ERB Hellas PLC

Annual Report

For the year ended 31 December 2015

Company's registration number: 3798157

Index to the Annual report

Declaration of the managers responsible for financial reporting

Pursuant to Article 3 of Luxembourg's Transparency Law, the undersigned Anastasios Ioannidis, director of ERB Hellas PLC (the "Company" or the "Issuer"), to the best of his knowledge, hereby declares that the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the IASB, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Issuer and that the Directors' Report includes a fair review of the development and performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that the Company is exposed to.

Anastasios Ioannidis
Director

27 April 2016

Strategic Report

The directors present their Strategic Report of the Company for the year ended 31 December 2015.

i) Business review and principal activities

The Company was incorporated as part of the funding strategy of its Parent Company Eurobank Ergasias S.A. (the "Parent Company" or the "Bank") in order to establish a programme for the issuance of medium term debt instruments (EMTN). The EMTN programme is listed on the Luxembourg Stock Exchange. This programme was last updated in April 2016. The Company has also established a programme for the issuance of commercial paper (ECP) that was last updated in April 2015. The Prospectus of EMTN and ECP programmes are available at the Parent Company's website (www.eurobank.gr). The outstanding issues of debt instruments and commercial paper are guaranteed by the Parent Company. The net proceeds of each issuance are used by the Company to meet part of the general financing requirements of the Parent Company and its subsidiaries.

The profit for the year amounted to € 459 ths (2014: € 303 ths). No dividend was paid in 2015 and there is no subsequent decision of the Board of Directors (BOD) for distribution of dividend (2014: nil). During the year the Company proceeded with the issuance of ECP (2014: nil), while there has been a decrease in the notes issued under its EMTN programme (notes 13, 14 and 19).

ii) Business environment, strategy and future outlook

The Company's business strategy and activities are linked to those of its Parent Company. In 2015, the macroeconomic environment in Greece has been very challenging for the Greek banking system. The prolonged uncertainty relating to an agreement with the European partners on the continuation of the financing of the Greek State and the tightened liquidity conditions, which have severely impacted the Greek economy, have adversely affected the Parent Company's group operations.

Since May 2010, Greece has undertaken significant structural reforms to restore competitiveness and promote economic growth through the implementation of two consecutive Economic Adjustment Programmes agreed with the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF) ('the Institutions'). This had led to primary fiscal surplus in 2013 and a primary balance of 0.0% of Gross Domestic Product (GDP) in 2014, but also to reform fatigue and social unrest. Following the failure of the constitutional process to elect a new President of the Hellenic Republic at the end of 2014, early parliamentary elections were held on 25 January 2015 and a new coalition government came in office. The new government moved to negotiate a new financing framework and a revised reform programme with the Institutions for the final review of the Second Economic Adjustment Programme (SEAP). In the context of these negotiations, the extension of the Master Financial Assistance Facility Agreement (MFFA) of the SEAP that the Greek Government managed to achieve under the February 20th 2015 Agreement expired on 30 June 2015 without a successful conclusion of the review or a new extension. The prolonged negotiations of the Greek government with the Institutions until the expiration of the extension of the MFFA on 30 June 2015, led to increased uncertainty and significant deposit outflows. With banks' liquidity buffers falling to significantly low levels, the Greek government on 28 June 2015 introduced restrictions on banking transactions (capital controls) and a temporary bank holiday, in order to contain further liquidity outflows. Following the termination of the bank holiday in Greece on 20 July 2015 there has been some gradual relaxation of capital controls.

After the imposition of capital controls and a referendum that led to the rejection of the Eurozone proposal as this was tabled in the negotiations before the expiration of the MFFA, the government restarted the negotiations. The new 3-year European Stability Mechanism (ESM) programme – the Third Economic Adjustment Programme (TEAP) – that was finalized in mid-August 2015 included a financing envelope of

Strategic Report (Continued)

€ 86bn which will permit Greece to service its debt, recapitalize its banks, clear accumulated arrears and finance its budget.

The final agreement on the TEAP, together with an additional series of prerequisite structural reforms passed in the Greek Parliament and got the approval of the Eurogroup on 14 August 2015. The government managed to complete two sets of prior actions/reforms from the TEAP at the end of November and December 2015. This permitted the disbursement of two additional instalments of € 3.0bn in total, in addition to the € 13bn disbursed in August 2015 as a first instalment from the ESM loan. By mid-December 2015, the banks' recapitalization was completed with only € 5.4bn from the initial buffer of up to € 25bn used. The unused funds were subtracted from the ESM loan, reducing it to € 64.5bn as of the end of January 2016. The most crucial reform items include, the pension reform, the reform of the income tax code, the fiscal measures for the Medium Term Fiscal plan for 2016-18, the secondary market for first residence and SMEs non-performing loans, the modernization of Greece's public administration and the creation of a new privatization fund. However, the 1st Review of the TEAP is still pending and is expected to be completed in the next weeks.

On the fiscal front, according with the 2016 Budget, the forecast for 2015 was for a primary deficit of 0.2% of GDP mainly due to the increased uncertainty in the economy, the downward 2015 growth revision, and the political risk over the first seven months of that year. On April 21 2016 Eurostat announced that the 2015 primary balance in European System of National and Regional Accounts (ESA2010) terms is at 0.7% of GDP, a primary surplus. Even though the definition of Eurostat for the primary balance differs from the respective definition in terms of the TEAP we expect that in TEAP terms the 2015 primary balance will be positive. The respective forecast for 2016 is for a primary surplus of 0.5% of GDP. Under the TEAP, the primary balance for 2017 and 2018 is expected at 1.75% and 3.5% of GDP respectively. The achievement of sustainable primary surpluses for the period ahead constitutes a necessary condition for a successful agreement on the additional debt relief measures from official lenders, in line with the explicit commitments provided at the 26/27 November 2012 Eurogroup that was reinstated in the 13 July 2015 Preliminary Agreement. The current account, according to recent IMF data recorded a surplus of 0.6% and 0.9% of GDP in 2013 and 2014 – for the first time since official records are available (1948) – against a deficit of 2.5%, 9.9%, 10.1% and 10.9% of GDP for 2012, 2011, 2010 and 2009 respectively. For 2015, 2016, 2017 and 2018 the current account surplus is expected at 0.7%, 1.5%, 1.2% and 0.4% of GDP, respectively.

Based on the Hellenic Statistical Authority (ELSTAT) data, the unemployment rate in December 2015 was 24% (December 2014: 25.9%) and had decreased approximately 2.0 percentage points (ppts) in 2015 pointing towards a slow path of recovery conditional on no unforeseen developments in the upcoming period.

The ongoing deleveraging in the Greek economy can be considered as a major drag for the recovery path. From June 2011 until December 2014, the average annual private sector domestic credit growth was -8.02%. According to the latest available data from Bank of Greece (BoG), i.e. in February 2016, the private sector domestic credit stock was at € 202.8bn, lower by 4.8% compared to February 2015. Finally, on the other side of the ledger, private sector domestic deposits were at € 121.7bn in February 2016 from € 140.5bn in February 2015, a decrease of 13.4%. The recovery of deposits is closely related with the successful conclusion of the 1st review of the TEAP and the return of the country to a sustainable growth path.

Considerable risks continue to surround the near-term domestic economic outlook. The unemployment rate remains very high and follows a slowly decreasing path. At the same time the country was in a deflationary territory for 34 out of the last 36 consecutive months. In December 2015 the general price level (HICP) recorded an increase of 0.4%. The respective figure for February 2016 was again positive at

Strategic Report (Continued)

0.07% from -1.91% in February 2015. In 2014, real GDP growth turned positive, at 0.8%, for the first time after 6 years in recession. The increased uncertainty over the conclusion of the last review of the SEAP, the expiration of the programme at the end of June 2015 without tangible positive results, the imposition of capital controls, and the need for a new bank recapitalization process led to a deterioration of the 2015 real GDP forecasts. The current Winter EC projection (4 February 2016) on real GDP growth for 2015, 2016, 2017 is approximately at 0.0%, -0.7%, 2.7%, respectively, conditional on the prompt TEAP implementation, the successful conclusion of the 1st review of the programme. According to most recent ELSTAT data, real GDP is expected to decrease by approximately 0.2% in 2015. In this context and as a consequence of the impact of capital controls, which is expected to be milder than initially anticipated, Eurobank's Macroeconomic Research department's analysis provides for a real GDP growth for 2016 and 2017 at -1.0% and 2.7% of GDP.

Regarding the outlook for the next 12 months, the main risks and uncertainties stem from the current macroeconomic environment in Greece. In particular a) delays in the implementation of the agreed reforms in order to achieve the timely completion of the first programme review that represents a key prerequisite for the release of additional official funding under the 3-year ESM loan facility and the initiation of official discussions on additional debt relief measures to Greece b) the new fiscal austerity package agreed under the new bailout programme and the effect in the real economy and c) the restrictions in the free movement of capital with their negative impact on the economic activity, would have potentially adverse effect on the liquidity and solvency of the Greek banking sector. Continuation of the recession could affect the prospects of the Greek banking system leading to the deterioration of asset quality, increased dependence by the Eurosystem funding, particularly the expensive Emergency Liquidity Assistance (ELA) mechanism and further pressures on revenue side from increased funding cost and lower fees and commission income. In addition, the refugee – migrant crisis that escalated after mid-2015 might pose a significant risk for the Greek economy in the following period if a sustainable EU driven solution will not be effective in the following months.

On the other hand, the demonstrated resilience of the Greek economy in 2015, the successful recapitalization of the domestic banking system, the gradual relaxation of capital controls and the mobilization of EU funding to support domestic investment and job creation could facilitate a stabilization of the domestic environment and a resumption of positive economic growth as early as in the second half of 2016. The restoration of confidence, the attraction of new investments and the revival of economic growth remain key challenges. The decisive implementation of the measures agreed in the context of the new ESM programme will permit ECB to reinstate the waiver for the instruments issued by the Hellenic Republic and will signal the gradual return of deposits lost in 2015 in the banking system and the re-access to the markets for liquidity.

In this context, and in accordance with the preliminary agreement of the 12 July 2015 Euro summit, the ECB/Single Supervisory Mechanism (SSM) conducted a comprehensive assessment of the Greek banks (CA) in order to determine their potential capital needs. The results of the CA have been derived taking into account the combined effect of i) an Asset Quality Review (AQR) and ii) a forward looking Stress Test, so as to assess the resilience of the Greek banks' balance sheets to stress test scenarios (a baseline and an adverse) for the period 2015-2017. The results of the CA were announced on 31 October 2015, based on which a shortfall of € 339m in baseline scenario against 9.5% CET1 threshold and € 2.1 bn in adverse scenario against 8% CET1 threshold, was identified for the Parent Company. Following the recognition by SSM of € 83m capital generation that were taken into account to reduce the capital shortfall, on 16 November 2015 the EGM of the Bank approved a share capital increase up to € 2 bn. The capital increase has been effected by means of a private placement to institutional and other eligible investors in Greece

Strategic Report (Continued)

and internationally through a book-building process (Institutional Offering), with waiving of the pre-emption rights of the Bank's existing ordinary shareholders and preference shareholders.

In combination with the aforementioned share capital increase, a Liability Management Exercise (LME) was launched by the Parent Company on 29 October 2015 referring to the tender offer on € 877 m (face value) of outstanding eligible senior unsecured, Tier I and Tier II securities. The proceeds would be used to subscribe for new shares (New Shares) in the said Bank's share capital increase. The Bank retained the right of accepting partially the LME orders, in which case eligible securities would be accepted on a pro rata basis in accordance with relative subordination ranking. On 18 November 2015, the Parent Company announced that it has completed the aforementioned book-building process. In particular, indicative demand from investors in the Institutional Offering together with the preliminary results of Parent Company's LME were in excess of € 2 bn and therefore were sufficient for the Parent Company to raise such amount without seeking any capital support from the Hellenic Financial Stability Fund (HFSF). Accordingly, on 23 November 2015 the Parent Company announced the allocation of New Shares between the Institutional Offering and the LME, according to which the aggregate purchase proceeds of the securities accepted as part of the LME amounted to € 418 m, € 195 m of which relate to EMTNs issued by the Company (note 19).

The assessment by the directors of the Company's ongoing business model is closely associated with the business decisions and operations of the Parent Company. On the basis of the analysis of the Parent Company's and the Company's capital solvency and liquidity, the uncertainties relating to the macroeconomic environment in Greece and having considered the mitigating factors set out in note 2 of the Financial Statements, including the successful outcome of the recapitalisation actions to cover the capital shortfall that arose from the assessment of the Parent Company's capital needs by ECB, the directors have been satisfied that the Company has the ability to continue as a going concern into the foreseeable future and that it is appropriate to prepare the financial statements of the Company on a going concern basis.

iii) Principal risks and uncertainties

The directors monitor the progress of the Company by reference to financial and non-financial data available to them on a regular basis. Particular attention is paid to net interest income and the balances of debt instruments outstanding at the reporting date.

The management of the business and the execution of the Company's strategy are subject to a number of risks. All of the key business risks affecting the Company, including credit risk, are managed in coordination with the Parent Company, and are set out in note 2 and in note 3.

The Company is a finance vehicle whose principal purpose is to raise debt to be deposited with the Parent Company and its financial position is influenced by the Parent Company's financial condition.

The principal risks and uncertainties of the Parent Company for 2015, which include those of the Company, are discussed in the Directors' Report and the notes to the consolidated financial statements included in the 2015 Annual Financial Report of Eurobank Ergasias S.A, which was signed on 17 March 2016 (available at website: www.eurobank.gr).

On behalf of the Board

Anastasios Ioannidis

Director

27 April 2016

Directors' Report

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2015.

i) General Information

The Company is a public limited company with registered number 3798157 and registered office 1st floor, 25 Berkeley Square, London, United Kingdom, W1J 6 HN, is incorporated and domiciled in UK and is a wholly owned subsidiary of Eurobank Ergasias S.A., a Bank incorporated in Greece.

ii) Creditor payment policy

The Company's policy concerning the payment of its creditors and service providers is to pay in accordance with its contractual and other legal obligations.

iii) Future Developments

The Company's future developments are included in the Strategic Report on page 4.

iv) Financial Risk Management

The Company's Financial Risk Management is disclosed in the Strategic Report on page 7, section (iii)

v) Dividends

The Company's dividends are included in the Strategic Report on page 4.

vi) Directors

The directors of the Company who were in office during the year and up to the date of signing the Financial Statements were as follows:

Anastasios Ioannidis
Fokion Karavias (resigned on March 3, 2015)
Dimosthenis Archontidis (appointed on March 3, 2015)
Nikolaos Laios (appointed on March 3, 2015)
Dimitra Spyrou, Director (appointed on March 3, 2015)

None of the directors has or had any notifiable interest in the shares of the Company.

vii) Corporate governance

The directors have been charged with governance in accordance with the offering circular describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling the directors to comply with their regulatory obligations.

Due to the nature of the securities that have been issued, the Company is largely exempt from the disclosure requirements of the Financial Conduct Authority (previously the Financial Services Authority) pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1, audit committees and 7.2, corporate governance statements (save for DTR 7.2.5 a requiring description of the features of the internal

Directors' Report (continued)

vii) Corporate governance (continued)

control and risk management systems), which would otherwise require the Company respectively, to have an audit committee in place and include a corporate governance statement in the Directors' Report.

The directors are therefore satisfied that there is no requirement for an audit committee or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

viii) Parent Company

The Parent Company is Eurobank Ergasias S.A., incorporated in Greece. The Parent Company's ownership is analysed further in note 17.

ix) Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

x) Statement of disclosure of information to auditors

Each director acted during the year and up to the date of the Directors' Report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Directors' Report (continued)

xi) Independent Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the forthcoming shareholders' Annual General meeting.

The Directors' Report was approved by the Board of Directors on 27 April 2016 and was signed on its behalf by:

Anastasios Ioannidis
Director

27 April 2016

Independent auditors' report to the members of ERB Hellas plc

Report on the financial statements

Our opinion

In our opinion, ERB Hellas PLC's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The ongoing economic uncertainty in Greece may impact the profitability, capital adequacy and liquidity of Eurobank Ergasias S.A. and therefore its ability to repay fully and on time the loan to the Company. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the cash flow statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of ERB Hellas plc (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

Independent auditors' report to the members of ERB Hellas plc (continued)

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Jessica Miller

Jessica Miller (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 April 2016

Statement of Comprehensive Income

		Year ended 31 December	
	Note	2015 € ths	2014 € ths
Interest and similar income	5	**20,372**	15,273
Interest expense and similar charges	6	**(19,802)**	(14,720)
Net interest income		**570**	553
Net (losses)/gains from financial instruments	7	**(1)**	0
Foreign exchange (losses)/gains		(0)	7
Operating expenses	8	5	(174)
Profit before income tax		574	386
Income tax expense	9	(115)	(83)
Net profit for the year attributable to the owners of the Parent Company		**459**	303
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the owners of the Parent Company		**459**	303

The notes on pages 18 to 40 form an integral part of these financial statements.

Balance Sheet

		At 31 December	
	Note	2015 € ths	2014 € ths
Assets			
Deposits with banks	10	**212,136**	794,208
Derivative financial instruments	11	**1**	20,941
Total assets		**212,137**	815,149
Liabilities			
Due to banks	12	-	20,160
Liabilities evidenced by paper at amortised cost	13	**169,662**	609,142
Liabilities evidenced by paper designated at fair value	14	**40,993**	184,511
Derivative financial instruments	11	**67**	281
Income tax payable and other liabilities	15	**193**	292
Total liabilities		**210,915**	814,386
Equity			
Share capital	16	**19**	19
Retained earnings		**1,203**	744
Total equity		**1,222**	763
Total equity and liabilities		**212,137**	815,149

The financial statements on pages 14 to 40 were approved by the Board of Directors on 27 April 2016 and were signed on its behalf by:

Anastasios Ioannidis
Director

The notes on pages 18 to 40 form an integral part of these financial statements.

Statement of Changes in Equity

	Share capital € ths	Retained earnings € ths	Total Equity € ths
Balance at 1 January 2014	19	441	460
Profit for the year	-	303	303
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended 31 December 2014	-	303	303
Dividends paid	-	-	-
Balance at 31 December 2014	19	744	763
Balance at 1 January 2015	19	744	763
Profit for the year	-	459	459
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended 31 December 2015	-	459	459
Dividends paid	-	-	-
Balance at 31 December 2015	19	1,203	1,222

The notes on pages 18 to 40 form an integral part of these financial statements.

Cash Flow Statement

		Year ended 31 December	
		2015	2014
	Note	€ ths	€ ths
Cash flows from operating activities			
Interest and similar income received [1]		49,741	9,510
Interest and similar charges paid		(47,313)	(4,886)
Cash payments to suppliers		(125)	(63)
Income taxes paid		(88)	(117)
(Outflow)/proceeds from due to banks		(20,160)	3,620
Proceeds from other liabilities		5	2
Proceeds/(outflow) from deposits with banks [2]		535,982	(234,137)
Net cash from/(used in) operating activities		518,042	(226,071)
Cash flows from financing activities			
Proceeds from issue of loan notes		93,857	496,370
Repayments of loan notes [1]		(628,619)	(292,303)
Net cash generated from/(used in) financing activities		(534,762)	204,067
Net decrease in cash and cash equivalents		(16,721)	(22,004)
Cash and cash equivalents at beginning of year [2]		18,051	40,055
Cash and cash equivalents at end of year [2]	10	1,330	18,051

Notes:

1. *Loan notes repayments are presented net of the linked derivatives' liquidation fees.*

2. *Cash and cash equivalents at the end of the year include the amounts of cash collaterals received under ISDA/CSA agreements which are placed with the Parent company. Comparative information has been adjusted accordingly (i.e. increase in 1st January 2014 of € 13,490 ths and 31 December 2014 and 1st January 2015 increase of € 17,110 ths).*

The notes on pages 18 to 40 form an integral part of these financial statements.

Notes to the Financial Statements

1. General information

ERB Hellas PLC (the "Company"), is a public limited company. The Company is a subsidiary of Eurobank Ergasias S.A. (the "Parent Company" or the "Bank"). ERB Hellas PLC is a finance company, whose sole business is raising debt for the Parent Company via medium term notes listed on the Luxemburg Stock Exchange, purchased by institutional and private investors, and commercial paper. The listed medium term notes and commercial paper outstanding are guaranteed by the Parent Company. The Company has no employees, or audit committee.

2. Accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the European Union (EU) and in particular with those IFRSs and IFRIC interpretations issued and effective as at the time of preparing these statements, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Going concern considerations

The financial statements have been prepared on a going concern basis. In making their assessment of the Company's ability to continue as a going concern, the directors have taken into consideration the impact of the following factors directly related to the Parent Company's operations:

Macroeconomic environment

In 2015, the macroeconomic environment in Greece has been very challenging for the Greek banking system. In the first half of the year, the prolonged uncertainty relating to an agreement with the Eurozone partners over the implementation of the required reforms for the conclusion of the Second Economic Adjustment Programme, the unsuccessful expiration of the former, the tightened liquidity conditions due to the financing problems of the Greek State and the significant deposit outflows – already observed from late 2014 – led to the imposition of restrictions in banking transactions (capital controls) together with a temporary bank holiday on 28 June 2015. In mid-August the Greek Government reached a final agreement with its European partners on a new 3-year European Stability Mechanism (ESM) programme – the Third Economic Adjustment Programme (TEAP) - with a € 86 bn financing envelope and a series of reforms aiming to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration. The Greek Government managed to complete two sets of prior actions from the programme at the end of November and December 2015. By mid-December 2015, the systemic banks' recapitalization was completed with only € 5.4 bn used from the initial buffer of up to € 25 bn. The unused funds were subtracted from the ESM loan, reducing it to € 64.5 bn as of the end of January 2016.

Currently, the economic conditions in Greece remain challenging. The main risks and uncertainties are associated with (a) the delay in the conclusion of the 1st review of the TEAP, (b) the negative effect on the real economy of any additional fiscal measures to those already agreed under the TEAP, (c) the rising domestic sociopolitical tensions due to the effect of the domestic recession since 2008 and the reform fatigue, (d) the further delay in the lift of capital controls, (e) the impact of the refugee crisis in the internal economy if the upcoming EU solution is not sustainable and (f) the geopolitical conditions in the broader region and the external shocks from the global economy.

A swift completion of the programme review may contribute to significant positive developments, including the reinstatement by ECB of the waiver for the instruments issued by the Hellenic Republic, the participation in the ECB's quantitative easing (QE) programme, the initiation of the official discussions on

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

additional debt relief measures to Greece and the gradual relaxation of the capital controls that will eventually lead to their full removal. Furthermore, the demonstrated resilience of the Greek economy, the successful recapitalization of the domestic banking system in 2015 and the mobilization of EU funding to support domestic investment and job creation could facilitate a further stabilization of the domestic environment and a resumption of positive economic growth as early as in the second half of 2016.

Liquidity risk

After the gradual normalization of the economic and political situation in Greece and following the Bank's successful recapitalization, the Parent Company enhanced its liquidity position and reduced its dependence on Eurosystem funding amounting to € 24.3 bn at the end of February 2016 from € 33.3 bn early July 2015 through repo transactions in the interbank market, an increase in deposits and the proceeds from the share capital increase.

In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM programme. The decisive implementation of the measures agreed in the context of the new ESM programme will permit ECB to reinstate the waiver for the instruments issued by the Hellenic Republic and will signal the gradual repatriation of deposits in the banking system, which is a major priority for the Parent Company's group, and the further re-access to the markets for liquidity.

Solvency risk

On 31 October 2015, the ECB announced the results of the comprehensive assessment (CA) based on which, a shortfall of € 0.3 bn in baseline scenario against 9.5% Common Equity Tier 1 (CET1) threshold and € 2.1 bn in adverse scenario against 8% CET1 threshold, the lowest shortfall across Greek banks, was identified for the Parent Company. Following the CA results and in line with the new recapitalization framework introduced by Law 4340/2015, the Bank proceeded to a capital increase of € 2 bn, which was covered exclusively from the markets. As a result, the Parent Company's group strengthened further its capital base and its CET1 ratio stood at 17% at the end of December 2015.

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

The Parent Company's group continues implementing its medium term internal capital generating plan, which includes initiatives generating or releasing CET1 capital and/or reducing risk weighted assets. One of the key areas of focus remains the active management of non-performing loans, taking advantage of the Parent Company's group internal infrastructure and the important legislative changes that have taken or are expected to take place, aiming to substantially reduce their stock in due course.

Going concern assessment

The Board of Directors, taking into consideration the above factors relating to the adequacy of the capital position of the Parent Company and its anticipated continued access to Eurosystem funding over the foreseeable future, and despite the existing uncertainties relating to the completion of the 1st review of the current economic programme and the ongoing developments in Greece, have been satisfied that the financial statements of the Company can be prepared on a going concern basis.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

The policies set out below have been consistently applied to the years 2015 and 2014, except as described below. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(a) Amendments to standards and new interpretations adopted by the Company

The following amendments to existing standards and new interpretations, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and adopted by the European Union (EU), which are relevant to the Company, 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 Company'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 impact on the Company's financial statements.

(b) New standards and amendments to standards not yet adopted by the Company

A number of new standards and amendments to existing standards are effective after 2015, as they have not yet been adopted by the European Union or have not been early applied by the Company. Those that may be relevant to the Company 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 is not expected to significantly impact the Company's financial statements.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

IAS 7, Amendment – Disclosure Initiative (effective 1 January 2017, not yet adopted 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 is not expected to impact the Company's financial statements.

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

The amendment clarifies that (a) 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 difference irrespective of whether the entity expects to recover the carrying amount of the debt instrument by sale or use (b) estimates for future taxable profits exclude tax deductions resulting from the reversal of those deductible temporary differences (c) 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 (d) 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. Where restrictions apply, deferred tax assets are assessed in combination only with other deferred tax assets of the same type.

The adoption of the amendment is not expected to impact the Company's financial statements.

IFRS 9, Financial Instruments (effective 1 January 2018, not yet adopted 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.

Classification and measurement

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.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

Impairment of financial assets

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 Company is currently examining the impact of IFRS 9 on its financial statements, which is impracticable to quantify as at the date of the publication of these 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 amortisation in IAS 38 'Intangible Assets'

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

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

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 Company's financial statements.

The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Company's presentation currency is the euro (€) being the functional currency of the Company. Except as indicated, financial information presented in euros has been rounded to the nearest thousand.

2.2 Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest bearing instruments on an accruals basis, using the effective interest rate method. The 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 Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and basis 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.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.3 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at each reporting date and exchange differences are recognized in the profit or loss. Exchange differences on financial assets and liabilities measured at fair value through profit or loss are reported as part of the fair value gain or loss.

The called up share capital denominated in sterling has been translated into euro on the exchange rate at 31 December 2002, being the date the Company changed its functional and reporting currency from sterling to euro.

2.4 Financial assets

The Company classifies its financial assets in the following IAS 39 categories: financial assets at fair value through profit or loss and loans and receivables. Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets at fair value through profit or loss

This category includes financial assets held for trading, i.e. derivatives.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company upon initial recognition designates as at fair value through profit or loss.

Accounting treatment and calculation

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the assets. Loans originated by the Company are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise.

A financial asset is derecognised when the contractual cash flows expire or the Company transfers its rights to receive those cash flows in an outright sale in which substantially all the risks and rewards of ownership have been transferred.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received, including any new asset obtained less any new liability assumed is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.5 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company has elected to use mid-market pricing as a practical expedient for fair value measurements within a bid-ask spread.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received unless the Company determines that the fair value at initial recognition differs from the transaction price. In this case, if the fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, a day one gain or loss is recognised in the profit or loss. On the other hand, if the fair value is evidenced by a valuation technique that uses unobservable inputs, the financial instrument is initially measured at fair value and the difference with the transaction price (day one gain or loss) is deferred. Subsequently the deferred gain or loss is amortised on an appropriate basis over the life of the instrument or released earlier if a quoted price in an active market or observable market data become available or the financial instrument is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole (note 3).

For assets and liabilities that are measured at fair value on a recurring basis, the Company recognises transfers into and out of the fair value hierarchy levels at the beginning of the half year in which a financial instrument's transfer was affected.

2.6 Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets, not carried at fair value through profit or loss, is impaired. A financial asset or a group of financial assets is impaired and an impairment loss is incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset (a 'loss event') and that loss event (or events) has 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 financial assets is impaired refers to observable data that comes to the attention of the Company about the following loss events:

(a) significant financial difficulty of borrower;

(b) a default or breach of contract;

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.6 Impairment of financial assets (continued)

(c) significant changes in the financial performance of the borrower that affect the borrower's ability to meet its debt obligations, such as:

-operating losses;

-working capital deficiencies;

-the borrower having a negative equity;

(d) other facts indicating a deterioration of the financial performance of the borrower, such as a breach of terms, or a partial write-off of the borrower's obligations due to economic or legal reasons relating to his financial status;

(e) the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;

(f) it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

(g) significant adverse changes in the borrower's industry or geographical area that could affect his ability to meet its debt obligations;

(h) market related information including the status of the borrower's other debt obligations; and

(i) a significant downgrade in the internal or external credit rating of the borrower's financial instruments when considered with other information;

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

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 recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

A loan and the associated impairment allowance are written off when there is no realistic prospect of recovery. The Company considers all relevant information including the occurrence of a significant change in the borrower's financial position to such extent that the borrower can no longer pay his obligation.

2.7 Financial liabilities

The Company classifies its financial liabilities in the following categories: financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss have two sub categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.7 Financial liabilities (continued)

The Company designates financial liabilities at fair value through profit or loss when any of the following apply:

(a) it eliminates or significantly reduces measurement or recognition inconsistencies; or

(b) financial liabilities share the same risks with financial assets and those risks are managed and evaluated on a fair value basis; or

(c) structured products containing embedded derivatives that could significantly modify the cash flows of the host contract.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability of the Company is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability, and any difference arizing is recognised in the profit or loss.

The Company considers the terms to be substantially different, if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Similarly, when the Company repurchases any debt instruments issued by the Company, it accounts for such transactions as an extinguishment of debt.

2.8 Cash and cash equivalents

Cash and cash equivalents include sight accounts and deposits held with banks with original maturities of three months or less.

2.9 Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Changes in the fair value of any derivative financial instrument are recognised immediately in profit or loss. The principles for the fair value measurement of financial instruments, including derivative financial instruments, are described in notes 2.5 and 3.

2.10 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.11 Related party transactions

Related parties of the Company include:

(a) the Parent Company and entities controlled, jointly controlled or significantly influenced by the Parent Company;

(b) an entity that has control over the Parent Company and entities controlled, jointly controlled or significantly influenced by this entity;

(c) Directors of the Company and the key management personnel of the Company or its parent, their close family members and entities controlled or jointly controlled by the above mentioned persons.

Transactions of similar nature are disclosed on an aggregate basis. All transactions entered into with related parties are in the normal course of business and are conducted on an arm's length basis.

2.12 Provisions

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at each reporting date, taking into account the risks and uncertainties surrounding the amount of such expenditure.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If, subsequently, it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.13 Income tax

(i) Current income tax

Income tax payable on profits, based on the applicable tax law is recognised as an expense in the period in which profits arise.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

2.14 Share capital

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

Dividend distribution on shares is recognised as a deduction in the Company's equity when approved by the General Meeting of the Company's shareholders. Interim dividends are recognised as a deduction in the Company's equity when approved by the Directors.

Notes to the Financial Statements (continued)

3. Principal risks and uncertainties

The directors are responsible for the overall financial risk approach of the Company. In this regard, the directors coordinate all financial risk management activities closely with the Parent Company's risk managers to ensure that all significant financial risks are minimised. The directors have a financial risk management programme in place, the main objective of which is minimising such risks, as follows:

(a) Credit Risk: The Company takes on exposure to credit risk, which is the risk that the counterparty will be unable to pay amounts in full when due. The majority of cash proceeds generated from the EMTN and ECP programmes are placed on deposits with the Parent Company. The aggregate carrying amount of these deposits and derivative financial instruments with positive fair values approximates the maximum credit risk exposure of the Company. The derivative transactions are entered into with western European financial institutions, the credit quality of which is continuously monitored and assessed by the directors. In addition, the Company uses collateral in the form of cash, to mitigate its maximum exposure to credit risk. Financial assets are neither past due nor impaired.

(b) Market risk: The Company takes on exposure to interest rate and currency risk. The management has a policy of minimising such risks as follows:

- Interest rate risk: The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

The interest rate risk is eliminated either by placing funds on deposits with the Parent Company at rates which change on the same basis as the interest rates applied on loan notes, or by the use of interest rate swaps.

- Currency risk: The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Currency risk is eliminated by placing funds on deposits at the same currency as the loan notes issued.

(c) Liquidity Risk: The Company is not exposed to liquidity or cash flow risk because the maturity of its assets and liabilities, and the underlying cash flows, are substantially the same. The majority of cash proceeds generated from the EMTN and ECP programmes are placed on deposits with the Parent Company, on the same terms and in the same currency. Any difference for interest rate risk is covered by swaps entered into with western European financial institutions.

The amounts disclosed in the table below are the contractual undiscounted cash flows of financial liabilities by remaining contractual maturities at the balance sheet date. The cash flows of derivative financial instruments are grouped together with those for the loan notes:

	2015				
	Less than 1 month € ths	1 - 3 months € ths	3 months to 1 year € ths	Over 1 year € ths	Gross nominal inflow/ (outflow) € ths
Financial liabilities:					
- Liabilities evidenced by paper	65,506	-	71,740	82,144	219,390
- Other liabilities	31	-	162	-	193
	65,537	-	71,902	82,144	219,583

Notes to the Financial Statements (continued)

3. Principal risks and uncertainties (continued)

	2014				
	Less than 1 month € ths	1 - 3 months € ths	3 months to 1 year € ths	Over 1 year € ths	Gross nominal inflow/ (outflow) € ths
Financial liabilities:					
- Liabilities evidenced by paper	45	90	123,304	728,461	851,900
- Other liabilities	6	-	286	-	292
	51	90	123,590	728,461	852,192

(d) Capital risk management: The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt. The Company is not subject to any external capital requirements except for the minimum requirement of an allotted share capital with a nominal value of at least £ 50,000, under the Companies Act 2006. The Company has not breached the minimum requirement.

Offsetting of financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:
a) are offset in the Company's balance sheet according to IAS 32 criteria; or
b) are subject to enforceable master netting arrangements or similar agreements that cover similar financial instruments, irrespective of whether they are offset in balance sheet.

Regarding the former, financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously (the offset criteria), as also set out in Company's accounting policy 2.10.

Regarding the latter, the International Swaps and Derivatives Association (ISDA) and similar master netting arrangements do not meet the criteria for offsetting in the balance sheet, as they create a right of set off that is enforceable only following an event of default, insolvency or bankruptcy of the Company or the counterparties or following other predetermined events. In addition, the Company and its counterparties may not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Similar agreements to ISDA include derivative clearing agreements and similar financial instruments include derivatives.

The Company has not offset any financial assets and liabilities as at 31 December 2015 and 2014, as the offset criteria mentioned above are not satisfied; thus, gross amounts of recognised financial assets and liabilities equal respective net amounts in the tables below.

Amounts that are not set off in the balance sheet, as presented below, are subject to enforceable master netting arrangements and similar agreements. In respect of these transactions, the Company receives and provides collateral in the form of cash.

Notes to the Financial Statements (continued)

3. Principal risks and uncertainties (continued)

	2015			Related amounts not offset in the BS		
	Gross amounts of recognised financial assets € ths	Gross amounts of recognised financial liabilities offset in the balance sheet € ths	Net amounts of financial assets presented in the balance sheet € ths	Financial instruments € ths	Cash collateral received € ths	Net amount € ths
Financial Assets						
Derivatives financial instruments	0	-	0	(0)	-	-
	0	-	0	(0)	-	-

	2015			Related amounts not offset in the BS		
	Gross amounts of recognised financial liabilities € ths	Gross amounts of recognised financial assets offset in the balance sheet € ths	Net amounts of financial liabilities presented in the balance sheet € ths	Financial instruments € ths	Cash collateral pledged € ths	Net amount € ths
Financial Liabilities						
Derivative financial instruments	66	-	66	(0)	(0)	66
	66	-	66	(0)	(0)	66

	2014			Related amounts not offset in the BS		
	Gross amounts of recognised financial assets € ths	Gross amounts of recognised financial liabilities offset in the balance sheet € ths	Net amounts of financial assets presented in the balance sheet € ths	Financial instruments € ths	Cash collateral received € ths	Net amount € ths
Financial Assets						
Derivatives financial instruments	20,929	-	20,929	(19)	(20,104)	806
	20,929	-	20,929	(19)	(20,104)	806

	2014			Related amounts not offset in the BS		
	Gross amounts of recognised financial liabilities € ths	Gross amounts of recognised financial assets offset in the balance sheet € ths	Net amounts of financial liabilities presented in the balance sheet € ths	Financial instruments € ths	Cash collateral pledged € ths	Net amount € ths
Financial Liabilities						
Derivative financial instruments	281	-	281	(19)	(0)	262
	281	-	281	(19)	(0)	262

Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous market) at the measurement date under current market conditions (i.e. an exit price). When a quoted price for an identical asset or liability is not observable, fair value is measured using another valuation technique that is appropriate in the circumstances, and maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available

Notes to the Financial Statements (continued)

3. Principal risks and uncertainties (continued)

information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

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

- Level 1 - Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that an entity can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted loan notes carried at amortized cost.
- Level 2 – Financial instruments measured using valuation techniques with inputs other than level 1 quoted prices, observable either directly or indirectly, such as inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognised market data providers and other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include interest rate swaps and less liquid loan notes.
- Level 3 - Financial instruments are measured using significant unobservable inputs. Best information available is used, including own data. Level 3 financial instruments include commercial papers.

Financial instruments carried at fair value

<u>Company's valuation processes</u>
The fair value of interest rate swaps and loan notes carried at fair value through profit or loss is based on best market practice models (i.e. equity basket derivative, range accrual, inflation capped structure).

The Company uses widely recognized valuation models for determining the fair value of financial instruments that are not quoted in an active market that use only observable market data and require little management estimation and judgment. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, and periodically reviewed by qualified personnel of the Parent Company, independent of the personnel that created them. All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Fair values estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values reflect also the credit risk of the financial instrument and include adjustments to take into account the credit risk of the Parent Company, where appropriate. The credit risk of the Parent Company is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Parent Company's subsidiaries or other Greek issuers.

Notes to the Financial Statements (continued)

3. Principal risks and uncertainties (continued)

The valuation models used by the Company have been developed by the Parent Company's appropriate personnel, who also have established the processes and procedures governing the fair valuations. Valuation controls may include verification of observable pricing, re-performance of model valuations, a review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc.

The fair value hierarchy categorisation of the Company's financial assets and liabilities carried at fair value at 31 December 2015 and 2014 respectively is presented in the following tables:

	2015			
	Level 1	Level 2	Level 3	Total
	€ ths	€ ths	€ ths	€ ths
Financial assets measured at fair value:				
Derivative financial instruments	-	1	-	1
	-	1	-	1
Financial liabilities measured at fair value:				
Liabilities evidenced by paper designated at fair value	-	40,993	-	40,993
Derivative financial instruments	-	67	-	67
	-	41,060	-	41,060

	2014			
	Level 1	Level 2	Level 3	Total
	€ ths	€ ths	€ ths	€ ths
Financial assets measured at fair value:				
Derivative financial instruments	-	20,941	-	20,941
	-	20,941	-	20,941
Financial liabilities measured at fair value:				
Liabilities evidenced by paper designated at fair value	-	184,511	-	184,511
Derivative financial instruments	-	281	-	281
	-	184,792	-	184,792

The Company recognises transfers into and out of the fair value hierarchy levels at the beginning of the half year in which a financial instrument's transfer was affected. There were no transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the year ended 31 December 2015.

Financial instruments not carried at fair value

The fair value hierarchy categorisation of the Company's financial assets and liabilities not carried at fair value on the balance sheet is presented in the following tables:

	2015				
	Level 1	Level 2	Level 3	Fair Value	Carrying amount
	€ ths	€ ths	€ ths	€ ths	€ ths
Financial assets not carried at fair value:					
Four year fixed rate deposit with the Parent Company	-	68,268	-	68,268	75,319
	-	68,268	-	68,268	75,319
Liabilities evidenced by paper at amortised cost	68,268	-	94,343	162,611	169,662
	68,268	-	94,343	162,611	169,662

Notes to the Financial Statements (continued)

3. Principal risks and uncertainties (continued)

	2014				
	Level 1 € ths	Level 2 € ths	Level 3 € ths	Fair Value € ths	Carrying amount € ths
Financial assets not carried at fair value :					
Four year fixed rate deposit with the Parent Company	-	424,503	-	424,503	507,956
	-	424,503	-	424,503	507,956
Liabilities evidenced by paper at amortised cost	424,503	99,489	-	523,992	609,142
	424,503	99,489	-	523,992	609,142

The assumptions and methodologies underlying the calculation of fair values of financial instruments not carried at fair value on the balance sheet date are as follows:

- For loan notes issued by the Company, the fair values are determined based on quotes for identical debt securities in markets that are not active.
- Deposits with banks include a four year fixed rate deposit with the Parent Company, whose fair value is determined based on quote for the mirror loan note traded in active market. For the rest of the deposits, which are re-priced at frequent intervals, the carrying amounts represent a reasonable approximation of fair values.
- For financial instruments which are short term or re-price at frequent intervals, such as commercial papers, the carrying amounts represent reasonable approximations of fair value.

4. Critical accounting estimates and judgment

In the process of applying the Company's accounting policies, the directors make various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognised in the financial statements within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Deposits with banks

The main asset of the Company is deposits with the Parent Company. The directors' assessment of the recoverability of this asset is closely associated with the operations of the Parent Company and includes reviews of liquidity and solvency.

4.2 Fair value of financial instruments

The fair values of financial instruments that are not quoted in an active market are determined by using valuation techniques. In addition, for financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models.

Valuation techniques used include present value methods and other models based mainly on observable inputs and to a lesser extent to non-observable inputs, in order to maintain the reliability of the fair value measurement.

Valuation models are used to value over-the-counter derivatives and loan notes issued by the Company measured at fair value.

Notes to the Financial Statements (continued)

4.2 Fair value of financial instruments (continued)

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel of the Parent Company independent of the personnel that created them. All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. The main assumptions and estimates, considered by management when applying a valuation model include:

(a) the likelihood and expected timing of future cash flows;
(b) the selection of the appropriate discount rate, which is based on an assessment of what a market participant would regard as an appropriate spread of the rate over the risk-free rate;
(c) judgement to determine what model to use in order to calculate fair value.

To the extent practicable, models use only observable data, however areas such as credit risk, volatilities and correlations require management to make estimates to reflect uncertainties in fair values resulting from the lack of market data inputs.

Valuation techniques used to calculate fair values are further discussed in note 3.

Given the uncertainty and subjectivity inherent in the estimation of fair value of financial instruments, changes in management assumptions and estimates could affect the reported fair values.

5. Interest and similar income

	2015 € ths	2014 € ths
Interest income on deposits with the Parent Company	20,372	15,273
	20,372	15,273

6. Interest expense and similar charges

	2015 € ths	2014 € ths
Interest expense on liabilities evidenced by paper	(19,288)	(13,821)
Other interest payable on derivative financial instruments	(514)	(899)
	(19,802)	(14,720)

7. Net (losses)/ gains from financial instruments

	2015 € ths	2014 € ths
Changes in fair value of liabilities evidenced by paper designated at FVTPL	40,128	(1,982)
Changes in fair value of derivative financial instruments managed with liabilities evidenced by paper	(40,128)	1,982
Realised (losses)/gains from financial instuments	(1)	0
	(1)	0

In 2015, the realised losses from financial instruments include early termination fees from Interest Rate Swaps which are offset in the statement of comprehensive income with realised (losses)/gains from financial liabilities evidenced by paper designated at FVTPL.

Notes to the Financial Statements (continued)

8. Operating expenses

	2015 € ths	2014 € ths
Fees payable to the Company's auditors for the statutory audit of the Company's annual financial statements	(52)	(49)
EMTN update costs	57	(125)
	5	(174)

In 2015 the operating expenses include reversal of cumulative previous years' unused provisions amounting to € 83 ths.

9. Income tax expense

The standard rate of Corporation Tax in the UK was 21% from 1 April 2014 to 31 March 2015 and on 1 April 2015 changed to 20%. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 20.25% (2014: 21.5%).

Analysis of the Company's tax charge in the year and reconciliation of effective tax rate

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the effective tax rate applicable to profits of the Company as follows:

	2015 € ths	2014 € ths
Profit before tax	574	386
Current tax		
Profit before tax multiplied by the effective rate of 20.25% (2014: 21.5%)	116	83
Adjustments in respect of prior years	(1)	0
Tax charge	115	83

10. Deposits with banks

	2015 € ths	2014 € ths
Deposits with the Parent Company at amortised cost	209,086	791,158
Pledged depostis with other banks	3,050	3,050
	212,136	794,208
Maturing over 1 year	75,524	663,855
With original maturity of less than 90 days (cash and cash equivalents)	1,330	18,051

Deposits with the Parent Company are on a rolling basis and earn interest at a margin above the relevant currency floating or fixed rates payable on loan notes.

Notes to the Financial Statements (continued)

11. Derivative financial instruments

Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. The Company's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligations. The Company utilises interest rate swaps in order to exchange the rates of structured notes, as set out in note 3. The fair values of derivative financial instruments held are set out in the following table:

	2015			2014		
	Contract/ notional amount € ths	Fair values Assets € ths	Fair values Liabilities € ths	Contract/ notional amount € ths	Fair values Assets € ths	Fair values Liabilities € ths
Derivatives held for trading						
-Interest rate swaps	40,840	1	67	144,220	20,941	281
	40,840	1	67	144,220	20,941	281

12. Due to banks

Due to banks represent amounts received as collateral for derivative financial instruments.

As at 31 December 2015, the Company has not received deposits as collateral (2014: € 20,160 ths).

13. Liabilities evidenced by paper at amortised cost

			2015		2014	
	Interest rate %	Currency	Face amount € ths	Carrying amount € ths	Face amount € ths	Carrying amount € ths
Floating rate loan notes	12M Euribor plus 1.25	EUR	-	-	100,000	101,299
Fixed rate loan notes	4.25	EUR	74,096	75,319	500,000	507,843
Commercial papers (zero coupon)		EUR	25,500	25,496	-	-
		EUR	64,500	63,847	-	-
		EUR	5,000	5,000	-	-
			169,096	169,662	600,000	609,142

The loan notes are issued on either a subordinated or unsubordinated basis, are listed on the Luxembourg Stock Exchange and carry interest at relevant currency floating rates plus an additional margin or at fixed rates. Under the programme for issuance of debt instruments, loan notes are unconditionally and irrevocably guaranteed by the Parent Company on a subordinated or an unsubordinated basis, as specified in the relevant Final Terms.

For the commercial paper programme, the Parent Company's guarantee is a senior unsecured obligation of the Parent Company ranking at least pari-passu with all of its present and future unsecured and unsubordinated obligations save for such obligations as may be preferred by mandatory provisions of law that are of general application.

The Company has not had any defaults on principal, interest or any other breaches with respect to its liabilities during 2015 and 2014.

In April 2015, notes amounting to € 100,000 ths, issued by the Company under its EMTN programme, matured.

During the year, notes of face value € 1,003,150 ths were issued by the Company under its ECP programme, of which € 908,150 ths matured.

Notes to the Financial Statements (continued)

13. Liabilities evidenced by paper at amortised cost (continued)

During the year, the Company proceeded with the partial redemption of loan notes of face value of € 300,558 ths.

The aggregate purchase proceeds of the Company's loan notes at cost accepted as part of the Parent Company's LME (notes 2 & 19) amounted to € 127,384 ths, while the corresponding face value amounted to € 125,346 ths.

Post balance sheet event

During 2016 commercial papers of face value of € 26,500 ths matured, while the Company proceeded with the early redemption of commercial papers of face value € 64,500 ths.

In addition, in 2016 the Company proceeded with the partial redemption of notes of face value of € 13,051 ths.

14. Liabilities evidenced by paper designated at fair value

	2015	2014
	€ ths	€ ths
Loan notes	**40,993**	184,511
	40,993	184,511

Under the programme for issuance of debt instruments, loan notes are unconditionally and irrevocably guaranteed by the Parent Company on a subordinated or an unsubordinated basis, as specified in the relevant Final Terms.

Certain loan notes issued by the Company have been designated upon their initial recognition as at fair value through profit or loss, because they share the same risks with linked deposits and derivatives and those risks are managed and evaluated on a fair value basis. Additionally, their performance is largely determined by reference to market interest rates or baskets of equity shares. As part of the Company's risk management strategy, these notes are managed either by placing funds on deposits with the Parent Company on the same terms and conditions with the loan notes or by entering into interest rate swap transactions (note 3).The Company has not had any defaults on principal, interest or any other breaches with respect to its liabilities during 2015 and 2014.

Loan notes designated at fair value had a face value of € 40,840 ths and a cumulative fair value change of € 152 ths as at 31 December 2015 (€ 144,220 ths and € 40,280 ths respectively, as at 31 December 2014).

The aggregate purchase proceeds of the Company's loan notes designated at fair value accepted as part of the Parent Company's LME (notes 2 & 19) amounted to € 67,724 ths, while the corresponding face value amounted to € 49,680 ths.

During the year the Company proceeded with the redemption/partial redemption of loan notes of face value of € 53,700 ths.

Post balance sheet event

In January and April 2016 loan notes of face value of € 35,000 ths and € 4,090 ths, respectively, matured.

Notes to the Financial Statements (continued)

15. Income tax payable and other liabilities

	2015 € ths	2014 € ths
Corporation tax	61	30
Other liabilities	132	262
	193	292

16. Share capital

	2015 Number	2015 £ ths	2014 Number	2014 £ ths
Authorised ordinary shares of £1 each	50,000	50	50,000	50
Issued, allotted and paid up at 25p per ordinary share of £1 each	50,000	13	50,000	13

The paid up share capital of £ 12,500 is reflected in the financial statements as € 19,216 based on the prevailing exchange rate at 31 December 2002 (€/£ 0.6505) being the date the Company changed its functional and reporting currency from sterling to euros.

17. Related party transactions

The Company's results are included in the consolidated financial statements of Eurobank Ergasias S.A., its immediate parent undertaking, which is incorporated in Greece. In particular, as at 31 December 2015 Eurobank Ergasias S.A. held directly 99.996% of the Company's ordinary shares and indirectly the remaining 0.004%, through its wholly owned subsidiary Eurobank Private Bank Luxemburg S.A.

In May 2014, following the completion of the Parent Company's share capital increase fully covered by investors, institutional and others, the percentage of the ordinary shares with voting rights held by the HFSF, the controlling shareholder of the Bank until that date, decreased from 95.23% to 35.41%. Accordingly, as of that date HFSF was considered to have significant influence over the Parent Company. In November 2015, following the completion of the Bank's share capital increase, fully covered by investors, institutional and others, the percentage of the ordinary shares with voting rights held by HFSF decreased to 2.38%.

In the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank's General Assembly only for decisions concerning the amendment of the Bank's Articles of Association. In addition, the Parent Company has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014. Taking into account the terms of the revised RFA, the HFSF is still considered to have significant influence over the Bank and therefore, it is considered to be a related party to the Parent Company.

The financial statements of Eurobank Ergasias S.A. are available from its head office: 8 Othonos Street, 105 57 Athens, Greece, and from its website at www.eurobank.gr.

The related party transactions and outstanding balances at the year end are as follows:

Notes to the Financial Statements (continued)

17. Related party transactions (continued)

	31 December 2015		31 December 2014	
	Parent Company € ths	Parent Company's subsidiaries € ths	Parent Company € ths	Parent Company's subsidiaries € ths
Deposits with Banks	209,086	-	791,158	-
Liabilities evidenced by paper at amortised cost	5,000	99,428	233,429	10,158
Liabilities evidenced by paper designated at fair value	550	1,911	552	142,962
Interest and similar income	20,372	-	15,273	-
Interest expense and similar charges	3,925	823	3,586	279

Emoluments of directors

The directors provide services to a number of Group companies for which are compensated by the Parent Company. Accordingly, these financial statements include no emoluments in respect of any director as it is not practicable to apportion the salary element. The Company employed no staff during 2015 and 2014.

18. Segmental reporting

The Company operates one business segment i.e. providing funding to its immediate Parent Company, Eurobank Ergasias S.A., through loan notes issued to a wide range of investors.

19. Other significant events

On 29 October 2015, the Parent Company launched a Liability Management Exercise (LME), aiming to strengthen the Bank's CET1 and, in combination with a share capital increase through a book-building process, to cover its additional capital requirements, which had been derived from the Comprehensive Assessment of the Greek financial sector that was conducted by the ECB.

LME was effected on a voluntary basis referring to the tender offer on € 877 m (face value) of outstanding eligible senior unsecured, Tier I and Tier II securities, issued by the Parent Company and its SPVs (ERB Hellas Funding, ERB Hellas PLC and ERB Hellas Cayman).

On 23 November 2015, the Bank announced that the aggregate purchase proceeds of the securities accepted as part of the LME amounted to € 418 m of which Company's loan notes to € 195 m, corresponding to face value of € 175 m (notes 13 & 14). The cancellation of the Company's notes that participated in the Parent Company's said LME and the subsequent early termination of the respective derivative deals, had no effect on the Company's income statement.

20. Dividends

No dividend was paid in 2015 and there is no subsequent decision of the Board of Directors for distribution of dividend (2014: nil ths).