls, and finally a new capitalisation of the banks. Even if the impact was rather limited in 2015, we expect it, as noted above, to affect to some degree the current year too.

On the other hand, the switch of government policy that led to the agreement for a third support/bailout package permitted a normalisation of the economy, contrary to an initially very negative outlook. Gradually confidence started being restored and capital control restrictions were relaxed, even if partially only. Further, the completion of the first evaluation of the third program is in turn expected to have a positive impact on the economy and confidence - a necessary condition for the return of deposits to the banks and investments in the economy. Note that the institutions are now predicting growth for 2017 (+2.7%) and a further upsurge in 2018 (+3.1%) following a relatively slight (0.7%) recession this current year. Inflation is expected to remain negative this year too (-0.6%) and turn positive in 2017 (+0.1%). Lastly, forecasts are also favourable as to unemployment, which is expected to stand at 24% this year (down from 25.1% in 2015) and decline further to 22.8% in 2017.

The Average Daily Turnover in the Greek stock market stood at € 86 million in 2015, a decline of 33% that reflects the uncertainty in the first half of the year about whether the new government that came into power after the elections in January would complete the negotiations with the lenders, and later the negative impact in the second half of the capital controls. Note that the Athens Stock Exchange remained closed for five weeks (28/6 - 31/7) following the imposition of the capital controls and a bank holiday due to the decision of the government to call a referendum on the proposed agreement with the lenders. The investors' uncertainty intensified by the calling of national elections in September and a new round of bank capitalisations over November and December. The delays in completing the second evaluation of the new Greek program meant that investor interest remained at low levels during the first four months of 2016, with Average Daily Turnover at € 68 million. However, the agreement reached in May between the Greek government and the lenders for a new package of fiscal measures, opening the way for a positive evaluation, the disbursement of the first tranche of € 7.5 billion, but also a commitment on the part of our European partners to measures for reducing the debt, is expected to gradually restore interest in the Greek capital market on the part of foreign investors, improving business activity and company valuations in the second half of 2016.

PROFITS & LOSSES IN FISCAL YEAR 2015

The year 2015 was perhaps the most difficult of the recent period for the Greek banking system. It was marked by a third consecutive recapitalisation of the Greek systemic banks and the imposition of capital controls in June 2015, which led to the suspension of the operation of the stock market for a period of one month. Consequently, banking and stock market revenues in 2015 are essentially for an 11-month year. Even so, and due to the prudent management of operating costs, the successful management of the bank's own portfolio in bonds and derivatives, but also the utilisation of the deferred tax asset, the Investment Bank managed, despite the adverse circumstances, to record profits for the year. This was a unique achievement among Greek banks, and marked the reversal of the negative cycle that had afflicted the bank since 2012 due to the problems of the Marfin Egnatia group; these reached a peak during the crisis of the Cypriot banking system in March 2013, the subjection of the parent company, Cyprus Popular Bank, to a regime of liquidation, and the transfer of the Investment Bank's entire loan portfolio to the Bank of Piraeus.

Earnings after tax stood at EUR 463,000, up by EUR 3.5 million as compared to 2014 (2014 -EUR 2.97 million). Total market shares in stock exchange transactions remained at the same levels in both the stock market (4.87%) and the derivatives market (19.57%). Commission revenue from financial transactions declined by 15.3%, from EUR 5.1 million in 2014 to EUR 4.35 million in 2015, a result of the decline in the average daily volume of transactions at the Athens Stock Exchange to EUR 86 million in 2015, down from EUR 127 million in 2014, and the special bank holiday imposed in the summer of 2015. Thus total income from commission declined by 23.4%, from EUR 5.7 million in 2014 to EUR 4.4 million in 2015, given also that in 2014 there was a non-recurring item of commission of EUR 0.6 million under the Jessica program, while the respective amount in 2015 was EUR 43,000. The decline in commissions was balanced by earnings from financial transactions, including earnings from market making in the derivative and bond markets, which rose by 465%, from EUR 0.51 million in 2014 to EUR 2.89 million in 2015. Total operating costs declined marginally as compared to 2014, after having declined by more than 35% over the years 2013-2014, despite the continuing increase in expenses for the bank's technology infrastructure. Specifically, fees and personnel expenses declined by EUR 286,000 as against 2014 (i.e. by 3.96%), even though the bank created three new departments to support new services and added seven job positions to its personnel without increasing the total number of salaried personnel (total personnel is 163 employees).

As concerns the formation of new provisions, there was considerable improvement, with a reduction of 75.5% in loan depreciation provisions (from EUR 263,000 in 2014 to only EUR 64,000 in 2015) and a reduction in other provisions by 87% (from EUR 1.8 million in 2014 to EUR 242,000 in 2015) due to out-of-court settlement of payment of claims of the bank that had not been collected by previous managements. Lastly, an important development for the bank's liquidity in 2015 was the agreement for the sale, through open auction, of the self-owned office building at 24 Kifisias Ave., which closed in early 2016 on very favourable terms, adding over EUR 8 million to the bank's liquid funds.

In 2015 the Investment Bank laid the foundations for expanding and intensifying its activities with specific strategic actions. A bond portfolio was created, which obtained considerable income from interest and helped in exploiting available liquidity better. Preparatory work was done to incorporate into the bank's business plan targeted customer loans for the period 2016-2018, towards furthur strengthening interest rate income. The process of selling the assets of Cyprus Popular Bank advanced at a faster pace; the Investment Bank is acting as consultant, and expects to collect considerable success fees. The sale of the subsidiary HELLENIC CAPITAL PARTNERS Special Purpose Mutual Fund Management S.A. (formerly IBG Special Purpose Mutual Fund Management S.A.) was completed on 24/12/2015. Information technology systems and infrastructure were replaced towards exploiting new technologies in promoting the bank's products. The range of foreign Mutual Funds was expanded via associations with the international firms Schroders and Pictet, while the special purpose mutual fund management company IBG Athlon Capital Management, registered in Luxembourg, was incorporated via acquisition. There was completed the infrastructure for the creation and promotion of card products in association with MasterCard, so that the debit card IBG Debit MasterCard will be issued within the first quarter of 2016; a credit card, IBG Credit MasterCard, will also be issued. In the field of purely banking products, the new import-export section and the new respondent section are expected to establish the banking profile of the Investment Bank and drive a future increase in profitability by providing fuller coverage of the requirements of old and new customers.

DIVIDEND POLICY

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

REGULATORY INDICES

The capital adequacy index (Core Tier I) stood, despite the increased requirements under Basel II, at 53.21%, up from 41.87% in 2014 (the minimum permissible limit set by the Bank of Greece is 8%), and remained among the highest in Greece and in Europe.
The Bank's liquidity is at very good levels. Liquid asset ratios instituted by virtue of Act no. 2560/1.4.2005 by the Governor of the Bank of Greece, which referred to the regulatory framework for the capital adequacy of credit institutions under the Bank of Greece, stood at high levels in 2015. The liquid asset ratio stood at 84.27% as against a minimum permissible level of 20%, while the Maturity Mismatch ratio stood at 28.80% as against a minimum permissible level of 20%.

RISK MANAGEMENT

The Bank continues to focus on activities that earn commission, and therefore the related credit and market risks are extremely limited. Regarding liquidity risk, the Bank is monitoring carefully the difficulties that afflicted the liquidity of the banking system, which, given the nature of its activities, were mainly derived from loss of deposits; it maintains its liquidity at a very high level.
The credit risk arising from the loan and advances portfolio is limited due to its overall size and its composition, which is mainly made up of margin trading accounts that are fully secured by stocks. The Bank mainly focuses on providing financing in the context of the overall service provided to investment customers with high quality security. Lastly, as regards interest rate risk and FX and volatility risks, the Bank deploys the necessary control mechanisms and conducts regular simulations, while its overall exposure is also limited and fully in line with the requirements of the Bank of Greece.

THE BANK'S COURSE IN 2016 AND FUTURE PROSPECTS

Already in the first quarter of 2016 the Bank has completed actions initiated in 2015, including the sale of a self-owned office building. The delay in the completion of the evaluation of the Greek economy by the international institutions in conjunction with the protraction of the capital controls resulted in a very lacklustre first quarter, so that commissions from stock exchange transactions deviated from the already conservative budget for 2016. However, given the prospects emerging for the second half, and in particular the signing of the memorandum-related agreements, the discussion about the viability of the Greek debt, the recovery of Greek bonds, the expected recovery of stock exchange turnover with the participation of foreign investors too, the expected relaxation and/or lifting of the capital controls, and the Bank's strategic initiatives aimed at offering customer loans and advances, completing Investment Banking projects that are in progress, intensifying the promotion of banking products and services such as credit cards, expanding private banking for affluent customers, and increasing market share via acquisitions that are now under consideration, the Investment Bank expects a highly productive and profitable second half in 2016.

EVENTS SUBSEQUENT TO THE BALANCE-SHEET

As outlined above, the main initiatives set in motion during 2015 and completed in the first part of 2016 were the sale of a self-owned office building and the collection of part of the bad/doubtful claims pending from older court cases and amounting to just over EUR 1 million.

Marousi, 31th May 2016

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

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

(Translated from the original in Greek)

Independent Auditor's Report

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

Report on the audit of the Financial Statements

We have audited the accompanying financial statements of "Investment Bank of Greece S.A." ("the Bank"),which comprise the statement of financial position as of 31 December 2015 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Requirements

We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying financial statements in accordance with the requirements of articles 43a (par.3a) and 37 of Codified Law 2190/1920.

Athens, 09 June 2016

The Certified Auditor

Despina Marinou

SOEL Reg. No. 17681

PricewaterhouseCoopers S.A.
Certified Auditors
268 Kifissias Avenue
152 32 Halandri

SOEL reg. no 113

STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro '000	Note	31st December 2015	31st December 2014
Interest and similar Income		2.361	2.339
Interest and similar expenses		(329)	(464)
Net interest income	7	**2.032**	**1.875**
Fee and commission income		7.658	9.937
Fee and commission expense		(3.292)	(4.239)
Net fee and commission income	8	**4.366**	**5.698**
Dividend income		51	27
Net trading income	9	2.896	512
Gain / Loss from investment portfolio		(40)	(38)
Other operating income	10	1.448	1.513
		4.355	**2.015**
Total net income		**10.753**	**9.588**
Staff costs	11	(6.921)	(7.207)
Other operating expenses	12	(3.231)	(3.004)
Depreciation	23	(221)	(189)
Total operating expenses		**(10.373)**	**(10.400)**
Results before provisions and taxes		**380**	**(813)**
Provisions for loans impairment	20	(64)	(263)
Provisions for impairment losses	13	(242)	(1.812)
Total provisions		**(306)**	**(2.075)**
Results before tax		**74**	**(2.888)**
Less: Income tax	14	279	(33)
Results after tax (a)		**353**	**(2.921)**
Other comprehensive income after tax (b)		**110**	**(53)**
Total comprehensive income (a)+(b)		**463**	**(2.974)**

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

STATEMENT OF FINANCIAL POSITION

Amounts in Euro '000	Note	31st December 2014	31st December 2014
ASSETS			
Cash and balances with Central Bank	15	13.146	4.223
Loans and advances to financial institutions	16	44.398	22.475
Receivables from Assets Sale	17	0	58.083
Trading portfolio	18	35.011	7.626
Derivative financial instruments	19	196	137
Loans and advances to customers	20	15.276	17.185
Investment portfolio	21	1.328	3.972
Investment in subsidiaries and associates	22	4.194	4.558
Property investment	23	2.553	2.295
Property, plant and equipment & Intangible assets	23	7.344	6.368
Deferred tax asset	24	5.320	5.063
Other stock exchange transactions	25	17.309	8.473
Accounts capital for safeguard Investment Services and Guarantees	26	9.011	11.609
Other assets	27	4.463	4.891
Total assets		**159.550**	**156.959**
EQUITY AND LIABILITIES			
Due to financial institutions	28	14.038	2.627
Due to customers	29	37.612	53.365
Derivative financial instruments	19	173	119
Retirement benefit obligations	30	202	227
Liabilities to customers and stock exchange brokerage	31	20.053	13.051
Other liabilities	31	2.660	3.022
Provisions	32	1.513	1.713
Total liabilities		**76.252**	**74.123**
Shareholders equity			
Share capital	33	110.427	110.427
Revaluation reserve		44	(11)
Other reserves	34	18.201	18.146
Retained earnings		(45.374)	(45.726)
Total equity		**83.298**	**82.835**
Total liabilities and equity		**159.550**	**156.959**

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

STATEMENT OF CHANGES IN EQUITY

Amounts in Euro '000	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total
Opening balance as at 1st January 2014	**110.427**	**0**	**20.375**	**(44.993)**	**85.809**
Changes in equity for the year 01/01 - 31/12/2014	0	0	(2.188)	2.188	0
Profits/Losses from revaluation of fair value of financial assets A.F.S.	0	(15)	0	0	(15)
Tax related to profits/losses recognized in equity	0	4	0	0	4
Profit for the year 01/01-31/12/2014	0	0	0	(2.921)	(2.921)
Other comprehensive income	0	0	(42)	0	(42)
Equity balance as at 31st December 2014	**110.427**	**(11)**	**18.145**	**(45.726)**	**82.835**

Amounts in Euro '000	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total
Opening balance as at 1st January 2015	**110.427**	**(11)**	**18.145**	**(45.726)**	**82.835**
Profits/Losses from revaluation of fair value of financial assets A.F.S.	0	77	0	0	77
Tax related to profits/losses recognized in equity	0	(22)	0	0	(22)
Profit for the year 01/01-31/12/2015	0	0	0	353	353
Other comprehensive income	0	0	55	0	55
Equity balance as at 31st December 2015	**110.427**	**44**	**18.202**	**(45.374)**	**83.298**

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

STATEMENT OF CASH FLOWS

Amounts in Euro '000	Note	31st December 2015	31st December 2014
Cash flows from operating activities			
Profits before tax		**74**	**(2.888)**
Adjustments for:			
Depreciation	23	221	189
Share of profit / loss from measurement of financial assets at fair value through Profit & Loss		(617)	18
Provision for employee benefit plan		(6)	1
Employee benefits in the form of stock options & other provisions for employee benefits	30	(24)	55
Impairment loss from investments	13	243	1.616
Provision for Loans	20	64	263
Other Provisions	10	(344)	(234)
Provision for other assets	10	(132)	0
Profit / loss from revaluation		0	(42)
Profit / loss from revaluation of property	10	(972)	0
Cash flows from operating activities before changhes in working capital		*(1.493)*	*(1.022)*
Changes in working capital			
Trading portfolio		(26.769)	(1.689)
Loans and advances to customers		1.640	(1.423)
Other assets		(5.507)	(1.190)
Due to financial institutions		11.411	(211)
Due to customers		(15.753)	9.596
Other liabilities		6.639	(2.358)
Collection of receivables from credit institutions		58.015	0
Cash flows from operating activities before payment of income tax		*28.183*	*1.703*
Income tax paid		0	0
Net cash flows from operating activities		**28.183**	**1.703**
Investing activities			
Portfolios available for sale and held to maturity			
Purchase of fixed assets		69	(106)
Acquisition of subsidiaries and associates		135	0
Investments Purchases		2.785	(3.986)
Other investments		0	28
Purchase of intangible assets		(327)	(90)
Net cash flow from investing activities		**2.662**	**(4.154)**
Net increase / decrease in cash and cash equivalents		30.845	(2.451)
Cash and cash equivalents at the beginning of the financial year		26.699	29.150
Cash and cash equivalents at the end of the financial year	35	**57.544**	**26.699**

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

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

1. General Information about the Bank

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

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

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

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

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

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

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

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

As at 31 December 2015 the shareholders structure of "INVESTMENT BANK OF GREECE S.A." was as follows:

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

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

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

Branches operating in Greece:

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

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

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

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

Disposal of IBG's loans and deposits

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

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

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

Macroeconomic Environment

The developments that have taken place in 2015 and the national and international discussions with respect to the terms of the Greece's financing program have resulted in an unstable macroeconomic and financial environment in the country. The return to economic stability depends to a large extent on the actions and decisions of local and international institutions. Notwithstanding the above and given the nature of the Company's operations and its financial position, any negative developments are not expected to significantly affect the operations of the Company. Nevertheless, Management continually assesses the situation and its possible impact to ensure that all necessary actions and measures are taken in order to minimize any impact on the Bank's operations.

IBG's capital adequacy

As at 31 December 2015, the Bank's core Tier I ratio stood at 53,21% (2014: 41,87%), which was well above the minimum level of 8% required by the Bank of Greece ("BOG"). The Bank's cash and cash equivalents as at 31/12/2015 equal to €57,5mil which is 153% of the deposits.

2. Basis of preparation

2.1. Compliance

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

The financial statements as of 31/12/2015 were approved by the Board of Directors on 31/5/2016 and are subject to final approval by the General Assembly of the Shareholders, and are available to investors at the Bank's offices (32 Aigialeias Street & Paradeisou, Marousi), as well as via the internet at the Bank's website (www.ibg.gr), and will be available for at least two years in accordance with article 2, paragraph 1 of Presidential Enactment N. 360/1985, and as this is in effect following the amendment of Law 3301/2004.

2.2. Basis of Presentation

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

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

Preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported assets and liabilities, the recognition of contingent liabilities at the date of the financial statements and the recognition of revenue and expenses during the period under consideration. Consequently, the real results may differ from these estimates, despite the fact that they are based on the best knowledge of the Management on the current situation. The areas involving a significant degree of judgment or complexity, or where assumptions and estimates significantly affect the financial statements are mentioned in Note 3.

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

The following amendments to standards and new interpretations, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and endorsed by the European Union (EU), apply from 1 January 2015:

Annual Improvements to IFRSs 2011-2013 Cycle

The amendments introduce key changes to three IFRSs, following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project, as follows:

Clarify that IFRS 3 'Business Combinations' does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;

Clarify that the exception in IFRS 13 'Fair Value Measurement' for measuring the fair value of a group of financial assets and financial liabilities on a net basis applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 'Financial Instruments: Recognition and Measurement' or IFRS 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities under IAS 32 'Financial Instruments: Presentation';

Address the interrelationship between IFRS 3 'Business Combinations' and IAS 40 'Investment Property', clarifying in the latter that an entity should assess whether: (a) the acquired property is investment property under IAS 40 and (b) the acquisition of investment property constitutes a business combination as defined in IFRS 3.The adoption of the amendments had no impact on the Bank's financial statements.

IFRIC 21, Levies

IFRIC 21 Levies clarifies that an entity recognizes a liability for a levy that is not income tax when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, for example a specified level of revenue, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The adoption of the interpretation had no significant impact on the Bank's financial statements.

New standards and amendments to standards not yet adopted by the Bank

A number of new standards and amendments to existing standards are effective after 2015, as they have not yet been endorsed by the European Union or have not been early applied by the Bank. Those that may be relevant to the Bank are set out below:

IAS 1, Amendment - Disclosure initiative (effective 1 January 2016)

The amendment clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The adoption of the amendment had no impact to the Bank's financial statements.

IAS 7, Amendment – Disclosure Initiative (effective 1 January 2017, not yet endorsed by EU)

The amendment requires disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The disclosure requirements also apply to changes in financial assets, such as assets that hedge liabilities arising from financing activities, if cash flows from those financial assets were or future cash flows will be, included in cash flows from financing activities. The adoption of the amendment had no impact to the Bank's financial statements.

IAS 12, Amendment – Recognition of Deferred Tax Assets for Unrealized Losses (effective 1 January 2017, not yet endorsed by EU)

The amendment clarifies that the unrealized losses on debt instruments measured at fair value in the financial statements and at cost for tax purposes may give rise to a deductible temporary differences. It also clarifies that the estimate of probable future taxable profits may include the recovery of an asset for more than its carrying amount, if there is sufficient evidence that it is probable that this will be realized by the entity, and a deferred tax asset is assessed in combination with all of the other deferred tax assets where the tax law does not restrict the sources of taxable profits against which the entity may make deductions on the reversal of that deductible temporary differences may be reversed.

IAS 16 and IAS 38, Amendments - Clarification of Acceptable Methods of Depreciation and Amortization (effective 1 January 2016)

The amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The adoption of the amendments is not expected to impact the Bank's financial statements.

IAS 19, Amendment - Defined Benefit Plans: Employee Contributions (effective 1 January 2016)

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

IAS 27, Amendment - Equity Method in Separate Financial Statements (effective 1 January 2016)

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

IFRS 9, Financial Instruments (effective 1 January 2018, not yet endorsed by EU)

In July 2014, the IASB published the final version of IFRS 9 which replaces IAS 39 'Financial Instruments'. IFRS 9 sets out revised requirements on the classification and measurements of financial assets, addresses the reporting of fair value changes in own debt when designated at fair value, replaces the existing incurred loss model used for the impairment of financial assets with an expected credit loss model and incorporates changes to hedge accounting.

<u>Classification and measurement</u>

IFRS 9 applies one classification approach for all types of financial assets, according to which the classification and measurement of financial assets is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A business model refers to how an entity manages its financial assets so as to generate cash flows, by collecting contractual cash flows, or selling financial assets or both. Upon assessment, each financial asset will be classified in one of the three categories: amortized cost, fair value through profit or loss and fair value through other comprehensive income.

With regard to financial liabilities, the treatment followed in IAS 39 is carried forward to IFRS 9 essentially unchanged. However, IFRS 9 requires fair value changes of liabilities designated at fair value under the fair value option which are attributable to the change in the entity's own credit risk to be presented in other comprehensive income rather than in profit or loss, unless this would result in an accounting mismatch.

<u>Impairment of financial assets</u>

IFRS 9 introduces an expected credit loss model that will apply to all financial instruments that are subject to impairment accounting and replaces the incurred loss model in IAS 39.

The new requirements eliminate the threshold in IAS 39 that required a credit event to have occurred before credit losses were recognized. Under IFRS 9, a loss allowance will be recognized for all financial assets, therefore the new requirements will result in the earlier recognition of credit losses. The new standard uses a 'three stage approach' that will reflect changes in credit quality since initial recognition. At each reporting date, a loss allowance equal to 12-month expected credit losses will be recognized for all financial assets for which there is no significant increase in credit risk since initial recognition.

For financial assets that have experienced a significant increase in credit risk since initial recognition as well as purchased or originated credit impaired financial assets, a loss allowance equal to lifetime expected credit losses will be recognized. The measurement of expected credit losses will be a probability-weighted average amount that will reflect the time value of money.

In measuring expected credit losses, information about past events, current conditions and forecasts of future conditions should be considered.

Hedge accounting

IFRS 9 introduces a reformed model for hedge accounting, seeking to more closely align hedge accounting with risk management activities so as to better reflect these activities in the entities' financial statements. Under the new model, new hedge effectiveness requirements apply, discontinuation of hedge accounting is allowed only under specific circumstances, and a number of items that were not eligible under IAS 39 as hedging instruments or hedged items are now eligible.

The Bank cannot estimate at the date of the financial statements the impact of the revised model for hedge accounting.

IFRS 10, IFRS 12 and IAS 28, Amendments - Investment Entities: Applying the Consolidation Exception (effective 1 January 2016, not yet endorsed by EU)

These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The adoption of the amendments is not expected to impact the Bank's financial statements.

IFRS 10 and IAS 28, Amendments - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date to be determined by IASB, not yet endorsed by EU)

These amendments address an inconsistency between the requirements in IFRS 10 and IAS 28 dealing with the sale or contribution of assets between an investor and its associates or joint ventures. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business, whereas a partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are in a subsidiary. The adoption of the amendments is not expected to impact the Bank's financial statements.

IFRS 11, Amendment – Accounting for Acquisitions of Interests in Joint Operations (effective 1 January 2016)

This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The adoption of the amendments is not expected to impact the Bank's financial statements.

IFRS 15, Revenue from Contracts with Customers (effective 1 January 2018, not yet endorsed by EU)

IFRS 15 establishes a single, comprehensive revenue recognition model to be applied consistently to all contracts with customers, determining when and how much revenue to recognize, but has no impact on income recognition related to financial instruments which is under the scope of IFRS 9 and IAS 39. In addition, IFRS 15 replaces the previous revenue standards IAS 18 Revenue and IAS 11 Construction contracts and the related Interpretations on revenue recognition. The adoption of the amendments is not expected to impact the Bank's financial statements.

IFRS 16, Leases (effective 1 January 2019, not yet endorsed by EU)

Under IFRS 16, which supersedes IAS 17 and related interpretations, the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17. The new standard provides for the recognition of a 'right-of-use-asset' and a 'lease liability', at the present value of the lease payments during the lease term that are not yet paid, in case that there is a contract, or part of a contract, that conveys to the lessee the right to use an asset for a period of time in exchange for a consideration. Accordingly, the typical straight line operating lease expense of operating leases under IAS 17 is replaced by the depreciation charge of the 'right-of-use-asset' and the interest expense on the 'lease liability'. The recognition of assets and liabilities by lessees, as described above, is not required for certain short term leases and leases of low value assets. Additionally, the accounting treatment for lessors is not substantially affected by the requirements of IFRS 16. The adoption of the amendments is not expected to impact the Bank's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle (effective 1 January 2016)

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

Definition of vesting condition in IFRS 2 'Share – based Payment';

Accounting for contingent consideration in a business combination in IFRS 3 'Business Combinations;

Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets in IFRS 8 'Operating Segment';

Short-term receivables and payables in IFRS 13 'Fair Value Measurement';

Revaluation method—proportionate restatement of accumulated depreciation in IAS 16 'Property, Plant and Equipment';

Key management personnel in IAS 24 'Related Party Disclosures'; and

Revaluation method—proportionate restatement of accumulated amortization in IAS 38 'Intangible Assets'

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

Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)

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

Clarifying in IFRS 5 'Non-current assets held for sale and discontinued operations' that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

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

Clarifying in IAS 19 'Employee benefits' that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

Clarifying in IAS 34 'Interim financial reporting' what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

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

3. Basic Accounting Policies

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

3.1. Subsidiaries

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

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

3.2. Foreign currency transactions

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

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

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

3.3. Investments in financial instruments

(a) Classification

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

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

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

(b) Recognition

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

(c) Measurement

Financial instruments are measured initially at fair value, plus transaction costs.
After initial recognition, all trading instruments and available-for-sale assets are measured at fair value, apart from instruments that lack a quoted market price in an active market, and whose fair value cannot be reliably measured, which are stated at cost, including transaction costs, and less impairment losses incurred.
All non-trading financial liabilities, loans and receivables, as well as held-to-maturity assets, are measured at amortized cost less impairment losses. Amortized cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and are amortized based on the effective interest rate of the instrument.

(d) Fair Value Measurement

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

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

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

(e) Gains and losses on subsequent measurement

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

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

(f) Derecognition

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

3.4. Sale and repurchase agreements

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

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

3.5. Property, plant and equipment

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

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

- Buildings 30 – 50 years

- Fittings and equipment 4 – 7 years
- Vehicles 9 – 10 years

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

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

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

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

3.6. Investment property

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

3.7. Intangible Assets

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

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

3.8. Cash and Cash equivalents

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

3.9. Impairment of Financial Assets

(a) Assets carried at amortized cost

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

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

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

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

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

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

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group of historical loss experience for assets with credit risk characteristics similar to those in the group.
Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.
The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience. When a loan is uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

(b) Assets carried at fair value

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

3.10. Financial Liabilities

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

3.11. Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Commission from financial guarantee contracts is initially recognized as liability (at fair value) and they are taken to the income statement gradually during the contract's duration.

Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortization calculated to recognize in the income statement the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date.

Financial guarantee contracts are included in the entry "Other liabilities".

3.12. Employee benefits

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

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

i) Defined contribution plan

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

ii) Defined benefit plan

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

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

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

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

3.13. Provisions

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

3.14. Offsetting financial instruments

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

3.15. Leased Agreements

Bank undertaking as the Lessee: Leases where the lessor transfers the right to use an asset for an agreed period, without transferring the risks and rewards of ownership of the asset are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement over the lease.

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

3.16. Interest income and expense

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

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

3.17. Fees and commissions

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

3.18. Net trading income

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

3.19. Dividend income

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

3.20. Income Tax and Deferred Tax

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

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

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

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

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

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

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

3.21. Share Capital

(a) Incremental costs of share capital increase

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

(b) Dividend

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

3.22. Segment reporting

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

4. Critical accounting estimates and judgements

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

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

A. Credit risk provisions

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

B. Deferred tax asset recoverability

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

C. Estimates on fair value of investment property

The best evidence of "fair value" are the current prices in an active market for similar lease and other contracts. If it is not possible to find such information, the Bank determines the amount within a range of reasonable estimates of "fair value" based on assessments made by independent valuers. The Bank uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimates of "fair value" relate to: collection of contractual rentals, expected future market rentals, void periods, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market data, actual transactions by the Bank and those reported by the market.

D. Impairment of own use properties

Management considered the updated business plan of the Bank, which took into account, inter alia, the sale of almost all of the corporate loan portfolio of the Bank, and assessed that the carrying value of its own use buildings was not fully recoverable. In this case, recoverable value was defined as the fair value of the properties less disposal expenses, since such value was higher than the value in use.

5. Financial risk management

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

5.1. Credit Risk

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

Credit Risk Management

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

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

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

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

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

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

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

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

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

Credit rating system

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

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

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

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

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

Loans and advances to customers credit rating

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

	31st December 2015		31st December 2014	
	Loans and advances to customers %	**Allowance doubtful debts %**	**Loans and advances to customers %**	**Allowance doubtful debts %**
Credit rating category:				
Low risk	62,83%	0,00%	67,35%	0,00%
Medium risk	0,00%	0,00%	0,00%	0,00%
High risk	37,17%	30,25%	32,65%	30,07%
Total	**100,00%**	**11,24%**	**100,00%**	**9,82%**

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

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

	Maximum exposure	
Amounts in Euro '000	**2015**	**2014**
Credit risk exposures relating to on-statement of financial position items:		
Loans and advances to banks	44.398	22.475
Derivative financial instruments	196	137
Receivables from Assets Sale	0	58.083
Loans and advances to customers:		
Loans to individuals	8.083	12.222
Loans to corporate entities:		
Large corporate customers	7.193	4.963
Small and medium size enterprises (SMEs)	0	0
Other assets	30.784	24.972
Total on-balance sheet assets	**90.653**	**122.852**
Credit risk exposures relating to off-statement of financial position items:		
Letters of guarantee	1.621	1.523
Total	**92.274**	**124.375**

Loans and advances

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

Amounts in Euro '000	**31st December 2015**		**31st December 2014**	
	Loans and advances to customers	**Loans and advances to banks**	**Loans and advances to customers**	**Loans and advances to banks**
Loans and advances neither past due nor impaired (a)	10.814	44.398	12.835	22.475
Loans and advances past due but not impaired (b)	3.914	0	3.803	0
Loans and advances individually impaired (c)	2.483	0	2.419	0
Loans before allowance	**17.211**	**44.398**	**19.056**	**22.475**
Allowance for doubtful debts	-1.935	0	(1.871)	0
Loans after allowance	**15.276**	**44.398**	**17.185**	**22.475**

(a) Loans and advances neither past due nor impaired

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

Amounts in Euro '000	Individuals	Loans and advances to customers Corporate entities: Large corporate customers	Small and medium size enterprises (SMEs)	Total	Loans and advances to banks
2015					
Credit rating category:					
Low risk	8.346	2.468	0	**10.814**	44.398
Medium risk	0	0	0	**0**	0
High risk	0	0	0	**0**	0
Total	**8.346**	**2.468**	**0**	**10.814**	**44.398**
2014					
Credit rating category:					
Low risk	12.485	349	0	**12.835**	22.475
Medium risk	0	0	0	**0**	0
High risk	0	0	0	**0**	0
Total	**12.485**	**349**	**0**	**12.835**	**22.475**

(b) Loans and advances past due but not impaired

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

Amounts in Euro '000	Individuals	Corporate entities: Large corporate customers	Small and medium size enterprises (SMEs)	Total
2015				
Past due up to 30 days	0	3.914	0	**3.914**
Past due 31- 60 days	0	0	0	**0**
Past due 61 - 90 days	0	0	0	**0**
Past due up to 180 days	0	0	0	**0**
Total	**0**	**3.914**	**0**	**3.914**
Fair value of collateral	**0**	**0**	**0**	**0**
2014				
Past due up to 30 days	0	3.803	0	**3.803**
Past due 31- 60 days	0	0	0	**0**
Past due 61 - 90 days	0	0	0	**0**
Past due up to 180 days	0	0	0	**0**
Total	**0**	**3.803**	**0**	**3.803**
Fair value of collateral	**0**	**0**	**0**	**0**

(c) Impaired loans and advances

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

Amounts in Euro '000	Loans and advances to customers			
		Corporate entities		
	Individuals	**Large corporate customers**	**Small and medium size enterprises (SMEs)**	**Total**
2015				
Individually impaired loans	0	2.483	0	**2.483**
Fair value of collateral	0	725	0	**725**
2014				
Individually impaired loans	0	2.419	0	**2.419**
Fair value of collateral	0	370	0	**370**

Counter party banks risk

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

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

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

Counter risk assessment is conducted using a special banks' and other credit institutions' assessment model (Scoring Model). The model assesses each counterparty with reference to economic quantitative, as well as, qualitative criteria. As far as quantitative criteria are concerned (capital adequacy, profitability, liquidity, etc), the banks and credit institutions are assessed based on various. The qualitative criteria (previous positive transactions record, management's assessment, etc) are provided with reference to the judgment of risk management.

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

Country risk

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

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

5.2. Market risk

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

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

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

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

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

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

The assessment of VAR defines the biggest possible portfolio loss with a confidence level of 99% and a one day of hold period, without taking into consideration variations in prices that are due to unusual economic reasons and violent events. The VAR module of calculation of the biggest possible loss incurred is based on variance-covariance methodology, and covers both the trading and available-for-sale portfolio of the companies of the Bank. Market risk, in terms of VaR, for the aforementioned positions as at 31 December 2015, amounted to 221,15K Euro as analyzed in the table below.

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Currency risk	1,99	3,45
Interest rate risk of bond portfolio	41,88	9,24
Market risk of Stock Exchange Products portfolio	217,17	15,73
Reduction due to correlation	-39,89	-13,12
Net Market Risk	**221,15**	**15,30**

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

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

5.3. Interest Rate Risk

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

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

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

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

Interest Rate Risk

Amounts in Euro '000	**Up to 1 month**	**1-3 months**	**3-12 months**	**Non-interest bearing**	**Total**
At 31st December 2015					
Assets					
Cash and balances with Central Bank	11.818	0	0	1.328	13.146
Loans and advances to credit institutions	44.398	0	0	0	44.398
Trading portfolio and other financial instruments at fair value through P&L	0	0	0	35.011	35.011
Loans and advances to customers	15.267	8	0	0	15.276
Investment portfolio	1.312	0	0	16	1.328
Other assets	7.468	0	0	42.923	50.392
Total assets	**80.263**	**8**	**0**	**79.279**	**159.550**
Liabilities					
Due to credit institutions	14.038	0	0	0	14.038
Due to customers	33.304	4.308	0	0	37.612
Other liabilities	0	0	0	23.088	23.088
Provisions	0	0	0	1.513	1.513
Total liabilities	**47.342**	**4.308**	**0**	**24.602**	**76.252**
Total interest sensitivity gap	**32.921**	**(4.299)**	**0**	**54.677**	**83.298**
At 31st December 2014					
Total assets	69.985	127	0	86.847	**156.958**
Total liabilities	51.714	7.370	5.862	9.177	**74.123**
Net liquidity gap	**18.271**	**(7.243)**	**(5.862)**	**77.670**	**82.835**

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

5.4. Currency Risk

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

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

Currency Risk

Amounts in Euro '000	EUR	USD	GBP	CHF	JPY	Other currencies	Total
As at 31st December 2015							
Foreign exchange risk for assets							
Cash and balances with Central Bank	12.962	172	11	1	0	0	**13.146**
Loans and advances to credit institutions	40.985	2.080	194	263	103	773	**44.398**
Trading portfolio and other financial assets at fair value through Profit & Loss	34.018	993	0	0	0	0	**35.011**
Derivative financial instruments	196	0	0	0	0	0	**196**
Loans and advances to customers	15.253	1	3	19	0	0	**15.276**
Investment portfolio	1.328	0	0	0	0	0	**1.328**
Participations in associates	4.194	0	0	0	0	0	**4.194**
Property, plant and equipment	9.898	0	0	0	0	0	**9.898**
Other assets	35.655	364	84	0	0	0	**36.103**
Total assets	**154.489**	**3.610**	**292**	**283**	**103**	**773**	**159.550**
Foreign exchange risk of liabilities							
Due to credit institutions	3.467	10.571	0	0	0	0	**14.038**
Due to customers	32.315	5.228	66	3	0	0	**37.612**
Derivative financial instruments	173	0	0	0	0	0	**173**
Other liabilities	20.127	1.807	192	4	58	525	**22.714**
Provisions	1.513	0	0	0	0	0	**1.513**
Retirement benefit obligations	202	0	0	0	0	0	**202**
Total liabilities	**57.797**	**17.606**	**258**	**7**	**58**	**525**	**76.252**
Net on-SFP position	**96.692**	**(13.997)**	**34**	**276**	**45**	**248**	**83.298**
As at 31st December 2014							
Total assets	151.742	3.745	455	195	91	729	**156.958**
Total liabilities	63.547	9.591	355	59	78	493	**74.123**
Net on-SFP position	**88.195**	**(5.846)**	**100**	**136**	**13**	**237**	**82.835**

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

5.5. Risk arising from share price changes

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

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

The Bank, in assessing risk arising from share price changes, calculates the negative effect on its annual results from a change in share prices. The aforementioned measurements, conducted by reference to the balances as at 31 December 2015 showed that in the event of a decrease in share prices by 20% the Bank would suffer losses amounting to around € 212,87 thousands.

5.6. Liquidity Risk

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

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

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

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

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

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

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

The Bank regularly conducts liquidity stress tests.

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

The presented amounts reflect contractual non-discounted cash flows.

Liquidity Risk

Amounts in Euro '000	Up to 1 month	1-3 months	3-12 months	1-2 years	2-5 years	Over 5 years	Total
As at 31st December 2015							
Liabilities							
Due to banks	468	0	13.571	0	0	0	**14.038**
Due to customers	25.137	4.306	8.169	0	0	0	**37.612**
Other liabilities	20.360	504	2.004	1.733	0	0	**24.602**
Total liabilities	**45.965**	**4.810**	**23.743**	**1.733**	**0**	**0**	**76.252**
Total assets	**130.900**	**0**	**6.560**	**6.531**	**15.217**	**343**	**159.550**
As at 31st December 2014							
Liabilities							
Due to banks	0	0	2.627	0	0	0	**2.627**
Due to customers	42.052	5.921	5.392	0	0	0	**53.365**
Other liabilities	13.283	551	2.358	1.940	0	0	**18.132**
Total liabilities	**55.335**	**6.471**	**10.377**	**1.940**	**0**	**0**	**74.123**
Total assets	**119.215**	**1.200**	**4.225**	**18.250**	**13.726**	**343**	**156.959**

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

5.7. Capital adequacy

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

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

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

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

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

The Bank has no Tier II regulatory capital.

The Capital Adequacy ratio of the Bank as at 31/12/2015 is as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Share Capital	110.427	110.427
Other Reserves	18.245	16.733
Retained Earnings	(45.374)	(44.325)
Goodwill and other intangible assets	(416)	(91)
Other adjustments	(44)	11
Total Tier I	82.838	82.756
Total supervisory capitals	**82.838**	**82.756**
Weighted assets		
- on-SFP items	88.061	158.388
- off-SFP items	421	674
- transaction portfolio items	47.339	15.353
- operatinal risk	19.864	23.233
Total	**155.685**	**197.647**
Capital Adequacy Ratio	**53,21%**	**41,87%**

The Bank's capital adequacy ratio increased in 2015 due to the Bank's risk weighted assets decrease, remained significantly higher than the minimum required capital adequacy ratio (Core Tier I) of 8% over the risk weighted assets.

6. Fair value of financial assets and liabilities

6.1. Financial assets and liabilities not carried at fair value

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

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

(a) Loans and advances to banks

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

(b) Loans and advances to customers

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

(c) Deposits

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

6.2. Fair value hierarchy

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

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

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

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

Transaction portfolio items, derivatives and securities available for sale carried at fair value are categorized at Level 1.

7. Net interest income

Net interest income is analyzed as follows:

Amounts in Euro '000	31st December 2015	31st December 2014
Interest income		
Interest from fixed income securities	981	294
Interest received from loans	1.128	1.704
Interest received from interbank transactions	184	105
Other interest related income	69	236
Total	**2.361**	**2.339**
Interest expense		
Customer deposits	(289)	(460)
Interbank transactions	(14)	0
Other interest related expenses	(26)	(3)
Total	**(329)**	**(464)**
Net interest income	**2.032**	**1.875**

8. Net fee and commission income

Net fee and commission income is analyzed as follows:

Amounts in Euro '000	31st December 2015	31st December 2014
Net fees and commission income from Commercial Banking	(78)	(12)
Net fees and commission income from Investment Banking	1.644	672
Net fees and commission income from Securities transactions	2.514	4.386
Other	286	652
Net fees and commission income	**4.366**	**5.698**

9. Trading income

Trading income is analyzed as follows:

Amounts in Euro '000	31st December 2015	31st December 2014
Net result from shares, mutual funds, and share hedging	(1.453)	(1.199)
Net result from FX and FX hedging	212	(136)
Net result from bonds and bonds hedging	1.195	(764)
Net result from derivatives held for trading	2.943	2.612
Total	**2.896**	**512**

10. Other income

Other income of the Bank is analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Buildings rentals	21	20
Income from unused provisions	0	468
Income from EIB Jesscia program	0	740
Other income	126	285
Extraordinary income	1.301	0
Total	**1.448**	**1.513**

In the extraordinary income includes impairment reversals € 971 ths. (See note 23) € 212 ths. from unused provisions for legal cases and € 118 ths. from other extraordinary income.

11. Staff Costs

Staff costs are analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Wages and salaries	5.248	5.411
Social insurance contribution	1.138	1.248
Pension plan costs	168	129
Other staff costs	368	418
Total	**6.921**	**7.207**

The number of staff members as of 31/12/2015 was 163 (31/12/2014: 163).

12. Other operating expenses

Other operating expenses are analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Fees relating to lawyers, advisory, auditors etc.	444	372
IT expenses	588	591
Subsciptions	342	263
Building and set-up expenses	829	627
Advertising expenses, sponsorship etc.	62	57
Taxes and duties	579	482
Printing and office materials	12	10
Miscellaneous operating expenses	376	601
Total	**3.231**	**3.004**

13. Other impairments and provisions

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

Amounts in Euro '000	31st December 2015	31st December 2014
Impairment for participations	242	1.616
Other receivables provisions	0	128
Other Provisions	0	68
Total	**242**	**1.812**

The impairment for participation by EUR 242 ths. is due to a reduction in the company's holdings in other companies by EUR 153 ths. and to additional provisions by the company amounting to EUR 89 ths. against the value of its holdings in other companies, based on the share of their net position that it holds.

14. Income tax

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

Amounts in Euro '000	31st December 2015	31st December 2014
Tax for the financial Year	0	0
Deferred tax	(279)	33
Total	**(279)**	**33**

According to Law 4110/2013, the nominal Greek corporate tax rate increased to 26% (from 20% in 2012) for income generated in accounting years 2013 and onwards. In addition, dividends distributed, based on General Meetings held as of 1 January 2014 onwards, are subject to 10% withholding tax. For unaudited tax years refer to Note 32.

For fiscal year 2015, the audit is in progress and the related tax certificate is expected to be granted after the publication of the financial statements for fiscal year 2015.

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

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

15. Cash and Balances in Central Bank

Cash and Balances in Central Bank are analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Cash in hand	1.328	310
Balances with Central Bank	11.818	3.914
Total	**13.146**	**4.223**

The average amount of cash placed with the Bank of Greece during the month of December 2015 was € 476 ths.

16. Loans and Advances to Banks

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

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Loans to financial institutions	10.052	680
Nostro accounts in foreign banks	29.049	13.908
Nostro accounts in local banks	5.296	7.887
Total	**44.398**	**22.475**
Current	***44.398***	***22.475***
Non current	***0***	***0***

17. Receivable from the sale of assets and liabilities

The receivable balance amounting to € 58,1 million relates to the sale of assets and liabilities to Piraeus Bank and it was determined from the managing/settlement of the said funds during the transition, based on:

(a) Sale and transfer of assets and liabilities agreement, dated 26 March 2013, between the parent, Cyprus Popular Bank Plc (CPB) and Piraeus Bank.

(b) Sale and transfer of assets and liabilities agreement, dated 28 March 2013, between the Bank and Piraeus Bank with additional counterparties CPB and Bank of Cyprus

(c) The assumption from Bank of Cyprus, on 29 March, of the responsibility to settle the obligations and receive the benefits arising from the above agreements pursuant to the Cypriot Law for the Resolution of Banks and Other Financial Institutions.

(d) The netting agreement between the Bank and Bank of Cyprus dated 20 December 2013 and

(e) The netting agreement between the Bank Piraeus Bank and Bank of Cyprus dated 19 January 2015

The receivable amount has been fully settled in January 2015.

18. Trading portfolio

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

Amounts in Euro '000	31st December 2015	31st December 2014
Shares & other non-fixed income securities		
Shares listed in Athens Exchange	5.637	1.178
E.E.C. Public Bonds	4.607	996
Other Trading Bonds	15.536	3.288
Bank's Bonds	9.233	2.163
Trading portfolio	**35.011**	**7.626**
Current	***35.011***	***7.626***
Non current	***0***	***0***

19. Derivative financial instruments

	31st December 2015			31st December 2014		
		Fair Value			Fair Value	
Amounts in Euro '000	**Notional amount**	**Assets**	**Liabilities**	**Notional amount**	**Assets**	**Liabilities**
Index / equity derivatives:						
Futures	2.459	0	0	5.193	0	0
Options	109	40	69	255	137	119
Index futures	2.587	0	0	0		
FX Swaps	0	157	103			
		196	**173**		**137**	**119**
Total		**196**	**173**		**137**	**119**
Current		***196***	***173***		***137***	***119***
Non - current		***0***	***0***		***0***	***0***

Due to the daily clearing of futures derivatives, their fair value as at 31 December 2015 and 2014 is included as a net amount in the relevant margin account, included in Other Assets.

20. Loans and Advances to Customers

Loans and advances to customers are analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Consumer loans	171	96
Loans to individuals	8.168	11.180
Intercompany Loans	6.304	5.911
Corporate loans	2.568	1.869
	17.211	**19.056**
Less: allowance for losses (impairment) on loans and advances to customers	(1.935)	(1.871)
Total	**15.276**	**17.185**
Current	***15.276***	***17.185***
Non current	***0***	***0***

Provisions for impairment losses are analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Balance at beginning of period	(1.871)	(10.084)
Provision for the period	(64)	(263)
Loans written-off	0	8.476
Balance at end of period	**(1.935)**	**(1.871)**

21. Investment portfolio

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

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Available for sale portfolio (at fair value)		
Greek Government Treasury bills	0	2.975
Foreigh bonds	0	996
Total fixed income securities	*0*	*3.971*
Mutual funds	1.312	0
Non-listed domestic shares	16	1
Total shares	*1.328*	*1*
Total available for sale portfolio	**1.328**	**3.972**
Current	***1.328***	***3.972***
Non current	***0***	***0***

22. Investment in subsidiaries and associates

Name	% participation 31/12/2015	Country of incorporation	Services Provided
IBG CAPITAL S.A.	99,99%	Greece	Equity participation
IBG CAPITAL MANAGEMENT S.AR.L.	100,00%	Louxembourg	Mutual Funds Management
HELLENIC CAPITAL PARTNERS A.E.D.A.K.E.S.	20,00%	Greece	Mutual Funds Management
IBG A.E.P.E.Y.	79,31%	Greece	Investment services
MARFIN SECURITIES CYPRUS	100,00%	Cyprus	Brokerage Services, Cyprus stock exchange
CPB MUTUAL FUNDS S.A.	4,40%	Greece	Mutual Funds Management
IBG INVESTMENTS S.A.	90,00%	British Virgin Islands	Investment services

Amount in Euro '000	Assets	Liabilities	Revenue Turn Over	Profit / (Loss) before tax
IBG CAPITAL S.A.	3.030	376	0	(97)
IBG CAPITAL MANAGEMENT S.AR.L.	17	0	22	9
HELLENIC CAPITAL PARTNERS A.E.D.A.K.E.S.	1.794	159	1.023	87
IBG A.E.P.E.Y.	0	0	0	0
MARFIN SECURITIES CYPRUS	4	0	0	(3)
CPB MUTUAL FUNDS S.A.	2.158	996	779	(325)
IBG INVESTMENTS S.A.	5.802	4.300	0	(93)

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

Investment in associates is analyzed as follows:

Amounts in Euro '000	31st December 2015	31st December 2014
Balance at beginning of period	**4.558**	**2.694**
- Impairment of participation on subsidiary	(89)	(1.916)
- Decrease of shares in investments in associates	(288)	0
- Increase of shares in investments in associates	13	3.780
Balance at end of period	**4.194**	**4.558**

23. Investment Property, Plant and Equipment and Intangible assets

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

	Property, plant and equipment				
Amounts in Euro '000	**Land-buildings**	**Mechanical equipment & transport**	**Furniture & other equipment**	**Total**	**Investment in property**
Acquisition cost on 1st January 2015	11.244	36	6.721	18.001	2.295
Less: Accumulated depreciation	(5.235)	(7)	(6.481)	(11.724)	0
Carrying amount on 1st January 2015	**6.009**	**29**	**240**	**6.277**	**2.295**
				0	
Additions & reversal of impairment from buildings	769	0	48	816	258
Write-off – disposals	0	0	(3.493)	(3.493)	0
Depreciation for the period	(82)	(4)	(81)	(166)	0
Depreciation attributed to disposed-written-off	0	0	3.493	3.493	0
Acquisition cost on 31st December 2015	12.013	36	3.276	15.324	2.553
Less accumulated depreciation	(5.317)	(11)	(3.068)	(8.397)	0
Carrying amount on 31st December 2015	**6.696**	**25**	**207**	**6.928**	**2.553**

Total rental income from investment property for the period ended 2015 amounted to € 21,45 thousands.

Intangible assets are analyzed as follows:

Amounts in Euro '000	**Software**
Acquisition on 1st January 2015	3.488
Less: Accumulated depreciation	(3.397)
Carrying amount on 1st January 2015	**91**
Additions	339
Write-off – disposals	(2.631)
Depreciation for the period	(55)
Depreciation attributed to disposed-written-off	2.672
Acquisition cost on 31st December 2015	1.196
Less: Accumulated depreciation	(779)
Carrying amount on 31st December 2015	**416**

24. Deferred tax

Temporary differences during 2015 are analyzed as follows:

Amounts in Euro '000	**Balance as at 1st January 2015**	**Recognition in Profit & Loss**	**Recognition in Equity**	**Balance as at 31st December 2015**
Investments in property and property, plant and equipment	1.148	(370)	0	778
Impairment on loans and advances to customers	1.487	(371)	0	1.117
Other provisions	531	535	0	1.066
Retirement benefit obligations	59	(0)	0	59
A.F.S. Portfolio	14	(28)	(22)	(36)
Impairment on other participation	1.317	178	0	1.495
Tax Losses	507	334	0	841
Total	**5.063**	**279**	**(22)**	**5.320**

Temporary differences during 2014 are analyzed as follows:

Amounts in Euro '000	**Balance as at 1st January 2014**	**Recognition in Profit & Loss**	**Recognition in Equity**	**Balance as at 31st December 2014**
Investments in property and property, plant and equipment	*1.301*	*(153)*	-	*1.148*
Impairment on loans and advances to customers	*1.001*	*486*	-	*1.488*
Other provisions	*0*	*531*	-	*531*
Retirement benefit obligations	*(2)*	*61*	-	*59*
A.F.S. Portfolio	*0*	*10*	*4*	*14*
Impairment on other participation	*739*	*578*	-	*1.317*
Tax Losses	*2.052*	*(1.546)*	-	*506*
Total	***5.092***	***(33)***	***4***	***5.063***

The Bank has approximately € 176 mil. transferred tax losses as at 31/12/2015. The DTA recognition is limited to € 5.320 k, based on the current expectations for the bank's future taxable losses (see note 4).

25. Other stock exchange transactions

Amounts are analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Margin derivative trading account	13.200	3.782
Clearing accounts for securities transactions of ASE, ADEX and foreign stock exchanges	959	324
Customers' demands for securities transactions of ASE, ADEX and foreign stock exchanges	3.150	4.367
Total	**17.309**	**8.473**
Current	***0***	***0***
Non current	***17.309***	***8.473***

26. Accounts capital for safeguard Investment Services and Guarantees

Amounts are analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Guarantee deposit funds	4.673	4.607
Complementary A.S.E. members guarantee fund	2.662	2.780
Auxiliary Capital	1.676	4.222
	9.011	**11.609**
Current	***0***	***0***
Non current	***9.011***	***11.609***

27. Other assets

Other assets are analyzed as follows:

Ποσά σε Ευρώ '000	**31st December 2015**	**31st December 2014**
Claims from the Greek State	1.703	2.750
Interest and other receivable income	639	344
Guarantees	408	715
Advances	110	58
Other debtors	2.445	1.966
	5.306	**5.833**
Less: Provisions	(842)	(942)
Total	**4.463**	**4.891**
Current	***2.353***	***1.425***
Non current	***2.111***	***3.465***

In the claims from the Greek state receivables the Bank includes prepaid income tax of € 1.640 k for 2011.

28. Due to other Banks

Amounts due to other Banks are analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Interbank deposits	13.571	2.627
Due to banks	468	0
Total	**14.038**	**2.627**
Current	***14.038***	***2.627***
Non current	***0***	***0***

29. Due to customers

Amounts due to customers are analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Sight deposits	5.351	2.906
Savings account	811	819
Time deposits	28.002	47.021
Blocked deposits	3.448	2.619
Total	**37.612**	**53.365**
Current	***37.612***	***53.365***
Non current	***0***	***0***

In the time deposits balance, amount of € 21.387 k refers to clients with stock accounts.

30. Employee benefits

The amounts recognized in the Statement of Financial Position are as follows:

Amounts in Euro '000	31st December 2015	31st December 2014
Recognition in balance sheet:		
Lump sum pension indemnity		
- Funded	0	0
- Non-funded	202	227
	202	**227**

The amounts recognized in the Income Statement are described below:

Amounts in Euro '000	31st December 2015	31st December 2014
Current service cost	21	16
Cost	7	7
Settlement costs	139	105
Total included in staff costs	**168**	**129**

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

Amounts in Euro '000	31st December 2015	31st December 2014
Opening book amount	**227**	**172**
Total amount debited in Income Statement	(151)	(116)
Contributions paid	168	129
Amount to Other comprehensive income	(41)	42
Closing year end account	**203**	**227**

31. Other liabilities

Other liabilities are analyzed as follows:

Amounts in Euro '000	31st December 2015	31st December 2014
Due to customers from securities transactions of ASE, ADEX and foreign stock exchanges	20.053	13.051
Liabilities arising from taxes	417	364
Interest and other related expenses	3	129
Checks Payable	86	173
Insurance companies	150	11
Other creditors	2.004	2.345
Total	**22.714**	**16.073**
Current	***22.714***	***16.073***
Non current	***0***	***0***

32. Provisions

Provisions are analyzed as follows:

Amounts in Euro '000	31st December 2015	31st December 2014
Provision for Legal cases	500	700
Provision for gurantees	600	600
Provision for open tax year	345	345
Other	68	68
Total	**1.513**	**1.713**

33. Share Capital

Share Capital remained unchanged and is analyzed as follows:

	Number of Shares	Nominal Value	Total of Ordinary Shares
31st December 2014	**3.762.420**	€ 29,35	**110.427.027**
31st December 2015	**3.762.420**	€ 29,35	**110.427.027**

34. Other Reserves

Other reserves are analyzed as follows:

Amounts in Euro '000	31st December 2015	31st December 2014
Statutory reserve	11.719	11.719
Untaxed and other regulatory reserve	0	1.443
Extraordinary reserve	4.924	3.481
	14	(42)
Share Premium	1.545	1.545
Other reserves	**18.201**	**18.146**

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

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

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

35. Cash and Cash Equivalents

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

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Cash and balances with Central Bank	13.146	4.223
Loans and advances to banks	44.398	22.475
Total	**57.544**	**26.699**

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

36. Commitments, contingent liabilities and assets

a) Contingent liabilities from guarantees

The contractual values of contingent liabilities are analyzed as follows:

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
Contingent Liabilities from guarantees		
Letters of Guarantee (Bid and Performance books)	1.616	1.519
Letters of Guarantee (Advance Payment, Retention of Tenths, Prompt Payment)	5	4
Total	**1.621**	**1.523**

b) Contingent tax liabilities

The Bank has been audited by the tax authorities for all fiscal years up until and including 2009. The Bank's tax returns and records have not been audited by the tax authorities for the year ended 31/12/2010 and as such the Bank remains potentially liable for additional taxes and penalties that may be imposed for that year. A provision of € 345 thousands has been booked for this contingency. A Tax Certificate has been issued for 2011 and 2012 by the Bank's Certified Auditors in accordance with paragraph 5 of article 82 of Law 2238/1994. In the same context, the Bank is subject to a tax audit for the year ended 31 December 2014 by its current Certified Auditors, which is in progress. The related Tax Certificate will be issued at a later stage, however, for the purposes of these financial statements it was estimated that no additional material tax liabilities will be posted from the finalization of such tax audit.

c) Contingent liabilities from litigation

There are no pending legal claims or liabilities which could have a material adverse effect on the financial position of the Bank as at 31 December 2014, apart from the cases from which a provision has already been made (Note 31)

37. Related Parties Transactions

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

37.1. Transactions with companies in the CYPRUS POPULAR BANK Group

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
a) Asset accounts		
Loans and advances to banks	10.126	45
Loans and advances to customers	4.631	4.466
Other amounts due	188	124
Total	**14.946**	**4.635**

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
b) Liability accounts		
Due to banks	12.513	2.597
Deposits	2.907	5.990
Other liabilities	103	400
Total	**15.523**	**8.987**

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
c) Income		
Interest and similar income	154	323
Dividens received	0	0
Fee and commission income	1.072	0
Other income	128	61
Total	**1.355**	**384**

Amounts in Euro '000	**31st December 2015**	**31st December 2014**
d) Expenses		
Interest and similar expenses	4	53
Fee and commission expenses	0	0
Other expenses	103	400
Total	**108**	**453**

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

Amounts in Euro '000	31st December 2015	31st December 2014
a) Asset accounts		
Loans	0	0
Total	**0**	**0**

Amounts in Euro '000	31st December 2015	31st December 2014
b) Liability accounts		
Deposits	7	13
Total	**7**	**13**

Amounts in Euro '000	31st December 2015	31st December 2014
c) Income		
Interest and similar income	0	0
Fee and commission income	0	0
Total	**0**	**0**

Amounts in Euro '000	31st December 2015	31st December 2014
d) Expenses		
Interest and similar expenses	0	0
Total	**0**	**0**

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

Amounts in Euro '000	31st December 2015	31st December 2014
Fees to members of the BoD	66	62
Salaries	453	414
Total	**519**	**476**

37. Events after the reporting period

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

Marousi, 31st May 2016

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