Eurobank
Private Bank Luxembourg

Annual Report 2016

CONTENTS

INTRODUCTION

Eurobank Private Bank Luxembourg is an autonomous bank incorporated under Luxembourg law and supervised by the Commission de Surveillance du Secteur Financier in Luxembourg (CSSF) and the European Central Bank (ECB). Throughout 2016 our Bank's capital adequacy and liquidity buffers remained very high, with Basel III solvency ratio at 42.75% and liquidity coverage ratio of 582%, as of the end of 2016. Furthermore, in the context of our conservative risk approach, interbank exposure to European periphery was kept to a minimum. Our Bank's strong capital, ample liquidity and operational independence, combined with Luxembourg's AAA rating, provide our clients with the necessary peace of mind to pursue their Private Banking and Wealth Management goals. Whether through our headquarters in Luxembourg or our London branch, our highly experienced and dedicated teams offer an array of exclusive services with transparency and discretion.

Luxembourg

Our bank in Luxembourg, with more than thirty years in operation, focuses on private banking, investment fund services as well as selected corporate banking services. Our comprehensive offering extends beyond traditional wealth management to wealth structuring, alternative investment strategies, and financing of various types of assets, from securities to real estate and yachts. Recognising that our clients have diverse needs and aspirations, we take a highly personalised approach in developing individual solutions and fostering long lasting relationships of trust.

United Kingdom

Our London branch, acquired two years ago, brings our offering to the center of global finance. Through our UK presence, we are addressing private clients with local and international banking needs, as well as companies with international activities. From residential and commercial property lending to wealth management mandates, our London clients enjoy the same high level of individual attention that our Bank has been known for over the years.

Overall, Luxembourg's ranking as Eurozone's top private banking hub and second biggest center for investment funds worldwide, combined with London's global reach, allow our clients to benefit from an ever expanding range of possibilities, while still enjoying the exclusive service that our Bank excels in.

AS OF MARCH 31, 2017

Board of Directors

Mr. François **RIES**	Chairman
Mr. George A. **PROVOPOULOS**	Vice Chairman
Mr. Dimosthenis **ARCHONTIDIS**	Vice Chairman
Mr. Konstantinos **TSIVERIOTIS**	Managing Director, CEO
Mr. Fokion **KARAVIAS**	Director
Mr. Christos **ADAM**	Director
Mr. Michalis **LOUIS**	Director
Mrs. Yasmine **RALLI**	Director
Mr. Vincenzo **LOMONACO**	Secretary to the Board and General Manager

Management

Mr. Konstantinos **TSIVERIOTIS**	Managing Director, CEO
Mr. Vincenzo **LOMONACO**	General Manager

Senior Officers

Mr. George **CALLIGAS**	Director
Mrs. Evangelia **PITTAOULI**	Director
Mrs. Athina **DASKAGIANNI**	Vice President
Mrs. Helen **FOTINEAS**	Vice President
Mr. Markos **FOURMOUZIS**	Vice President
Mr. Ion **KAPPAS**	Vice President
Mr. Christophe **LANGUE**	Vice President
Mrs. Danielle **MARC**	Vice President
Mr. Menelaos **MENELAOU**	Vice President

DIRECTORS' REPORT

Recent data suggest that the Eurozone economy ended 2016 on a bright note, in a year heavy in political developments. GDP growth picked up to 0.5% in the fourth quarter, after coming in at 0.3% in the previous two quarters. Surprise results in Britain's EU referendum and the US's presidential election together with terrorist attacks and other unexpected political developments have been unable to dent the economy's momentum, and economic sentiment in the bloc remains at a multi-year high.

Overall, in 2016 despite very low or negative interest rates and an increasingly complex regulatory context, the Luxembourg banking sector has been resilient. Private Banking and Wealth Management kept its strength, leveraging Luxembourg's transparency advantages and cross-border expertise in serving an increasingly diverse global clientele. In parallel, according to the latest Luxembourg Bankers' Association figures, the country's Investment Fund industry continued on its leading global role.

Throughout 2016 our Bank's capital adequacy and liquidity buffers remained very high, with Basel III solvency ratio at 42.75% and liquidity buffers at EUR 1.0bn, as of the end of 2016. The strong financial position of our Bank, its conservative risk posture, its operational independence and its stable and growing client base have kept it ring-fenced from lingering risks in peripheral Europe and beyond. We are pleased to present our report for the year ending December 31, 2016.

2016 Global Overview

Global economic activity bottomed out from 3.2% in 2015 to around 3.1% in 2016, the slowest pace after the global financial crisis. Among advanced economies, US real economic activity rebounded strongly in the second half of the year, with the economy approaching full employment. In the euro area, output remained below potential with consumer spending the most important pillar of growth. The picture for emerging markets and developing economies was relatively more diverse, with China decelerating modestly to 6.7% in 2016 from 6.9% in 2015 mainly supported by continued policy stimulus. Real economic activity was weaker than expected in certain Latin America countries currently in recession (i.e. Brazil and Argentina), while Russia accelerated to -0.6% in 2016 from -3.7% in 2015 on the back of firmer oil prices.

US economic growth decelerated to an annual rate of 1.6% in 2016, from 2.6% in 2015, with continued weakness in nonresidential investment coupled with a sizable drawdown of inventories. The softness in business fixed investment seems to mirror the continued (albeit moderating) downtrend in the energy capital spending, the impact of USD appreciation on investment in export-oriented firms, and likely the financial market volatility amid renewed recession fears towards the end of 2015 and early 2016. Nevertheless, consumption growth remained in a positive contributor, boosted by a firm labour market and falling unemployment. The Federal Reserve raised by 25bps the target range for the fed funds rate in December, for the second time since 2006 to 50 - 75bp, highlighting that the US economy is approaching the Committee's objectives in employment and inflation. Nevertheless, Fed Chair Janet Yellen kept on advocating a gradual pace of rate hikes ahead, partly because of weak productivity growth.

Against the backdrop of severe market stress, Brexit woes and anaemic global trade, the Euro area economy proved resilient in 2016 growing by 1.6%, albeit slowing from 2.0% in 2015. Private consumption, particularly in Germany and France, remained the primary engine of growth, supported by the ECB's accommodative policy stance and improved labour market conditions. Net trade had also a positive contribution, albeit offset by inventory depletion, especially in the euro area's largest economies. Inflation was very low in the first half of the year due to falling oil prices, but started to pick up in the third and fourth quarter, as the impact of past price decreases began to wear off. Overall, headline HICP had a yearly increase of about 0.2% in 2016 from 0.0% in 2015. To boost domestic economic activity and counteract price stability risks, the ECB surprised markets in March with a bolder than expected comprehensive package of monetary stimulus. The package included further reduction of ECB's policy rates (bringing the overnight deposit rate to -0.40%), as well as an increase in the monthly pace of asset purchases under its asset purchase programme (APP) by EUR 20bn to EUR 80bn. At its December policy meeting, the ECB decided, among others, to reduce the pace of monthly purchases back to EUR 60bn, effective as of April 2017, and extend the asset purchase programme for 9 months to December 2017. Furthermore, ECB indicated that there is no intention of tapering towards zero, and that the Governing Council would be ready to increase the programme's size and/or duration again, if necessary.

After a milder than expected recession in 2015 (-0.2% in real output), despite the continuation of the capital controls, the Greek economy is estimated to have grown by a slightly positive rate last year. According to the most recent national account statistics, Greek real GDP grew by an annualized rate of 0.2% from January to September 2016, mainly thanks to stabilizing private consumption and higher investment expenditure. The official-sector forecasts for Greece's full-year GDP growth range from -0.3% to +0.3% in real terms. Against that backdrop, the full-year forecast produced by Eurobank Group's (the "Group") "now casting" model for Greek GDP, stands between +0.3% and +0.4%. With respect to the labour market, Greece's unemployment rate is expected to come in at 23.4% in 2016 from 24.9% in 2015. Finally, the average annual change of the HICP stood at 0.0% in 2016 from -1.1% in 2015. The deceleration of the deflation rate was mainly a result of the increase in indirect taxation.

Luxembourg's economy remained broadly stable in the third quarter of last year, growing 4.8% annually according to a first estimate released by the Statistics Institute in December. The economy's healthy Q3 showing came on the back of strong growth in the information and communication sector and the all-important financial services industry. Looking at Q4 2016, monthly economic data paint a mixed picture. Economic sentiment was buoyant throughout the quarter, but unemployment ended the year a notch higher, putting the labour market's recovery on hold. Real data also point to softer growth: October retail sales contracted for the first time in a year and a half and industrial production was almost stagnant in the same month.

Key Financials

Review of financial statements 2016

a) Balance Sheet

The Bank's total assets at year-end 2016 were EUR 2680 mn of which 60% i.e. EUR 1614mn were made up of "Loans and advances to customers". "Loans and advances to credit institutions" have remained stable to last year recording a slight 5% increase, EUR 884.4mn vis-à-vis EUR 844.5mn.

Customer deposits as at December 31st, 2016 increased by 6% in comparison to year end 2015, increasing from EUR 1220mn to EUR 1 289mn from which EUR 105mn concern London Branch.

The total capital base stands at EUR 288 million (of which EUR 287mn is Tier 1). Tier II capital is EUR 1 mn

b) Income Statement

The Bank's net profit after taxation for the financial year 2016 remained at the same levels of 2015 and amounted to EUR 12mn.

Both "Interest receivable and similar income" and "Interest payable and similar charges" have decreased when compared to 2015 (by 20% and 28%, respectively), which is in line with the decrease in the volumes of the Bank. Commissions receivable and commissions payable in 2016 increased respectively by 9% and 15% compared to 2015.

Since the end of the financial year, the only important event that occurred relates to a preliminary agreement to resolve a long standing litigation. The out-of-court settlement procedure is still ongoing with a final agreement expected in 2017 (please refer to Note 8 of annual accounts).

Distribution of Profits:

The Board of Directors proposes that the 2016 annual accounts are approved, and that the Total Net Profit available for distribution be appropriated as follows:

Profit for the financial year 12/31/2016	EUR	11,899,796
Profit brought forward	EUR	185,534,627
Total net profit available for distribution	EUR	197,434,423
Allocation to Legal Reserve	EUR	-
Allocation to Special Reserve	EUR	(9,925,850)
Profit carried forward	EUR	187,508,573

Risk Management Overview

The Board of Directors considers Risk Management as an integral part of the Bank's 3-lines-of-defence Model that ensures sound and prudent business management, including the risks inherent in them:

- The 1st line of defence consists of the Business Units (Private Banking, Corporate, Funds, Treasury) that take or acquire risks under predefined controls and limits, and carry out the first level of controls as described in their respective procedures.

- The 2nd line of defence is formed by the Support Functions (Finance/Accounting, IT, Back Office, Loans Administration), and the Control Functions (Risk, Compliance) which exercise independent controls.

- The 3rd line of defence consists of the Internal Audit Function, which independently, objectively and critically reviews the functions of the first 2 lines of defence.

The aim is to ensure that all risks assumed in the context of the Bank's business are recognized instantaneously and are properly managed. We achieve this by fully integrating risk management into daily business activities and developing our business consistently with a defined risk appetite, allowing us to achieve sustained growth in a controlled environment.

The strategy of the Bank is based on its core activities: Private Banking, Investment Fund Administration business, Treasury and Credit Business. Our Bank continuously identifies the risks inherent in its operations and has adopted processes for how they are to be managed.

The risk process also provides a clear description of the Bank's risk profile, which serves as the basis for the internal capital adequacy assessment process. This process, in turn, is an evaluation based on capital needed to support the Bank's overall risk level and business strategy. The aim is to ensure efficient use of capital and at the same time ensure that the Bank, even in adverse market conditions, will meet the minimum legal capital requirement.

The system for measurement of risks is an essential part of risk management. Market risks are quantified by using Value-at-Risk (VaR) complemented by various types of sensitivity measures. Credit risks are quantified through the internal rating system in combination with assessments based on local competence. As all risks, operational risks are evaluated on the basis of the likelihood that an event will occur and the financial consequence of such an event.

The Bank's risk appetite is determined by the Board of Directors which aims for a balance between risk/return and capital. The risk appetite can be described in terms of a number of overall statements. These statements applied and were honoured, under all situations in 2016 and in particular to both, risk and business positioning of the Bank:

- The Capital Adequacy ratio shall be maintained above 15.0%, under normal conditions, which includes:

    - the regulatory minimum ratio of 8.0%

    - the Capital Conservation Buffer (CCB) which equals 2.5% of Tier I Capital

    - a Countercyclical Capital Buffer (CCyB) of 2.5%, which equals the maximum (CCyB) to be applied after 2018

    - an internal Capital Buffer of 2.0%

- Credit Risk: the Bank has zero risk tolerance for Corporate Referred Business, where all loans are fully secured by Pledge on Funding and/or Letters of Guarantee and no provisions may be formed. Private Banking loans must be fully collateralized with adequate assets. The Bank may grant up to EUR 50mn of shipping loans, with no additional securities from Eurobank Group.

- Market Risk: Foreign Exchange and Securities Trading is not permitted for the Bank's own account.

- Operational Risk: under stressed business conditions, expected to occur with a frequency of once every 30 years, annual operational risk losses shall not exceed 7% of the gross income of the preceding financial year.

- Liquidity Risk: the Bank has a limited appetite for Liquidity Risk. The Bank must be able to meet liquidity requirements based on stress tests for the "worst" scenario and "combined crisis" scenario. With regards to the Liquidity Coverage Ratio (LCR), which came into effect on 10/01/15, the Bank has set an internal minimum ratio of 100% on a continuous basis, that was higher than the minimum applicable level of 70% for 2016.

- Business Risk: the Bank acknowledges that business risk is inherently linked to its business activities. The objective of the Bank shall be to minimize business risk and maximize its ability to respond to revenue, margin and cost pressures. In order to achieve this, the Bank shall in particular maintain a diversified revenue stream, a flexible cost structure, flexible pricing, adaptable to market conditions, and adequate cash flow to meet its budgeted expenses.

- Reputational Risk: the Bank is averse to reputational risk. All activities of the Bank shall be subject to an ongoing reputational risk assessment, while respective measures shall be taken to minimize this risk to the extent possible.

The Bank has adopted a Risk Management Framework that complies with the provisions of Circular CSSF 12/552, as amended, on "Central administration, internal governance and risk management".

The Bank is a member of the Eurobank Group, and to that effect all specific Risk Policies must abide by local regulations, be approved by the Board of Directors, but also be compliant with Group Policies. As such, and in order to assist the Board of Directors in approving the Bank's risk-taking and associated capital assessment, the Capital, Risk and Liquidity Policy, as well as Credit approval limits and accepted collateral, must first be ratified by the Group and then approved by the Board of Directors. Moreover, the Internal Audit of the Bank is delegated to Group Audit and the Chief Internal Auditor is a senior member of Group Audit.

The degree of control and influence exercised by the headquarter and the Group, formally or informally, is effective in identifying and mitigating risks, as there are regular controls of all of the Bank's activities (including Risk Management, Compliance, Finance, Investment Strategy and Products). Group standards are implemented and used in all of the activities (including products and services) of the Bank.

The Risk Management of the Bank is the responsibility of the Chief Risk Officer (CRO), who is aided in this function by a dedicated Risk Department. The Risk Department reports to the CRO, and has a direct reporting line to Group Risk. The remuneration of the Department's staff is not linked to the performance of the activities monitored and controlled. The Bank's risk management function covers the measures for early identification of risk, risk control and risk monitoring with regard to banking risks.

The Bank has in place a contingency plan, where all strategies and actions are in place in order to be able to respond to any extreme adverse scenario coming from a financial turmoil and European Sovereign debt crisis.

Global Economic Outlook for 2017

Global growth is expected to accelerate modestly in 2017 to 3.4% from 3.1% in 2016, mainly driven by a growth pickup in the US and an economic recovery in emerging markets (CESEE region and Latin America). Market perception of the economic outlook has notably improved after the November 2016 US presidential elections, but uncertainty prevails as to the actual impact of Trump's policies on the US economy and the growth spill-over effect to the rest of the world. In the US, growth outlook is expected to improve on President Trump's forthcoming fiscal stimulus, while the Euro area economy will likely continue its moderate pace of recovery. In Japan, real GDP growth is projected to stabilize at around 0.8% in 2017 from 0.9% in 2016, supported by a pickup in industrial production amid a drop in inventory accumulation. Business capex and the unfolding fiscal stimulus should underpin stronger export growth, helped by improved global demand and a weaker domestic currency. As far as major emerging economies are concerned, Brazil and Russia are expected to exit from recession in 2017, more than offsetting the modest growth deceleration in China (to 6.5% in 2017 from 6.7% in 2016). India's GDP will continue to expand at the fastest pace among major economies, with growth forecasted at 7.2% in 2017 from 6.6% in 2016.

In the US, real GDP growth is expected to accelerate to 2.3% in 2017 from 1.6% in 2016, with a sizeable fiscal stimulus under the Trump administration boosting domestic demand. The peak impact of the anticipated fiscal measures seems materializing in H2 2017 and H1 2018, if Congress passes the related bill by mid-2017. Consumer spending is expected to remain the main driver of growth. Business fixed investment will also provide support, albeit to a somewhat lesser extent, given the relatively small multiplier for corporate tax cuts. Regarding monetary policy, our estimates call for two 25bps rate increases in 2017, leaving the target range for the Fed funds rate at 1.00-1.25% by year-end. Nevertheless, we see risks skewed toward additional tightening, depending on the unpredictable timing of the unfolding of fiscal stimulus. Furthermore, it should be noted that trade policy constitutes a key risk to the outlook. Should the new administration prioritize trade protectionism over growth-friendly policies, US growth could fail to accelerate. Moreover, risks for growth and inflation can also stem from a rapid USD appreciation, if the Fed tightens monetary policy faster than currently expected. Excessive dollar strength could hurt US exports, squeeze profit margins and potentially offset the positive effects of fiscal expansion.

The Euro area economy is expected to continue its moderate pace in 2017, with real GDP growth of 1.5% from 1.7% in 2016. Domestic demand will probably remain a key growth driver and external demand should make a positive contribution, as Euro area exports start capitalizing on strengthening global growth. Risks to GDP growth seem tilted to the downside and are global as well as domestic. Upcoming policy decisions by the new US administration are still uncertain and may exert an impact on global growth. Moreover, the Brexit process, expected to commence by end-Q1 2017, could potentially influence consumers, corporate and market sentiment and, consequently, economic activity. Adding to the above, political risks take centre stage amid rising fears over populism risk in the Euro area ahead of a string of looming ballots in the region (Dutch parliamentary elections in March, French Presidential elections in May, German general elections in September). On the monetary policy front, the ECB maintains an easing bias, with President Mario Draghi stressing at the January press conference that the Governing Council intends to look through the energy-driven increase in the January headline inflation to 1.8%YoY, as there are no signs yet of a convincing upward trend in underlying inflation. He dismissed any suggestions that a withdrawal of monetary accommodation was appropriate at this stage, and stressed that the ECB stands ready to increase the asset-purchase programme in terms of size and/or duration beyond December 2017, if deemed necessary.

With respect to Greece's economic prospects in 2017, the Group estimates real GDP growth of 2.3% compared to the European Commission's winter forecasts of 2.7%. Based on Group estimations, this rate will be driven by domestic demand (private consumption 1.3% and gross fixed capital formation 11.6%) and exports (4.2%). The aforementioned forecasts are conditional on a timely completion of the second review of the 3rd Economic Adjustment Programme. Such a course of events is also expected to allow for the inclusion of Greek eligible bonds in the ECB Public Sector Purchase Programme, which will send a strong signal to the markets that Greece is solidly back on the sustainable growth path and confidence has been restored.

Luxembourg's economy is projected to remain robust in 2017, due to ongoing supportive monetary conditions, dynamic domestic demand and a rebound in financial sector activity, which will foster exports. Growth is expected to be 4% in both 2017 and 2018. The government has shifted towards an expansionary fiscal policy stance, a welcome step, given the ample fiscal space afforded by low levels of debt and low interest rates. The new fiscal target will make room for a growth-enhancing tax reform and spending on R&D and infrastructure. Furthermore, a round of wage indexation already implemented in early 2017 will likely lift inflation above the Euro area average. Finally, apart from its core competence as a financial centre, Luxembourg is expected to continue on its long term strategy to diversify its economy into new sectors such as ICT, logistics, life sciences, R&D and eco-innovation.

Business Outlook 2017

Eurobank Group is active in six countries, with total assets of EUR 66bn and over 15,900 employees, offering a comprehensive range of financial products and services to its retail and corporate customers. Eurobank, our mother company, strengthened its balance sheet in 2016, by improving its funding position and enhancing its capital ratios. Eurosystem funding exposure decreased substantially and customer deposits increased versus 2015, signalling the gradual restoration of confidence towards the Greek banking system. For 2017, Eurobank Group aims to strengthen further its operating performance and capital base and accelerate the work-out of its non-performing loans (NPLs), according to a plan agreed with its supervisor and already under way.

Luxembourg's AAA rating, its social and political stability, modern legal and regulatory framework, and diverse expert workforce continue to underpin the country's success in financial services. Luxembourg was confirmed as the leading financial centre in the Eurozone and second in the EU after London, by the latest Global Financial Centre Index (GFCI) rankings. Furthermore, the country's overall GFCI ranking climbed to 12th from 14th place, while Luxembourg was Europe's only top financial centre to be deemed by GFCI as "likely to become more significant in the future". In particular, the areas of excellence of Luxembourg's financial industry are well aligned with the activities our Bank focuses on. The country's Investment Funds industry ranks second only to the US with EUR 3.5tn Assets Under Management. In addition, Luxembourg is the premier Private Banking and Wealth Management centre within Eurozone with EUR 351bn Assets under Management, while the country comprises 141 banks from 28 countries. The Private Banking industry contributes further to the development of the Luxembourg financial sector through its own activity, as a distribution platform for investment funds and life insurance products.

Overall, our Bank is entering 2017 maintaining a strong position. In particular:

1. Our Bank, an autonomous organization incorporated under Luxembourg law and regulated by the European Central Bank (ECB) and the "Commission de Surveillance du Secteur Financier" (CSSF), is armoured with an exceptionally strong capital position, ample excess liquidity, a self-sufficient operating model and an asset book of EUR 2.7bn. Furthermore, our Bank has zero sovereign and minimal interbank[1] exposures to European periphery.

2. Through our thirty years plus experience and a focused business model, we offer a comprehensive range of world class products and personalized services in Private Banking, Wealth Structuring and Management, and Funds Administration, as well as selected corporate banking services.

3. With locations in Luxembourg and London, and presence in Greece, our Bank is positioned to cover clients in

1. Interbank exposures to European periphery Banks as at 31 December 2016 was only EUR 45.0mn.

a wide geographical area, especially in Southeast Europe and the UK. Luxembourg's strength as Eurozone's top Private Banking centre, combined with London's global reach, afford our clients access to an especially broad realm of possibilities.

As in previous years, despite negative market rates still remaining in some major currencies, increased competition and diminishing business margins, our plan for 2017 is to build on our particular strengths and competitive/niche advantages to grow our business and profitability, while making our Bank even stronger. Our efforts in the current year will be in three main directions.

i. We intend to expand our client base and volumes, by providing top quality innovative services to existing and new clients through our broader geographical footprint. In that context, we will also leverage further Eurobank Group's network with already planned cross-selling activities with subsidiaries and targeted business units.

ii. We will continue streamlining our operations and improving our Bank's cost efficiency through technology and integration. An ambitious plan to update our digital presence (e-Banking, intranet and website) is under way that will enhance client services and modernize the Bank's online look and feel. Also, IT infrastructure updates will continue with further process flow digitization and enhancements in our payment hub platform. Lastly, the relocation of our London Branch premises and continuation of London's systems integration are expected to bring cost savings and increase efficiency.

iii. Finally, we will thoroughly prepare for a wide range of upcoming regulatory changes in 2017 and 2018, while keeping up with the new regulations we have recently implemented. Key implementation projects will be addressing important new regulations, such as CRS, MIFID II, IFRS 9, PSD 2, FATCA 3rd phase, EMIR, SFTR, AnaCredit and the new AML and Market Abuse directives.

On behalf of the Board of Directors, we would like to express to our customers our deep appreciation for their loyalty to the Bank, and to the management and personnel our gratitude for their enthusiasm, consistency and dedication.

March 3, 2017

François Ries
Chairman

Konstantinos Tsiveriotis
CEO & Managing Director

AUDIT REPORT

To the Board of Directors of Eurobank Private Bank Luxembourg S.A.

Report on the annual accounts

We have audited the accompanying annual accounts of Eurobank Private Bank Luxembourg S.A., which comprise the balance sheet as at December 31, 2016, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan, and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

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

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Eurobank Private Bank Luxembourg S.A. as of December 31, 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

The Directors' report is consistent with the annual accounts and has been prepared in accordance with the applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, March 3, 2017

Fabrice Goffin

BALANCE SHEET AS AT DECEMBER 31, 2016

(expressed in euro)

ASSETS	Note(s)	2016 EUR	2015 EUR
Cash in hand, balances with central banks and post office banks	3.2, 4	62,531,000	178,335,747
Loans and advances to credit institutions			
- repayable on demand	3.2, 6	69,163,875	193,971,450
- other loans and advances	3.2, 6	815,225,216	650,483,899
		884,389,091	**844,455,349**
Loans and advances to customers	2.3, 3.2, 6	1,613,865,332	2,701,510,643
Bonds and other fixed-income transferable securities:			
- issued by public bodies	2.4, 3.2, 5.1, 5.3, 5.4	-	76,463,652
- issued by other borrowers	2.4, 3.2, 5.1, 5.3, 5.4	91,610,000	91,615,500
		91,610,000	**168,079,152**
Participating interests	2.5, 3.2, 5.2, 7	4,958	4,959
Shares in affiliated undertakings	2.5, 3.2, 5.2, 7	104	105
Intangible assets	2.7, 7	852,690	1,034,951
Tangible assets	2.7, 7	331,507	604,155
Other assets	6, 8	7,689,718	10,157,833
Prepayments and accrued income	6	18,261,214	20,248,740
Total assets		**2,679,535,614**	**3,924,431,634**

The accompanying notes form an integral part of these annual accounts.

LIABILITIES	Note(s)	2016 EUR	2015 EUR
Amounts owed to credit institutions:			
- repayable on demand	3.2, 6	25,767,032	67,626,224
- with agreed maturity dates or periods of notice	3.2, 6	1,037,248,229	2,297,152,381
		1,063,015,261	**2,364,778,605**
Amounts owed to customers:			
- other debts			
• repayable on demand	3.2, 6	854,888,992	763,602,407
• with agreed maturity dates or periods of notice	3.2, 6	434,600,988	455,927,831
		1,289,489,980	**1,219,530,238**
Other liabilities	6	444,138	682,990
Accruals and deferred income	6	3,792,768	8,778,432
Provisions:			
- provisions for taxation		4,866,377	3,481,318
- other provisions	14.3	2,898,867	4,051,624
		7,765,244	**7,532,942**
Subordinated liabilities	6,9	20,000,000	20,000,000
Subscribed capital	10, 12	70,000,000	70,000,000
Reserves	11, 12	27,593,800	31,147,990
Profit brought forward	12	185,534,627	190,114,383
Profit for the financial year		**11,899,796**	**11,866,054**
Total liabilities		**2,679,535,614**	**3,924,431,634**

The accompanying notes form an integral part of these annual accounts.

OFF BALANCE SHEET AS AT DECEMBER 31, 2016

(expressed in euro)

	Note(s)	2016 EUR	2015 EUR
Contingent Liabilities of which:	14.1	**12,849,095**	**13,733,614**
- guarantees and assets pledged as collateral security		12,849,095	13,733,614
Commitments of which:	14.2	**760,054,269**	**587,796,891**
- commitments arising from sale and repurchase transactions		622,630,888	428,788,082
Fiduciary Transactions	14.2	**499,213,837**	**362,201,660**

The accompanying notes form an integral part of these annual accounts.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2016

(expressed in euro)

	Note(s)	2016 EUR	2015 EUR
Interest receivable and similar income		69,522,833	86,943,754
of which:			
arising from fixed income transferable securities		837,845	3,532,408
Interest payable and similar charges		(44,908,074)	(62,141,721)
Income from transferable securities			
- income from participating interests		-	1,292
Commissions receivable		9,886,127	9,047,046
Commissions payable		(3,521,951)	(3 068,162)
Net profit on financial operations	15.3	1,544,445	1,810,475
Other operating income		198,366	207,504
General administrative expenses			
- staff costs		(10,241,731)	(9,269,136)
of which:			
• wages and salaries		(8,184,036)	(7,612,960)
• social security costs		(1,502,321)	(1,402,830)
of which: pension costs		(1,003,289)	(1,005,123)
- other administrative expenses		(7,350,494)	(6,674,817)
Value adjustments in respect of intangible and tangible assets	7	(801,238)	(854,406)
Other operating charges		(916,861)	(2,387,909)
Value adjustments in respect of loans and advances and provisions for contingent liabilities and commitments	8	(139,386)	(129,336)
Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and commitments		-	-
Tax on profit on ordinary activities	15.2	(1,372,240)	(1,618,530)
Profit on ordinary activities after tax		11,899,796	11,866,054
Profit for the financial year		**11,899,796**	**11,866,054**

The accompanying notes form an integral part of these annual accounts.

NOTES TO THE ANNUAL ACCOUNTS AS AT DECEMBER 31, 2016

Note 1 - General

Eurobank Private Bank Luxembourg S.A. (the "Bank") was incorporated in Luxembourg on August 26, 1986, as a "Société Anonyme" under the name of Banque de Dépôts (Luxembourg) S.A.. The Extraordinary General Meeting of Shareholders held on August 6, 1997 resolved to change the name of the Bank to EFG Private Bank (Luxembourg) S.A. with effect from September 10, 1997.

The Extraordinary General Meeting of Shareholders held on September 17, 2008 resolved to change the name of the Bank to Eurobank EFG Private Bank Luxembourg S.A. with effect from October 1, 2008.

As part of the rebranding project of the Group, the new coordinated status dated September 18, 2012 resolved to change the name of the Bank to Eurobank Private Bank Luxembourg S.A. with immediate effect.

The Bank is engaged in the business of providing private banking, investment and advisory services for corporate and private clients as well as administrative and custody services for investment funds. The Bank is active in the money markets, deposit taking and lending, and engages in spot and forward foreign exchange business as well as undertaking transactions in securities and off balance sheet instruments, both for its own account and on behalf of customers.

At the beginning of June 2015, the Bank acquired the former Eurobank Ergasias S.A. London Branch in the United Kingdom, Eurobank Private Bank Luxembourg - London Branch ("Eurobank London"). Eurobank London provides an array of services to companies with international activities, especially in Central and South-Eastern Europe and to individual clients with local and international banking needs. Furthermore, Eurobank London serves as an extension of the Bank's Private Banking platform to London based clients.

Eurobank Private Bank Luxembourg S.A. is included in the consolidated annual accounts of Eurobank Ergasias S.A., whose registered office is in Athens (8 Othonos Street, 10557 Athens, Greece) where the consolidated annual accounts are available.

Note 2 - Summary of significant accounting policies

2.1 Basis of presentation
These annual accounts have been prepared in conformity with accounting principles generally accepted in the banking sector, in the Grand Duchy of Luxembourg. The accounting policies and the principles of valuation are determined and applied by the Board of Directors, except those, which are defined by Luxembourg law and regulations.

On the basis of the criteria set out by the Luxembourg law, the Bank is exempted from preparing consolidated annual accounts. In accordance with the amended law of June 17, 1992, the present annual accounts are consequently prepared on an unconsolidated basis for approval by the Annual General Meeting of Shareholders.

2.2 Foreign currencies
The Bank has adopted a multicurrency accounting system, as a result of which assets and liabilities are recorded in the currencies in which they have occurred. For the preparation of the annual accounts, amounts in foreign currencies are translated into euro (EUR) on the following basis.

2.2.1 Spot transactions
Assets and liabilities in foreign currencies are translated into euro at exchange rates applicable at the balance sheet date.

Income, charges and purchases of fixed assets are recorded in the currency in which they are collected or disbursed and are translated into euro, at rates approximating those ruling at the time of the transaction.

Exchange gains and losses arising from the Bank's net open currency spot position are taken to the profit and loss account in the current year.

Unsettled spot foreign exchange transactions are translated into euro at the spot rate of exchange prevailing on the balance sheet date.

Foreign exchange gains and losses resulting from spot transactions hedged by forward transactions are neutralised through "prepayments and accrued income" and "accruals and deferred income" accounts. Premiums or discounts arising due to the difference between spot and forward exchange rates are amortised in the profit and loss account on a pro-rata basis.

2.2.2 Forward transactions
Unsettled forward exchange transactions are translated into euro, at the forward rate prevailing on the balance sheet date for the remaining maturity.

Unrealised exchange losses on un-hedged forward exchange contracts are recognised in the profit and loss account at the forward rate prevailing on the balance sheet date for the remaining term of the contract. Unrealised exchange gains on forward exchange contracts are not included, and are only recognised when ultimately realised, except when such contracts form an economic unit with offsetting foreign exchange transactions.

2.2.3 Swaps
Gains and losses on currency swap transactions are accrued on the straight-line basis over the period of the swap contract and are included in interest receivable or payable in the profit and loss account, as appropriate.

2.3 Loans and advances
Loans and advances are stated at disbursement value less repayment made and any value adjustments required. Accrued interests are recorded in balance sheet caption "prepayments and accrued income".

The policy of the Bank is to establish specific value adjustments for doubtful debts in accordance with the circumstances and for amounts specified by the Board of Directors. These value adjustments are deducted from the appropriate asset account balances.

2.4 Valuation of bonds and other fixed-income transferable securities
The Bank has divided its portfolio of bonds and other fixed-income transferable securities into three categories for valuation purposes:

2.4.1 Investment portfolio of financial fixed assets

This portfolio comprises bonds and other fixed-income transferable securities, which are intended to be held on a continuing basis in the normal course of the Bank's activities.

Principle of valuation at acquisition cost

Bonds and other fixed-income transferable securities are recorded at historical acquisition cost in their original currency. The acquisition cost includes the costs to purchase the asset. A value adjustment is made where the market value at the balance sheet date is lower than the acquisition cost and when the Board of Directors considers the depreciation to be permanent.

The premium resulting from the purchase of fixed-income transferable securities having the characteristics of financial fixed assets, at a price exceeding the amount repayable at maturity, is included in the profit and loss account on an amortised basis over the period remaining until final repayment.

The discount resulting from the acquisition of bonds and other fixed-income transferable securities having the characteristics of financial fixed assets, at a price less than the amount repayable at maturity, is released to income in instalments over the period remaining until repayment.

2.4.2 Trading portfolio

This portfolio comprises bonds and other fixed-income transferable securities purchased with the intention of selling them in the short term. These securities are traded on a market whose liquidity can be assumed to be certain and their market price is at all times available to third parties. These securities are valued at the lower of their acquisition cost and their market value.

During the year, the Bank did not hold any trading portfolio.

2.4.3 Structural portfolio

This portfolio comprises bonds and other fixed-income transferable securities and asset swaps purchased for their investment return or yield, or held to establish a particular asset structure or a secondary source of liquidity. It also includes bonds and other fixed-income transferable securities not contained in the other two categories.

Securities in this portfolio are valued at the lower of their amortised acquisition cost and their market value. The value adjustments, corresponding to the negative difference between the market value and the amortised acquisition cost, are not maintained if the reasons for which the value adjustments were made no longer exist.

Premiums / discounts included in the acquisition cost and resulting from the purchase of bonds and other fixed-income transferable securities included in this portfolio at a price exceeding / lower than the amount repayable at maturity, are amortised in the profit and loss account over the period remaining until repayment.

Asset swaps held in this portfolio are packaged deals made of a bond or other fixed-income transferable security and an interest rate swap, swapping the respective interest rates (floating/fixed) received and paid. Consequently, asset swaps held in the structural portfolio are booked at their par value and maintained at their par value.

2.5 Valuation of variable-yield transferable securities

Participating interests and shares in affiliated undertakings are recorded in the balance sheet at their acquisition cost in their original currency. The acquisition cost includes the costs to purchase the assets. A value adjustment is made if the Board of Directors considers that a permanent impairment exists in their carrying value at the balance sheet date.

Companies in which the Bank directly and indirectly exercises a significant influence are considered to be affiliated undertakings. Participating interests comprise rights in the capital of other undertakings, the purpose of which is to contribute to the activity of the company through a durable link.

2.6 Sale and repurchase agreements

Assets transferred through sale and repurchase agreements are clients assets and therefore are shown in the off balance sheet of the Bank.

2.7 Intangible and tangible fixed assets

Fixed assets other than financial fixed assets are valued at historical acquisition cost. The acquisition cost includes the costs to purchase the assets. The acquisition cost of intangible and tangible assets whose use is limited in time, are depreciated on a straight-line basis over the estimated useful life or at the rates specified below.

In case of durable reduction in value, intangible and tangible assets are subject to value adjustments, regardless of whether their utilisation is limited. The valuation at the inferior value is not maintained if the reasons for which the value adjustments were made no longer exist.

2.7.1 Intangible assets

The core banking system is amortized on a straight-line basis over 8 years whereas the remaining intangible assets over 4 years.

2.7.2 Tangible assets

Tangible assets are used by the Bank for its own operations. Tangible assets are valued at cost less depreciation to date. Depreciation is calculated on a straight-line basis over the life of the assets concerned. The rates used for this purpose are:

	2016 %
Furniture	18
Machinery and equipment	25
Vehicles	20
Hardware and software	25
Premises fixtures	10

Premises fixtures in leased offices are amortised over the lower of 10 years or the remaining lease period.

2.8 Derivative instruments

2.8.1 Interest rate swaps

Interest on interest rate swaps is included in the balance sheet captions "prepayments and accrued income" and "accruals and deferred income". It is credited or charged to interest receivable or payable in the profit and loss account. Interest rate swaps, which are not held for hedging purposes, are marked to market. Provisions are made for unrealised valuation losses whereas unrealised valuation gains are not taken into account until maturity. Interest rate swaps entered into for hedging purposes are not valued (refer to note 2.4.3).

2.8.2 Forward exchange transactions

Valuation rules for forward exchange contracts are explained in note 2.2.2 above.

2.8.3 Options

For the options traded over the counter and unallocated to given assets or liabilities, the premiums received or paid appear on the balance sheet until the exercise or the expiration date of the option, if the option is not exercised before that date. Commitments on written options are booked off-balance sheet.

Options not used for hedging purposes are marked-to-market. The unrealised losses are booked in the profit and loss account whereas unrealised gains are ignored.

Option contracts entered into for hedging a balance sheet item (asset or liability) are booked as follows: unrealised result on the premiums is accounted for in the profit or loss account in "Net profit or net loss on financial operations". Unrealised results arising from the evaluation of the hedge item (asset or liability) is accounted for in the profit or loss in "Net profit or net loss in financial operations". These bookings are presented in net by compensation profit or loss effects.

Option contracts traded on a regulated market and entered into for the purpose of hedging identical reverse options also traded on a regulated market are booked as follows: as the position on these instruments is closed, the result arising from premiums received and paid is accounted for in the profit and loss account.

2.9 Lump-sum provision

A general reserve for potential risks on balance sheet and off balance sheet items has been booked. This tax-deductible provision is deducted from the corresponding assets. The lump-sum provision calculated on off balance sheet items is booked under the item "Provision: other provisions".

Note 3 - Use of financial instruments

3.1 Strategy in using financial instruments

The Bank's treasury activities are primarily related to the use of financial instruments including derivatives. Since the end of the year 2012, all treasury activities of the Bank are carried out internally in Luxembourg.

Asset/Liability Management of the Bank is taking into account other banking activities including private banking client accounts, investment funds and inter-bank activity mainly with Eurobank Ergasias S.A.

The Bank aims to use funds from customer operations, investment funds operations and other market deposits that have been raised at fixed and floating rates, and for various periods seeking to earn profitable margins by investing these funds in high quality assets. Such operations are only executed following the limits, as well as defined products determined with the approval of the Board of Directors. Limits are currently set in such a way that restricts the Treasury and Foreign Exchange department of the Bank from taking large exposures.

During periods of falling interest rates, the Bank seeks to increase its margins by favouring short-term funding and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due. During periods of increasing interest rates, the Bank aims to increase these margins by lending and borrowing in the short term and by hedging its assets and liabilities.

Related issues and decisions are taken by the Asset and Liability Committee of the Bank.

The Bank also raises its interest margin by obtaining profitable margins through lending to wholesale and retail borrowers with a good credit standing. Loans are given when adequate collateral exists and after the approval of the Credit Committee of the Bank. The Bank also enters into guarantees and other commitments such as letters of credit and letters of guarantee.

The monitoring of limits and margins is carried out by the Middle Office of the Bank, on the basis of the daily positions provided by the IT department. Middle Office reports are communicated daily amongst others to Local Management and the Head of Group Treasury in Athens.

When limits are exceeded and margins not respected, Local Management as well as the responsible Manager are informed for immediate action. The excesses are also reported to the Board of Directors on a quarterly basis.

The Bank hedges part of its existing interest rate risk resulting from any potential decrease in the fair value of fixed rate assets, denominated both in local and foreign currencies using interest rate swaps.

The Bank hedges a proportion of foreign exchange risk it expects to assume, as a result of cash flows from debt securities using forward exchange transactions.

3.2 Analysis of financial instruments

3.2.1 Information on primary financial instruments

The table here after analyses the level of primary financial instruments (primary non-trading instruments) of the Bank, in terms of carrying amounts, into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. Additional indication of aggregate fair values of trading instruments is disclosed where they differ materially from the amounts at which they are included in the accounts.

"Fair value" is understood as being the amount at which an asset could be exchanged or a liability settled as part of an ordinary transaction entered into under normal terms and conditions between independent, informed and willing parties, other than in a forced or liquidation sale.

3.2.1.1 Analysis of financial instruments - Primary non-trading instruments (at carrying amount - EUR)

Figures as at December 31, 2016	Less than 3 months	> 3 months to 1 year	> 1 year to 5 years	> 5 years	No maturity	Total
Instrument class (financial assets)						
Cash in hand, balances with central banks and post office banks	50,000,000	-	-	-	12,531,000	62,531,000
Loans & advances to credit institutions	165,069,728	650,155,488	-	-	69,163,875	884,389,091
Loans & advances to customers	934,662,664	374,130,748	183,059,367	59,864,986	62,147,567	1,613,865,332
Bonds	-	100,000	-	91,510,000	-	91,610,000
Shares	-	-	-	-	5,062	5,062
Total financial assets	1,149,732,392	1,024,386,236	183,059,367	151,374,986	143,847,504	2,652,400,485
Non financial assets	-	40,026	512,695	20,381	26,562,027	27,135,129
Total Assets	**1,149,732,392**	**1,024 426,262**	**183,572,062**	**151,395,367**	**170,409,531**	**2,679,535,614**
Instrument class (financial liabilities)						
Amounts owed to credit institutions:						
Repayable on demand	21,040,495	-	-	-	4,726,537	25,767,032
With agreed maturity dates or periods of notice	680,894,147	316,342,420	26,937,972	13,073,690	-	1,037,248,229
Amounts owed to customers:						
Repayable on demand	-	-	-	-	854,888,992	854,888,992
Repayable at term or with notice	354,251,234	80,349,754	-	-	-	434,600,988
Total financial liabilities	1,056,185,876	396,692,174	26,937,972	13,073,690	859,615,529	2,352,505,241
Non financial liabilities	18,344	7,836	-	-	327,004,193	327,030,373
Total liabilities	**1,056,204,220**	**396,700,010**	**26,937,972**	**13,073,690**	**1,186,619,722**	**2,679,535,614**

As at December 31, 2016, the Bank held no primary trading financial instruments.

3.2.1.1 Analysis of financial instruments - Primary non-trading instruments (at carrying amount - EUR) (cont.)

Figures as at December 31, 2015	Less than 3 months	> 3 months to 1 year	> 1 year to 5 years	> 5 years	No maturity	Total
Instrument class (financial assets)						
Cash in hand, balances with central banks and post office banks	145,000,000	-	-	-	33,335,747	178,335,747
Loans & advances to credit institutions	780,982,851	4,403,467	6,542,882	-	52,526,149	844,455,349
Loans & advances to customers	1,121,559,227	441,991,005	209,674,958	900,865,193	27,420,260	2,701,510,643
Bonds	76,463,652	100,000	-	91,515,500	-	168,079,152
Shares	-	-	-	-	5,064	5,064
Total financial assets	2,124,005,730	446,494,472	216,217,840	992,380,693	113,287,220	3,892 385,955
Non financial assets	-	-	-	-	32,045,679	32,045,679
Total Assets	**2,124,005,730**	**446,494,472**	**216,217,840**	**992,380,693**	**145,332,899**	**3,924,431,634**
Instrument class (financial liabilities)						
Amounts owed to credit institutions:						
Repayable on demand	62,762,514	-	-	-	4,863,710	67,626,224
With agreed maturity dates or periods of notice	1,021,927,708	380,986,222	85,715,418	808,523,033	-	2,297,152,381
Amounts owed to customers:						
Repayable on demand	12,171,523	-	-	-	751,430,884	763,602,407
Repayable at term or with notice	366,665,966	89,261,865	-	-	-	455,927,831
Total financial liabilities	1,463,527,711	470,248,087	85,715,418	808,523,033	756,294,594	3,584 308,843
Non financial liabilities	-	-	-	-	340,122,791	340,122,791
Total liabilities	**1,463,527,711**	**470,248,087**	**85,715,418**	**808,523,033**	**1,096,417,385**	**3,924,431,634**

As at December 31, 2015, the Bank held no primary trading financial instruments.

3.2.1.2 Description of derivative financial instruments used

The Bank enters into the following derivative financial instruments:

- **Forward exchange transactions** represent commitments to purchase foreign and domestic currency, including undelivered spot transactions.
- **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).
- **Options** are financial derivatives representing a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price), during a certain period of time or on a specific date (exercise date).

3.2.1.3 Analysis of derivative financial instruments

The table below analyses the level of derivative financial instruments of the Bank, broken down in terms of notional amount, into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The Bank held only OTC derivative financial instruments as at December 31, 2016.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet, but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable or unfavourable as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

Derivatives non-trading instruments OTC as at December 31, 2016 (in EUR)

	Nominal amounts					Net fair value
Figures as at December 31, 2016	Less than 3 months	> 3 months to 1 year	> 1 year to 5 years	> 5 years	Total	Total
Interest rate:						
- Swaps	-	-	-	-	-	-
Foreign exchange:						
- Forwards, Spots, Swaps	48,319,507	4,400,530	-	-	52,720,037	**119,712**
Options:						
- Options	15,920,617	-	-	-	15,920,617	**(90,980)**
Total	**64,240,124**	**4,400,530**	**-**	**-**	**68,640,654**	**28,732**

The Bank held no exchange-traded derivative financial instrument as at December 31, 2016.

Derivatives non-trading instruments OTC as at December 31, 2015 (in EUR)

	Nominal amounts					Net fair value
Figures as at December 31, 2015	Less than 3 months	> 3 months to 1 year	> 1 year to 5 years	> 5 years	Total	Total
Interest rate:						
- Swaps	-	94,370,534	-	-	94,370,534	(2,676,406)
Foreign exchange:						
- Forwards, Spots, Swaps	1,169,028,510	2,150,602	-	-	1,171,179,112	**66,331**
Options:						
- Options	11,909,626	-	-	-	11,909,626	**(65,744)**
Total	**1,180,938,136**	**96,521,136**	**-**	**-**	**1,277,459,272**	**(2,675,819)**

3.3 Credit risk

3.3.1 Description of credit risk

The Bank takes on exposure to credit risk. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers, and to geographical segments. Such risks are monitored on a revolving basis and subject to monthly reviews. Limits are approved by the Board of Directors and reviewed at least annually. Under delegation of the Board of Directors, Management has the possibility to approve country limits up to a predetermined level. The Board of Directors also determines who has the authority to approve excesses and up to what level. The excesses exceeding amounts and tenor defined within Group Risk Guidelines are immediately reported to Local Management and the Group Risk Unit in Greece.

The exposure to any borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is primarily managed by obtaining collateral and corporate and personal guarantees.

The Group Risk Unit is setting types of collateral as well as minimum margins. The Bank imposes more strict collateral rules than those set by the group based on careful analysis, internal policies and the market environment. The Bank has a clear procedure to approve “eligible” collateral and it periodically reviews approved collateral.

On currency and interest rate swaps, the Bank’s credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

3.3.2 Measures of credit risk exposure

Information on credit risk as it relates to financial instruments, is disclosed on the basis of the carrying amount that best represents the maximum credit risk exposure at the balance sheet date without taking account of any collateral.

With respect to derivative instruments not dealt on a recognised, regulated market (OTC), the carrying amount (principal or notional amount) does not reflect the maximum risk exposure. The maximum exposure to credit risk is determined by the value of the overall replacement cost.

The table below discloses the level of credit exposure on OTC derivative instruments in terms of notional amounts, replacement cost, potential future credit exposure and net risk exposure adjusted for any collateral, broken down by the degree of creditworthiness of the counterparty based on internal or external ratings.

Credit Risk Exposure on OTC derivative instruments (use of market risk method) as at December 31, 2016 (in EUR)

Counterparty solvency (based on external/ internal ratings)	Notional amount	Current Replacement cost	Potential future replacement cost	Overall replacement cost	Collateral	Net risk exposure
	(1)	(2)	(3)	(4)=(2) + (3) -Provision	(5)	(6) = (4) - (5)
External rating (Fitch):						
A	40,587,820	353,027	405,878	758,905	-	758,905
C	13,466	-	135	135	-	135
					Sub - total 1	759,040
Internal Rating:						
- Customer & Fund						
2	1,879,056	-	18,791	18,791	-	18,791
4	8,591,809	11,524	85,918	97,442	-	97,442
5	1,760,000	-	17 ,600	17,600	-	17,600
					Sub - total 2	133,833
					TOTAL	892,873

Credit Risk Exposure on OTC derivative instruments (use of market risk method) as at December 31, 2015 (in EUR)

Counterparty solvency (based on external/ internal ratings)	Notional amount	Current Replacement cost	Potential future replacement cost	Overall replacement cost	Collateral	Net risk exposure
	(1)	(2)	(3)	(4)=(2) + (3) -Provision	(5)	(6) = (4) - (5)
External rating (Fitch):						
A	572,272,036	5,239,658	5,722,720	10,962,378	-	10,962,378
C	300,308,376	245,488	2,151,231	2,396,719	-	2,396,719
					Sub - total 1	13,359,097
Internal Rating:						
- Customer & Fund						
2	3,694,591	32,605	36,946	69,551	-	69,551
4	384,461,010	2,993,316	3,752,757	6,746,073	-	6,746,073
5	5,000,000	-	50,000	50,000	-	50,000
					Sub - total 2	6,865,624
					TOTAL	20,224,721

The internal credit rating for "Customer & Fund" goes from 1 (best rating) to 10 (worst rating).

3.3.3 Concentration of credit risk

The tables below show credit risk concentration as it relates to financial instruments from on- and off balance sheet exposures by geographic location and economic sector. In order to enhance the true and fair view of the financial position the tables present the OTC derivatives by the value of the overall replacement cost and to that extend the comparative figures have been adjusted accordingly.

Geographic credit risk concentrations (in EUR)

Geographical zone (by country or zone)	*Credits and other balance sheet items*		*OTC derivatives*		*Commitments*	
	2016	2015	2016	2015	2016	2015
Luxembourg	258,519,630	317,466,883	101,757	6,662,663	76,848,035	22,749,503
Other European Monetary Union (EMU) countries	1,218,136,130	2,203,849,953	19,876	2,523,524	52,196,846	80,539,288
Other countries	1,124,769,477	1,214,565,341	771,240	11,038,534	8,378,500	55,720,018
Total	**2,601,425,237**	**3,735,882,177**	**892,873**	**20,224,721**	**137,423,381**	**159,008,809**

As the Bank is mainly active on the European markets, it has a significant concentration of credit risk with other European financial institutions. In total, credit risk exposure is estimated to EUR 2,739,741,491 at December 31, 2016 (2015: EUR 3,915, 115,707) of which EUR 892,873 (2015: EUR 20,224,721) consisted of derivative financial instruments.

Economic sector credit risk concentrations (in EUR)

The table here after discloses the concentration of the credit risk linked to financial instruments, for both on and off balance sheet exposures, by geographical location and economic sector.

Economic sector	*Credits and other balance sheet items*		*OTC derivatives*		*Commitments*	
	2016	2015	2016	2015	2016	2015
Credit institutions	978,838,808	939,221,248	759,040	13,359,097	-	-
Households	51,723,291	49,952,384	32,076	91,447	8,244,769	10,344,409
Investment funds	44,701,398	19,041,612	101,757	6,662,663	70,974,335	69,999,999
Activity ancillary to financial intermediation and insurance	688,606,327	1,697,843,580	-	-	-	-
Non financial corporations	475,256,009	584,504,363	-	69,169	47,163,407	65,790,799
Governments	-	76,463,652	-	-	-	-
Central banks	-	-	-	-	-	-
Financial holding companies	277,783,268	283,798,130	-	-	6,314,546	10,271,670
Others	84,516,136	85,057,208	-	42,345	4,726,324	2,601,932
Total	**2,601,425,237**	**3,735,882,177**	**892,873**	**20,224,721**	**137,423,381**	**159,008,809**

3.4 Market risk

The Bank takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Interest rate risk is monitored daily and reported to local management and the Head of Group Treasury.

On a monthly basis, the Bank applies a "value at risk" (VAR) methodology to estimate the market risk of positions held and the potential maximum losses expected. The Board of Directors sets limits on the value of risk that may be accepted, which is monitored as deemed appropriate.

The Bank's market risk reporting and the limit structure is based on a measure of potential loss under normal market conditions. The parameters used are:

- A 99% one tailed confidence level. This means that the potential loss amount is the maximum amount that could be lost, on average, on 99% of trading days. Conversely it is the minimum loss that should be expected on 1% of trading days;
- A 10-day holding period. This means that the Bank measures risk assuming that exposures could not be hedged or unwound in less than 10 working days; and
- A 180-day time series of changes in market variables. This means that a 6-month history of market movements is used to estimate likely changes in market risk factors (volatilities and correlations).

Since VAR constitutes an integral part of the Bank's market risk control system, VAR limits are established by the Board of Directors on all portfolio operations including interest rate, foreign exchange rate and equities.

Foreign exchange rate risk is calculated against local base currency, its measurement incorporates factors corresponding to individual foreign currencies in which the Bank has material positions.

Interest rate risk measurement includes a set of risk factors corresponding to interest rates in each of the currencies in which the Bank has material interest rate sensitive positions. For each currency, the yield curve is divided into a number of maturity segments in order to capture the variation in volatility of interest rates at different points on the yield curve.

Equity prices risk measurement includes risk factors corresponding to each of the national markets in which the Bank has a material position, irrespectively, in listed or unlisted securities. A market index captures market-wide movement in equity prices.

Note 4 - Cash in hand, balances with central banks and post office banks

	2016 EUR	2015 EUR
Cash in Hand	185,516	201,117
Mandatory Minimum Reserve	12,345,484	11,853,074
Other cash balances	50,000,000	166,281,556
Total	**62,531,000**	**178,335,747**

In accordance with the requirements of the European Central Bank, Central Bank of Luxembourg has implemented, effective January 1, 1999, a system of mandatory minimum reserves which applies to all Luxembourg credit institutions. The minimum reserve balance as at December 31, 2016 held by the Bank with the Luxembourg Central Bank amounted to EUR 12,345,484 (2015: EUR 11,853,074).

Note 5 - Transferable securities

5.1 Listed securities

Bonds and other fixed-income transferable securities:	2016 EUR	2015 EUR
- public sector issues	-	76,463,652
- other issues	91,610,000	91,615,500
Total	**91,610,000**	**168,079,152**

5.2 Unlisted securities

	2016 EUR	2015 EUR
Participating interests	4,958	4,959
Shares in affiliated undertakings	104	105

5.3 Bonds and other fixed-income transferable securities

- Bonds and other fixed-income transferable securities matured or repaid before maturity as at December 31, 2016 amount to EUR 76,463,652 (2015: EUR 400,000).

- Bonds and other fixed-income transferable securities amount to EUR 91,610,000 (2015: EUR 168,079,152). Of these, EUR 110,000 are classified in the Bank's structural portfolio and EUR 91,500,000 are classified in the Bank's investment portfolio.

5.4 Bonds eligible for refinancing with a central bank of the Euro zone

The market value of bonds eligible for refinancing with a central bank of the Euro zone included in the heading "bonds and other fixed-income transferable securities" is EUR 94,877,240 (2015: EUR 172,227,870).

The Bank does not hold any Greek Government Bonds, neither in the investment nor in the structural portfolio as at December 31, 2016.

5.5 Sale and Repurchase transactions

As at December 31, 2016, the Bank is committed in reverse repurchase agreements for a total amount of EUR 610,103,922 (2015: EUR 425,806,511).

Note 6 - Assets and Liabilities balances with Affiliated Undertakings

	2016 EUR	2015 EUR
Assets		
Loans and advances to credit institutions	658,267,333	552,859,902
Loans and advances to customers	744,062,752	1,784,612,584
Prepayments and Accrued Income	3,463,491	2,850,543
Other Assets	290	-
	1,405,793,866	**2,340,323,029**
Liabilities		
Amounts owed to credit institutions	1,062,974,998	2,364,758,627
Amounts owed to customers	67,821,386	72,057,705
Subordinated liabilities	20,000,000	20,000,000
Accruals and Deferred Income	1,445,620	6,013,127
Other Liabilities	165,856	130,910
	1,152,407,860	**2,462,960,369**

Note 7 - Movements in fixed assets

	Cost				Value adjustments				Net
Amounts (in EUR)	Gross value at the beginning of the financial year 2016	Additions	Disposals	Gross value at the end of the financial year 2016	Cumulative value adjustments at the beginning of the financial year 2016	Value adjustments	Reversal of value of adjustments	Cumulative value adjustments at the end of the financial year 2016	Net book value at the end of the financial year 2016
Debt Securities including fixed income transferable securities held as financial fixed assets	91,500,000	-	-	91,500,000	-	-	-	-	91,500,000
	91,500,000	**-**	**-**	**91,500,000**	**-**	**-**	**-**	**-**	**91,500,000**
Long term investments including:									
Participating interests	8,058	-	-	8,058	(3,099)	(1)	-	(3,100)	4,958
Shares in affiliated undertaking	410	-	-	410	(305)	(1)	-	(306)	104
	8,468	**-**	**-**	**8,468**	**(3,404)**	**(2)**	**-**	**(3,406)**	**5,062**
Intangible fixed assets									
Software and Consultancy	4,799,794	472,852	(1,287)	5,271,359	(3,764,843)	(653,826)	-	(4,418,669)	852,690
	4,799,794	**472,852**	**(1,287)**	**5,271,359**	**(3,764,843)**	**(653,826)**	**-**	**(4,418,669)**	**852,690**
Tangible fixed assets including:									
Other fixtures and fittings, tools and equipment	6,096,973	86,473	(231,232)	5,952,214	(5,700,570)	(173,673)	94,816	(5,779,427)	172,787
Technical equipment and machinery	1,033,171	9,105	-	1,042,276	(825,419)	(58,137)	-	(883,556)	158,720
	7,130,144	**95,578**	**(231,232)**	**6,994,490**	**(6,525,989)**	**(231,810)**	**94,816**	**(6,662,983)**	**331,507**

Note 8 - Other Assets

An outstanding balance of receivable of EUR 10.2 million has been subject to value adjustment of EUR 2.8 million further to an out-of-court settlement procedure for a final agreement which is expected into 2017. The lump-sum provision has been reversed in the same amount (EUR 2.8 million).

Note 9 - Subordinated liabilities

The following subordinated borrowings granted by the Parent Company, Eurobank Ergasias S.A., were outstanding at December 31, 2016:

Currency	Nominal value	Maturity date
EUR	20,000,000	30/03/2017
Total	**20,000,000**	

Interest periods (starting from the date of the drawdown of the loan) have a duration of three months. The interest rate applicable is EURIBOR 3 months +275 bps. Interest paid during the year amounts to EUR 510,545 (2015: EUR 559,368).

Note 10 - Subscribed capital

The authorised and paid-up share capital of the Bank amounts to EUR 70,000,000. The Bank's capital comprised the following shares at the end of the year:

	Number	Nominal value	Total EUR
Registered shares	500,000	140	70,000,000

Note 11 - Reserves

11.1 Legal reserve
In accordance with Luxembourg law, the Bank is required to transfer at least 5% of its annual profit to the legal reserve until this equals 10% of subscribed capital. The legal reserve is not available for distribution to shareholders.

11.2 Special reserve
In accordance with the tax law, the Bank reduces the Net Wealth Tax liability by deducting it from itself. In order to comply with the tax law, the Bank allocates under non-distributable reserves (item "special reserve") an amount that corresponds to five times the amount of reduction of the Net Wealth Tax. This reserve is non-distributable for a period of five years from the year following the one during which the Net Wealth Tax was reduced.

11.3 Interim dividend
In accordance with article 72-2 of the amended Law of August 10, 1915 on commercial companies, the meeting of the Board of Directors dated December 9, 2016 approved the distribution of an interim dividend amounting to EUR 20,000,000 which was paid on December 14, 2016.

Note 12 - Shareholders' equity

The movements of shareholders' equity of the Bank may be summarised as follows:

		Reserves					
	Subscribed Capital EUR	Legal Reserve EUR	Special Reserve EUR	Total Reserve EUR	Profit brought forward EUR	Current year profit EUR	Total EUR
Balance at December 31, 2015	70,000,000	7,000,000	24,147,990	31,147,990	190,114,383	11,866,054	303,128,427
Interim Dividend	-	-	-	-	(20,000,000)	-	(20,000,000)
Transfer to legal reserve	-	-	-	-	-	-	-
Transfer to special reserve	-	-	(3,554,190)	(3,554,190)	3,554,190	-	-
Profit brought forward	-	-	-	-	11,866,054	(11,866,054)	-
Current year Profit	-	-	-	-	-	11,899,796	11,899,796
Balance at December 31, 2016	70,000,000	7,000,000	20,593,800	27,593,800	185,534,627	11,899,796	295,028,223

The appropriation of the 2015 result was approved by the Annual Meeting of Shareholders on March 8, 2016.

Note 13 - Assets and liabilities denominated in foreign currencies

	2016 EUR	2015 EUR
Total assets in foreign currencies	455,152,096	514,071,084
Total liabilities in foreign currencies	467,291,485	460,935,409

Note 14 - Contingent liabilities and commitments

14.1 Contingent liabilities

As at December 31, 2016 the contingent liabilities include Guarantees and other direct substitutes for credit and amount to EUR 12,849,095 (2015: EUR 13,733,614).

14.2 Other off balance sheet commitments

	2016 EUR	2015 EUR
Assets held on behalf of third parties	4,573,788,935	4,792,156,347
Credits confirmed but not used	137,423,381	159,008,809
Repurchase agreements	622,630,888	428,788,082
Interest rate swaps	-	94,370,534
Forward foreign exchange transactions	52,720,037	1,171,179,112
Fiduciary operations	499,213,837	362,201,660
Options	15,920,617	11,909,626
	5,901,697,695	**7,019,614,170**

14.3 Deposit Guarantee Scheme

The Law of December 18, 2015 on the resolution, reorganisation and winding-up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes transposed the Bank Recovery and Resolution Directive (Directive 2014/59/UE) and the Deposit Guarantee Schemes Directive (Directive 2014/49/UE). The Deposit Guarantee and Investors Compensation Schemes set up by l'Association pour la Garantie des Dépôts Luxembourg (AGDL) is now replaced by an ex-ante contribution scheme.

The aggregate eligible deposits of each depositor is covered up to EUR 100,000 (Luxembourg Deposit Guarantee Schemes) and the aggregate eligible investment transactions of each investor is covered up to the amount of EUR 20,000 (Luxembourg Investors Compensation Schemes). Deposits resulting from private real estate transactions that serve social purposes or linked to the payment of insurance benefits or compensation for criminal injuries or wrongful conviction is covered over EUR 100,000 for 12 months at the maximum.

At December 31, 2016, the Bank has a provision of EUR 939,418 (2015: EUR 1,550,000) in relation to the deposit guarantee and investor compensation scheme (AGDL). The provision which has been created will be used accordingly against the contributions of the banks to the new Luxembourg banking resolution fund "Fonds de resolution Luxembourg" (FRL), and the new Luxembourg deposit guarantee fund "Fonds de garantie des dépôts Luxembourg" (FGDL).

The funded amount of the FRL will reach by the end of 2024 at least 1% of covered deposits, as defined in Article 1 number 36 of the Law, of all authorized credit institutions in all participating Member States. This amount is collected from the credit institutions through annual contributions during the years 2015 to 2024.

The target level of funding of the FGDL is set at 0.8% of covered deposits, as defined in Article 163 number 8 of the Law, of the relevant credit institutions and is to be reached by the end of 2018 through annual contributions. The contributions are made in the form of annual payments during the years 2016 to 2018. When the level of 0.8% is reached, the Luxembourgish credit institutions are to continue to contribute for 8 additional years in order to constitute an additional safety buffer of 0.8% of covered deposits as defined in Article 163 number 8 of the Law.

14.4 Management and fiduciary services

The Bank has provided the following management and fiduciary services to third parties in the course of the financial year:

- Investment management and advice
- Safekeeping and administration of securities
- Fiduciary services
- Agency services

Note 15 - Profit and loss account

15.1 Sources of income by geographical region (OECD)

By application of Article 69 of the amended law of June 17, 1992 on the annual accounts of credit institutions, sources of income have not been analysed by geographical region.

15.2 Tax charge

The Bank is liable to taxes on income, capital and net assets. The Luxembourg tax authorities have issued assessments for the years up to and including 2014. Tax liabilities, net of tax advances, are recorded under “provisions for taxation” in the balance sheet.

15.3 Net profit on financial operations

Net profit on financial operations at December 31, 2016 mainly includes gain on foreign exchange transactions.

15.4 Return on assets

The return on assets of the Bank for the year ended December 31, 2016 stands to 0.44% (2015: 0.30%).The return on assets is calculated as being the net profit divided by the total balance sheet.

15.5 Independent Auditor’s fees

For the year ending December 31, 2016, independent auditor’s fees are as follows:

	2016 EUR	2015 EUR
Audit fees	195,000	239,000
Audit related fees	-	-
Tax related fees	32,619	18,362
Other fees	37,160	45,723
	264,779	**303,085**

Note 16 - Staff and directors

16.1 Staff

Number of Bank's employees (including London Branch) at the end of the financial year 2016:

	2016 EUR	2015 EUR
Senior Management and Management	12	12
Employees	81	87
	93	**99**

16.2 Information relating to Management

Senior Management and Management received emoluments in respect of their duties totaling to EUR 1,713,385 (2015: EUR 1,716,688).

Board members received emoluments in respect of their duties totaling to EUR 150, 085 (2015: EUR 142,361).

As at December 31, 2016, loans totaling EUR 1,638,856 were granted to 6 members of Senior Management and Management (2015: EUR 1,609,484).

Guarantees (EUR 29,450) for the rent of apartments have been given on behalf of the Bank to 5 members of the Management and Senior Management (2015: EUR 29,450).

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