EUROBANK ERGASIAS S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MARCH 2016

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Company Registration No: 000223001000

Consolidated Interim Balance Sheet

	Note	31 March 2016 € million	31 December 2015 € million
ASSETS			
Cash and balances with central banks		**1,564**	1,798
Due from credit institutions		**2,846**	2,808
Financial instruments at fair value through profit or loss		**89**	100
Derivative financial instruments		**2,073**	1,884
Loans and advances to customers	14	**39,819**	39,893
Investment securities	15	**15,894**	16,291
Property, plant and equipment		**660**	666
Investment property	16	**939**	925
Intangible assets		**127**	127
Deferred tax assets	12	**4,859**	4,859
Other assets	18	**2,042**	2,151
Assets of disposal groups classified as held for sale	13	**2,026**	2,051
Total assets		**72,938**	73,553
LIABILITIES			
Due to central banks	19	**22,922**	25,267
Due to credit institutions	20	**5,830**	4,516
Derivative financial instruments		**2,614**	2,359
Due to customers	21	**31,828**	31,446
Debt securities in issue	22	**98**	150
Other liabilities	23	**722**	742
Liabilities of disposal groups classified as held for sale	13	**1,815**	1,941
Total liabilities		**65,829**	66,421
EQUITY			
Ordinary share capital	24	**656**	656
Share premium	24	**8,056**	8,055
Reserves and retained earnings		**(3,246)**	(3,241)
Preference shares	25	**950**	950
Total equity attributable to shareholders of the Bank		**6,416**	6,420
Preferred securities	26	**43**	43
Non controlling interests		**650**	669
Total equity		**7,109**	7,132
Total equity and liabilities		**72,938**	73,553

Notes on pages 6 to 36 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Income Statement

	Note	Three months ended 31 March 2016 € million	2015 € million
Net interest income		**383**	362
Net banking fee and commission income		**54**	55
Income from non banking services		**14**	13
Dividend income		**1**	0
Net trading income		**(4)**	(9)
Gains less losses from investment securities		**4**	9
Net other operating income	30	**62**	8
Operating income		**514**	438
Operating expenses	9	**(253)**	(243)
Profit from operations before impairments and restructuring costs		**261**	195
Impairment losses on loans and advances	10	**(175)**	(302)
Other impairment losses	11	**(2)**	(23)
Restructuring costs	11	**(9)**	(2)
Share of results of associated undertakings and joint ventures		**0**	0
Profit/(loss) before tax		**75**	(132)
Income tax	12	**(17)**	36
Net profit/(loss) from continuing operations		**58**	(96)
Net profit/(loss) from discontinued operations	13	**9**	8
Net profit/(loss)		**67**	(88)
Net profit/(loss) attributable to non controlling interests		**7**	6
Net profit/(loss) attributable to shareholders		**60**	(94)
		€	€
Earnings/(losses) per share			
-Basic earnings/(losses) per share	8	**0.03**	(0.64)
Earnings/(losses) per share from continuing operations			
-Basic earnings/(losses) per share	8	**0.02**	(0.70)

Notes on pages 6 to 36 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Statement of Comprehensive Income

	Three months ended 31 March			
	2016		2015	
	€ million		€ million	
Net profit/(loss)		**67**		(88)
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- net changes in fair value, net of tax	**1**		4	
- transfer to net profit, net of tax	**(1)**	**(0)**	(1)	3
Available for sale securities				
- net changes in fair value, net of tax	**(26)**		(7)	
- transfer to net profit, net of tax	**(31)**	**(57)**	(15)	(22)
Foreign currency translation				
- net changes in fair value, net of tax	**(7)**	**(7)**	2	2
Other comprehensive income		**(64)**		(17)
Total comprehensive income attributable to:				
Shareholders				
- from continuing operations	**26**		(173)	
- from discontinued operations	**(30)**	**(4)**	62	(111)
Non controlling interests				
- from continuing operations	**7**		6	
- from discontinued operations	**(0)**	**7**	(0)	6
		3		(105)

Notes on pages 6 to 36 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Statement of Changes in Equity

	Total equity attributable to shareholders of the Bank							
	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Preferred securities € million	Non controlling interests € million	Total € million
Balance at 1 January 2015	4,412	6,682	3,293	(9,778)	950	77	668	6,304
Net profit/(loss)	-	-	-	(94)	-	-	6	(88)
Other comprehensive income	-	-	(17)	-	-	-	-	(17)
Total comprehensive income for the three months ended 31 March 2015	-	-	(17)	(94)	-	-	6	(105)
Acquisition/changes in participating interests in subsidiary undertakings	-	-	-	(0)	-	-	(1)	(1)
(Purchase)/sale of treasury shares	(4)	3	-	(1)	-	-	-	(2)
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(24)	(24)
Share-based payment:								
- Value of employee services	-	-	-	0	-	-	0	0
	(4)	3	-	(1)	-	-	(25)	(27)
Balance at 31 March 2015	4,408	6,685	3,276	(9,873)	950	77	649	6,172
Balance at 1 January 2016	**656**	**8,055**	**7,786**	**(11,027)**	**950**	**43**	**669**	**7,132**
Net profit/(loss)	-	-	-	60	-	-	7	**67**
Other comprehensive income	-	-	(64)	-	-	-	0	**(64)**
Total comprehensive income for the three months ended 31 March 2016	**-**	**-**	**(64)**	**60**	**-**	**-**	**7**	**3**
Acquisition/changes in participating interests in subsidiary undertakings	-	-	-	0	-	-	(2)	**(2)**
(Purchase)/sale of treasury shares (note 24)	0	1	-	(1)	-	-	-	**(0)**
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(24)	**(24)**
Share-based payment:								
- Value of employee services	-	-	0	-	-	-	0	**0**
	0	**1**	**0**	**(1)**	**-**	**-**	**(26)**	**(26)**
Balance at 31 March 2016	**656**	**8,056**	**7,722**	**(10,968)**	**950**	**43**	**650**	**7,109**
	Note 24	Note 24			Note 25	Note 26		

Notes on pages 6 to 36 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Cash Flow Statement

	Note	Three months ended 31 March 2016 € million	2015 € million
Cash flows from continuing operating activities			
Profit/(loss) before income tax from continuing operations		**75**	(132)
Adjustments for :			
Impairment losses on loans and advances		**175**	302
Other impairment losses and provisions		**11**	25
Depreciation and amortisation		**20**	23
Other (income)/losses on investment securities	28	**(19)**	(69)
(Income)/losses on debt securities in issue		**-**	(16)
Other adjustments	30	**(57)**	(9)
		205	124
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(66)**	(48)
Net (increase)/decrease in financial instruments at fair value through profit or loss		**12**	(53)
Net (increase)/decrease in due from credit institutions		**(192)**	(458)
Net (increase)/decrease in loans and advances to customers		**169**	(1,063)
Net (increase)/decrease in derivative financial instruments		**43**	482
Net (increase)/decrease in other assets		**128**	(7)
Net increase/(decrease) in due to central banks and credit institutions		**(1,138)**	7,496
Net increase/(decrease) in due to customers		**49**	(5,745)
Net increase/(decrease) in other liabilities		**(38)**	(95)
		(1,033)	509
Income taxes paid		**(2)**	(2)
Net cash from/(used in) continuing operating activities		**(830)**	631
Cash flows from continuing investing activities			
Purchases of property, plant and equipment and intangible assets		**(25)**	(23)
Proceeds from sale of property, plant and equipment and intangible assets		**8**	5
(Purchases)/sales and redemptions of investment securities		**393**	119
Acquisition of Alpha Bank's Branch in Bulgaria, net of cash acquired	30	**40**	-
(Acquisition)/Disposal of associated undertakings and joint ventures		**(10)**	6
Dividends from investment securities, associated undertakings and joint ventures		**1**	0
Net cash from/(used in) continuing investing activities		**407**	107
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt securities in issue		**(141)**	(63)
Expenses paid for share capital increase		**(6)**	-
(Purchase)/sale of treasury shares		**(0)**	(2)
Dividends distributed by subsidiaries attributable to non-controlling interests		**(24)**	(24)
Net cash from/(used in) continuing financing activities		**(171)**	(89)
Effect of exchange rate changes on cash and cash equivalents		**1**	4
Net increase/(decrease) in cash and cash equivalents from continuing operations		**(593)**	653
Net cash flows from discontinued operating activities		**(271)**	(109)
Net cash flows from discontinued investing activities		**251**	89
Net cash flows from discontinued financing activities		**(2)**	-
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**(22)**	(20)
Cash and cash equivalents at beginning of period	28	**2,205**	1,978
Cash and cash equivalents at end of period	28	**1,590**	2,611

Notes on pages 6 to 36 form an integral part of these condensed consolidated interim financial statements

1. General information

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 17 May 2016.

2. Principal accounting policies

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

Going concern considerations

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

<u>Macroeconomic environment</u>
In the first months of 2016, the macroeconomic environment in Greece has remained challenging for the Greek banking system. Following the ongoing negotiations with its European partners during the last months and after the outcome of the Eurogroup dated 9 May, Greece is a step closer to the successful completion of the first review of the Third Economic Adjustment Program (TEAP), which was signed in August 2015. In particular, the Greek Government has already legislated the social security and pension reform and the overhaul of the income tax code, two of the key prior actions of the program. The said measures, projected to secure savings of € 3.6 bn in the period 2016-2018, are part of a package worth € 5.4 bn that Greece is required to adopt for achieving the fiscal target for a primary surplus of 3.5% of GDP in 2018. According to the Eurogroup decision, the remaining key deliverables relate to: (a) a package of the additional fiscal parametric measures worth € 1.8 bn, (b) the establishment of the Privatization and Investment Fund, (c) the finalization of the NPL (Non performing loans) resolution mechanism and (d) a contingency mechanism, which will ensure that when Greece deviates from the annual primary surplus targets in the program, based on an objective assessment, a package of measures would be automatically activated. Conditional on the implementation of the above prior actions, the conclusion of the first review is expected on the next Eurogroup of 24 May.

A swift completion of the program review may contribute to significant positive developments, including the reinstatement by ECB of the waiver for the instruments issued by the Hellenic Republic, the improvement of the advance rates for providing Eurosystem financing with Pillar II guarantees as collateral, the participation in the European Central Bank's (ECB) quantitative easing (QE) program, the payment of the general government arrears to the private sector and the initiation of the official discussions on additional debt relief measures to Greece in line with the August 2015 agreement. Furthermore, it would facilitate the restoration of confidence in the prospects of the Greek economy, the gradual relaxation of the capital controls that will eventually lead to their full removal in due course and the further stabilization of the domestic environment, which are necessary conditions for the resumption of positive economic growth as early as in the second half of 2016.

Currently, the main risks and uncertainties are associated with (a) a further delay in the conclusion of the first review of the TEAP, in spite of the progress mentioned above, (b) the negative effect on the real economy of all the additional fiscal measures included in the key prior actions for the review, (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 and (f) the geopolitical conditions in the broader region and the external shocks from the global economy.

<u>Liquidity risk</u>
In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the European Stability Mechanism (ESM) program. The decisive implementation of the measures agreed in the context of the new ESM program will permit ECB to reinstate the waiver for the instruments issued by the Hellenic Republic and may signal the gradual return of deposits in the banking system, and the further re-access to the markets for liquidity.

In the first quarter of 2016, the Bank has managed to further reduce its dependence on Eurosystem funding amounting to € 22.9 bn at the end of March 2016 (31 December 2015: € 25.3 bn) through an increase in repo transactions in the interbank market and the selective assets deleveraging (note 19).

Solvency risk

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

The Group, following the successful completion of its recapitalization in November 2015, exclusively from private sources, is focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, and by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets. One of the key areas of focus remains the active management of non-performing loans, taking advantage of the Group's internal infrastructure and the important legislative changes that have taken or are expected to take place, aiming to substantially reduce their stock in due course. The Group's Common Equity Tier 1 (CET1) ratio stood at 16.5 % at the end of March 2016 (note 6).

Going concern assessment

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

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

Amendments to standards adopted by the Group

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

IAS 1, Amendment - Disclosure initiative

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

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

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

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

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

IAS 19, Amendment - Defined Benefit Plans: Employee Contributions

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

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

IAS 27, Amendment - Equity Method in Separate Financial Statements

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

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

IFRS 11, Amendment – Accounting for Acquisitions of Interests in Joint Operations
This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.
The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle
The amendments introduce key changes to seven IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The topics addressed by these amendments are set out below:
- Definition of vesting condition in IFRS 2 'Share – based Payment';
- Accounting for contingent consideration in a business combination in IFRS 3 'Business Combinations;
- Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets in IFRS 8 'Operating Segment';
- Short-term receivables and payables in IFRS 13 'Fair Value Measurement';
- Revaluation method—proportionate restatement of accumulated depreciation in IAS 16 'Property, Plant and Equipment';
- Key management personnel in IAS 24 'Related Party Disclosures'; and
- Revaluation method—proportionate restatement of accumulated amortization in IAS 38 'Intangible Assets'

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

Annual Improvements to IFRSs 2012-2014 Cycle
The amendments introduce key changes to four IFRSs following the publication of the results of the IASB's 2012-14 cycle of the annual improvements project. The topics addressed by these amendments are set out below:
- Clarifying in IFRS 5 'Non-current assets held for sale and discontinued operations' that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.
- Adding in IFRS 7 'Financial instruments: Disclosures' specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. It also clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.
- Clarifying in IAS 19 'Employee benefits' that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.
- Clarifying in IAS 34 'Interim financial reporting' what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

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

3. Critical accounting estimates and judgments in applying accounting policies

In preparing these condensed consolidated interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published consolidated annual financial statements for the year ended 31 December 2015, which are those regarded by Management as the most important in applying the Group's accounting policies.
Further information about key assumptions and sources of estimation uncertainty are set out in the notes to the financial statements 5, 12, 13, 27 and 30.

4. Greek Economy Liquidity Support Program

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

(a) First stream - preference shares

345,500,000 non-voting, preference shares, with nominal value of € 950 million, were subscribed to by the Hellenic Republic on 21 May 2009 (note 25).

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

As at 31 March 2016, the government guaranteed bonds, of face value of € 9,527 million, were fully retained by the Bank. During the first quarter of 2016, the Bank proceeded with the redemption of government guaranteed bonds of face value of € 3,016 million, while bonds of face value of € 500 million matured, all of which were fully retained by the Bank. In May 2016, bonds of face value of € 1,650 million matured (note 22).

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

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

5. Credit exposure to Greek sovereign debt

As at 31 March 2016, the total carrying value of Greek sovereign major exposures is as follows:

	31 March 2016 € million	31 December 2015 € million
Treasury bills	**1,928**	2,157
Greek government bonds	**1,651**	1,677
Derivatives with the Greek state	**1,103**	992
Exposure relating with Greek sovereign risk financial guarantee	**205**	208
Loans guaranteed by the Greek state	**156**	176
Loans to Greek local authorities and public organizations	**82**	86
Other receivables	**18**	17
Total	**5,143**	5,313

As at 31 March 2016, the total carrying value of Greek sovereign major exposures of insurance operations classified as held for sale consisted of: a) Treasury bills € 507 million (31 December 2015: € 275 million) and b) Greek government bonds € 232 million (31 December 2015: € 242 million).

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

Information on the fair values of the Group's financial instruments is provided in note 27.

6. Capital management

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

Additionally, Law 4340/2015 (as amended by Law 4346/2015) updated the recapitalization framework of Greek credit institutions and the relevant provisions of Law 3864/2010 regarding the Hellenic Financial Stability Fund (HFSF). More specifically, it regulates, among others, the conditions and the procedure through which HFSF provides capital support to Greek credit institutions, enriches HFSF's rights towards Greek credit institutions to which HFSF has provided capital support and also introduces additional provisions concerning the composition and evaluation of the boards of directors and committees of credit institutions having signed a Relationship Framework Agreement with HFSF (note 32).

Capital position

	31 March 2016 € million	31 December 2015 € million
Total equity attributable to shareholders of the Bank	**6,416**	6,420
Add: Regulatory non-controlling interests	**259**	401
Less: Other regulatory adjustments	**(245)**	(198)
Common Equity Tier I Capital	**6,430**	6,623
Add: Preferred securities	**26**	30
Less: Other regulatory adjustments	**(26)**	(30)
Total Tier I Capital	**6,430**	6,623
Tier II capital-subordinated debt	**11**	15
Add: Other regulatory adjustments	**133**	147
Total Regulatory Capital	**6,574**	6,785
Risk Weighted Assets	**38,900**	38,888
Ratios:	**%**	%
Common Equity Tier I	**16.5**	17.0
Tier I	**16.5**	17.0
Capital Adequacy Ratio	**16.9**	17.4

Note: The CET1 as at 31 March 2016, based on the full implementation of the Basel III rules in 2024, would have been 13.1% (31 December 2015: 13.1%).

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

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

Restructuring plan

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

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

The Group is well on track to meet its commitments within the prescribed deadlines. Further information on the principal commitments to be implemented, the basic assumptions used and the potential effect on the Group's business is presented in note 6 of the consolidated financial statements for the year ended 31 December 2015.

Monitoring Trustee

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

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

7. Segment information

Management has determined the operating segments based on the internal reports reviewed by the Strategic Planning Committee that are used to allocate resources and to assess their performance in order to make strategic decisions. The Strategic Planning Committee considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business in Greece and other countries in Europe (International). Greece is further segregated into retail, wholesale, wealth management, global and capital markets. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

The Group is organized in the following reportable segments:

- Retail: incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate: incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities, custody, equity brokerage, cash and trade services.
- Wealth Management: incorporating private banking services, including total wealth management, to medium and high net worth individuals, insurance, mutual fund and investment savings products, and institutional asset management.
- Global and Capital Markets: incorporating investment banking services including corporate finance, merger and acquisitions advice, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialized financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- International: incorporating operations in Romania, Bulgaria, Serbia, Cyprus, Ukraine and Luxembourg.

From the fourth quarter of 2015, the equity brokerage and custody services of the Group's operations in Greece are incorporated in the Corporate segment, instead of Global and Capital Markets segment. Therefore, the comparative figures for the period ended 31 March 2015 have been adjusted accordingly.

Other operations of the Group comprise mainly investing activities, including property management and investment and the management of unallocated capital.

The Group's management reporting is based on International Financial Reporting Standards (IFRS). The accounting policies of the Group's operating segments are the same with those described in the principal accounting policies.

Revenues from transactions between business segments are allocated on a mutually agreed basis at rates that approximate market prices.

Operating segments

	For the three months ended 31 March 2016						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	156	94	2	44	104	(17)	383
Net commission income	13	19	7	(11)	23	3	54
Other net revenue	0	(1)	0	(1)	13	66	77
Total external revenue	169	112	9	32	140	52	514
Inter-segment revenue	19	6	(18)	(7)	(0)	(0)	-
Total revenue	188	118	(9)	25	140	52	514
Operating expenses	(122)	(28)	(8)	(22)	(67)	(6)	(253)
Impairment losses on loans and advances	(102)	(39)	(1)	-	(33)	-	(175)
Other impairment losses (note 11)	-	(1)	(1)	-	(0)	(0)	(2)
Profit/(loss) before tax from continuing operations before restructuring costs	(36)	50	(19)	3	40	46	84
Restructuring costs (note 11)	(0)	(0)	(0)	-	(8)	(1)	(9)
Profit/(loss) before tax from continuing operations[1]	(36)	50	(19)	3	32	45	75
Profit/(loss) before tax from discontinued operations	-	-	28	-	(2)	-	26
Non controlling interests	-	-	-	-	(0)	(7)	(7)
Profit/(loss) before tax attributable to shareholders	(36)	50	9	3	30	38	94

	31 March 2016						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center [2] € million	Total € million
Segment assets	22,204	11,823	2,078	14,536	12,573	9,724	72,938
Segment liabilities	18,033	2,393	2,815	31,795	11,165	(372)	65,829

The International segment is further analyzed as follows:

	For the three months ended 31 March 2016						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	28	38	15	18	-	5	104
Net commission income	5	8	3	5	-	2	23
Other net revenue	6	7	0	0	-	(0)	13
Total external revenue	39	53	18	23	-	7	140
Inter-segment revenue	(0)	(0)	(0)	(0)	-	(0)	(0)
Total revenue	39	53	18	23	-	7	140
Operating expenses	(24)	(21)	(11)	(7)	-	(4)	(67)
Impairment losses on loans and advances	(10)	(15)	(5)	(3)	-	-	(33)
Other impairment losses	0	-	-	(0)	-	-	(0)
Profit/(loss) before tax from continuing operations before restructuring costs	5	17	2	13	-	3	40
Restructuring costs	(0)	(8)	-	-	-	(0)	(8)
Profit/(loss) before tax from continuing operations[1]	5	9	2	13	-	3	32
Profit/(loss) before tax from discontinued operations	0	-	-	-	(2)	-	(2)
Non controlling interests	(0)	(0)	(0)	-	(0)	-	(0)
Profit/(loss) before tax attributable to shareholders	5	9	2	13	(2)	3	30

	31 March 2016						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	International € million
Segment assets[3]	2,986	3,210	1,238	3,786	94	1,437	12,573
Segment liabilities[3]	2,783	2,798	867	3,411	163	1,196	11,165

	For the three months ended 31 March 2015						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	156	88	3	27	105	(17)	362
Net commission income	8	22	10	(7)	21	1	55
Other net revenue	0	2	1	13	(1)	6	21
Total external revenue	164	112	14	33	125	(10)	438
Inter-segment revenue	18	3	(15)	(5)	(1)	(0)	-
Total revenue	182	115	(1)	28	124	(10)	438
Operating expenses	(121)	(27)	(7)	(16)	(66)	(6)	(243)
Impairment losses on loans and advances	(184)	(73)	(3)	(0)	(42)	-	(302)
Other impairment losses (note 11)	-	-	-	(17)	-	(6)	(23)
Profit/(loss) before tax from continuing operations before restructuring costs	(123)	15	(11)	(5)	16	(22)	(130)
Restructuring costs (note 11)	-	-	-	-	-	(2)	(2)
Profit/(loss) before tax from continuing operations[1]	(123)	15	(11)	(5)	16	(24)	(132)
Profit/(loss) before tax from discontinued operations	-	-	21	-	(7)	-	14
Non controlling interests	-	-	-	-	(0)	(7)	(7)
Profit/(loss) before tax attributable to shareholders	(123)	15	10	(5)	9	(31)	(125)

	31 December 2015						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center [2] € million	Total € million
Segment assets	22,501	11,889	2,097	14,209	12,740	10,117	73,553
Segment liabilities	18,003	2,485	2,912	32,543	11,411	(933)	66,421

	For the three months ended 31 March 2015						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	Total € million
Net interest income	31	34	18	15	-	7	105
Net commission income	5	7	3	4	-	2	21
Other net revenue	(1)	0	0	0	-	0	(1)
Total external revenue	35	41	21	19	-	9	125
Inter-segment revenue	(0)	(0)	-	0	-	(1)	(1)
Total revenue	35	41	21	19	-	8	124
Operating expenses	(25)	(19)	(12)	(7)	-	(3)	(66)
Impairment losses on loans and advances	(10)	(16)	(13)	(3)	-	-	(42)
Profit/(loss) before tax from continuing operations[1]	(0)	6	(4)	9	-	5	16
Profit/(loss) before tax from discontinued operations	0	-	-	-	(7)	-	(7)
Non controlling interests	(0)	(0)	(0)	-	(0)	-	(0)
Profit/(loss) before tax attributable to shareholders	0	6	(4)	9	(7)	5	9

	31 December 2015						
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Ukraine € million	Luxembourg € million	International € million
Segment assets[3]	3,235	3,186	1,254	3,724	130	1,405	12,740
Segment liabilities[3]	3,042	2,834	881	3,360	197	1,166	11,411

[1] *Income/(loss) from associated undertakings and joint ventures is included.*

[2] *Interbank eliminations between International and the other Group's segments are included.*

[3] *Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.*

Note: In the second quarter of 2015, the Bank transferred its operations in United Kingdom (London branch) to its subsidiary Eurobank Private Bank Luxembourg S.A. In particular, at the date of transfer total assets of London branch amounted to € 198 million and total liabilities amounted to € 196 million.

8. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Group has issued convertible, subject to certain conditions and restrictions, preferred securities (Series D, note 26).

		Three months ended 31 March	
		2016	2015
Net profit/(loss) for the period attributable to shareholders	*€ million*	**60**	(94)
Net profit/(loss) for the period from continuing operations attributable to shareholders	*€ million*	**51**	(102)
Weighted average number of ordinary shares in issue for basic earnings/(losses) per share	*Number of shares*	***2,185,376,203***	*147,017,307*
Earnings/(losses) per share			
- Basic earnings/(losses) per share	€	**0.03**	(0.64)
Earnings/(losses) per share from continuing operations			
- Basic earnings/(losses) per share	€	**0.02**	(0.70)

Basic earnings per share from discontinued operations for the period ended 31 March 2016 amounted to € 0.01 (31 March 2015: € 0.06 earnings).

The Group has determined that the potential ordinary shares which could result from the conversion of the aforementioned preferred securities are not deemed to be issuable on the basis of the conditions and restrictions currently in force (note 6). Accordingly, the Series D of preferred securities was not included in the calculation of diluted earnings per share.

9. Operating expenses

	31 March 2016 € million	31 March 2015 € million
Staff costs	**(138)**	(131)
Administrative expenses	**(61)**	(61)
Contributions to resolution and deposit guarantee funds	**(21)**	(15)
Depreciation of property, plant and equipment	**(14)**	(16)
Amortisation of intangible assets	**(6)**	(7)
Operating lease rentals	**(13)**	(13)
Total from continuing operations	**(253)**	(243)

Contributions to resolution and deposit guarantee funds

For the period ended 31 March 2016, the expense for contributions to the resolution and deposit guarantee funds amounted to € 21 million. With Law 4370/2016, which came into force in March 2016, the Directive 2014/49/EU was transposed into the Greek legislation replacing Law 3746/2009, and defining, among others, the scope and certain aspects of the operation of the Hellenic Deposit and Investment Guarantee Fund (HDIGF), the terms of participation of credit institutions as well as the process for determining and paying contributions to its Schemes. As at 31 March 2016, the Directive 2014/49/EU has been transposed into the national legislation of the EU countries where the Group has activities.

Staff costs

The average number of employees of the Group during the period was 17,528 of which the employees of Ukraine and insurance subsidiaries was 993 (March 2015: 17,831 of which the employees of Ukraine and insurance subsidiaries was 1,063). As at 31 March 2016, the number of branches of the Group amounted to 1,022 of which the branches of Ukraine subsidiaries was 45.

10. Impairment allowance for loans and advances to customers

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

	31 March 2016				
	Wholesale € million	Mortgage € million	Consumer [1] € million	Small business € million	Total € million
Balance at 1 January	4,693	2,172	2,765	2,160	11,790
Impairment loss for the period	52	46	55	22	175
Recoveries of amounts previously written off	-	-	1	-	1
Amounts written off	(249)	(15)	(73)	(14)	(351)
NPV unwinding	(23)	(16)	(20)	(23)	(82)
Foreign exchange differences and other movements	(7)	(15)	-	(7)	(29)
Balance at 31 March	4,466	2,172	2,728	2,138	11,504

[1] *Credit cards balances are included*

11. Other impairments and restructuring costs

	31 March 2016 € million	31 March 2015 € million
Impairment losses and valuation losses on investment and repossessed properties	**(1)**	(6)
Impairment losses on bonds	**-**	(17)
Impairment losses on mutual funds and equities	**(1)**	-
Other impairment losses	**(2)**	(23)
Restructuring costs	**(9)**	(2)
Integration costs relating with the operational merger of NHPB and New Proton	**-**	(0)
Restructuring costs	**(9)**	(2)
Total	**(11)**	(25)

In the first quarter of 2016, the Group recognized restructuring costs amounting to € 9 million, mainly relating with the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (note 30).

In the first quarter of 2015, the Bank recognized € 17 million impairment losses for the Ukrainian government bonds included in its held-to-maturity portfolio, due to the existing uncertainty in the economic and political conditions in the country.

12. Income tax

	31 March 2016 € million	31 March 2015 € million
Current tax	**(12)**	(11)
Deferred tax	**(5)**	47
Total tax (charge)/income from continuing operations	**(17)**	36

According to Law 4334/2015, which was enacted on 16 July 2015 and amended tax Law 4172/2013, the nominal Greek corporate tax rate increased from 26% to 29% for income generated in accounting years 2015 and onwards. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 15% withholding tax, according to Law 4387/2016, which was enacted on 12 May 2016 and increased the respective tax rate from 10% to 15%.

Tax certificate and open tax years

For the year ended 31 December 2011 and onwards as the Law 4174/2013 (article 65A) currently stands (and as Law 2238/1994 previously provided in article 82), up to and including fiscal years starting before 1 January 2016, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, are required to obtain an 'Annual Tax

Certificate', which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements.

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

The Group's subsidiaries, associates and joint ventures which operate in Greece (notes 17 and 18) have not been audited for a period of 1 to 6 tax years and where these entities are subject to statutory audit by external auditors, they have obtained unqualified tax certificates for years 2011 – 2014, while the tax audit from external auditors is in progress for 2015.

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

The open tax years of foreign Group's bank subsidiaries are as follows: (a) Bancpost S.A. (Romania), 2011-2015, (b) Eurobank Cyprus Ltd, 2012-2015, (c) Eurobank Bulgaria A.D., 2013-2015, (d) Eurobank A.D. Beograd (Serbia), 2010 -2015, and (e) Eurobank Private Bank Luxembourg S.A., 2009-2015. The remaining of the Group's foreign entities (notes 17 and 18), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 1 to 11 open tax years.

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

The movement on deferred income tax is as follows:

	31 March 2016 € million
Balance at 1 January	**4,854**
Income statement credit/(charge) from continued operations	**(5)**
Available for sale investment securities	**7**
Cash flow hedges	**1**
Discontinued operations	**(3)**
Balance at 31 March	**4,854**

The movement of discontinued operations for the period ended 31 March 2016 mainly refers to the recognition of additional DTL of € 3 million on certain taxable temporary differences, based on the relevant sale agreement for insurance operations (note 13).

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

	31 March 2016 € million	31 December 2015 € million
PSI+ tax related losses	**1,289**	1,302
Loan impairment	**2,825**	2,810
Unused tax losses	**308**	319
Valuations through the income statement	**309**	302
Costs directly attributable to equity transactions	**44**	46
Cash flow hedges	**30**	29
Valuations directly to available-for-sale revaluation reserve	**17**	9
Fixed assets	**(3)**	(1)
Defined benefit obligations	**12**	11
Other	**23**	27
Net deferred income tax	**4,854**	4,854

The net deferred income tax is analyzed as follows:

	31 March 2016 € million	31 December 2015 € million
Deferred income tax assets	**4,859**	4,859
Deferred income tax liabilities (note 23)	**(5)**	(5)
Net deferred income tax	**4,854**	4,854

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

	31 March 2016 € million	31 March 2015 € million
Loan impairment	**14**	45
Unused tax losses	**(10)**	8
Tax deductible PSI+ losses	**(13)**	(11)
Change in fair value and other temporary differences	**4**	5
Deferred income tax (charge)/credit from continued operations	**(5)**	47
Temporary differences relating to discontinued operations	**(3)**	-
Deferred income tax (charge)/credit	**(8)**	47

As at 31 March 2016, the Group recognized net deferred tax assets amounting to € 4.9 bn as follows:

(a) € 1,289 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;

(b) € 2,825 million refer to deductible temporary differences arising from loan impairment that can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction;

(c) € 308 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2018;

(d) € 44 million mainly refer to deductible temporary differences related to the unamortized for tax purposes costs directly attributable to Bank's share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred;

(e) € 388 million refer to other deductible temporary differences (i.e. valuation losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

Assessment of the recoverability of deferred tax assets

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

Additionally, the Group's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (forecasting operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Group entities will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences (i.e. profits/ losses on sale of investments or other assets, etc.) or in the years into which the tax losses can be carried forward, and (d) the historical levels of Group entities' performance in combination with the previous years' tax losses caused by one off or non-recurring events.

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

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

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

Legal framework for tax credit against the Greek State

According to article 27A of Law 4172/2013 as in force, which is applicable to Greek financial institutions, including leasing and factoring companies, deferred tax assets that have been recognized by the Bank due to (a) losses from the Private Sector Involvement ('PSI') and the Greek State Debt Buyback Program, and (b) accumulated provisions and other losses in general due to credit risk (provisions and credit losses) which were accounted as at 30 June 2015, will be converted into directly enforceable claims (tax credit) against the Greek State, provided that the Bank's after tax accounting result for the period, is a loss (starting from fiscal year 2016 onwards). As at 31 March 2016, deferred tax assets eligible for conversion to tax credits amounted to € 4,053 million. Further information is provided in the note 16 of the consolidated financial statements for the year ended 31 December 2015.

13. Discontinued operations

Insurance operations classified as held for sale

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

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

The completion of the Transaction is subject to regulatory approvals and is expected to be completed before the end of the third quarter of 2016.

The fair value less costs to sell of the Group's insurance operations, as determined by Management based on independent valuation reports, exceeds the respective carrying amount, therefore no impairment loss was recognized upon the remeasurement of the disposal group at the lower of its carrying amount and fair value less costs to sell. A combination of appropriate valuation techniques was used to determine the fair value of the Group's insurance operations, including relative valuation multiples for comparable entities, recent comparable transactions, and the dividend discount model which uses inputs such as target capital levels, estimated cash flows derived from the respective business plans, discount rates and long term growth rates. This non-recurring fair value measurement is categorized as Level 3 of the fair value hierarchy due to the significance of the unobservable inputs used.

As at 31 March 2016, cumulative gains (mainly related to the revaluation of available for sale securities) related to the insurance operations classified as held for sale recognized in other comprehensive income amounted to € 40 million (31 March 2015: € 114 million).

The results of the Group's Insurance operations classified as held for sale are set out below.

	Three months ended 31 March	
	2016	2015
	€ million	€ million
Net interest income	**14**	11
Net insurance income	**(21)**	10
Gains less losses from investment securities	**44**	9
Other income	**(2)**	(3)
Operating expenses	**(7)**	(6)
Profit/(loss) before tax from discontinued operations	**28**	21
Income tax [(1)]	**(17)**	(6)
Net Profit/(loss) from discontinued operations attributable to shareholders	**11**	15

[(1)] *During the first quarter of 2016, the Group increased the DTL on the taxable temporary differences (capital gains) associated with the investment in Eurolife ERB Insurance Group Holding S.A by € 3 million (note 12).*

The major classes of assets and liabilities of Insurance operations classified as held for sale are as follows:

	31 March 2016	31 December 2015
	€ million	€ million
Financial instruments at FVTPL and investment securities	**1,827**	1,816
Other assets	**105**	105
Total assets of disposal group classified as held for sale	**1,932**	1,921
Insurance reserves	**1,365**	1,324
Due to customers	**266**	421
Other liabilities	**74**	71
Total liabilities of disposal group classified as held for sale	**1,705**	1,816
Net intragroup assets of insurance operations	**181**	325
Net assets of disposal group classified as held for sale	**408**	430

Operations in Ukraine classified as held for sale

In March 2014, management committed to a plan to sell the Group's operations in Ukraine (including Public J.S.C. Universal Bank and ERB Property Services Ukraine LLC). The sale was considered probable, therefore, the Group's operations in Ukraine were classified as a disposal group held for sale. The Group's operations in Ukraine are presented in the International segment.

Following the classification of the disposal group as held for sale, in accordance with IFRS 5, the Group has measured it at the lower of its carrying amount and fair value less costs to sell. This is a non-recurring fair value measurement, categorized as Level 3 in the fair value hierarchy due to the significance of the unobservable inputs. The determination of fair value less costs to sell was based on recent bid offers received from third parties for the sale of the Group's operations in Ukraine, further adjusted by management in order to reflect the continuing stressed market environment.

The continuing adverse conditions in the country led to an extension of the period to complete the sale beyond one year. The Group's operations in Ukraine continue to be classified as a disposal group held for sale, as the Group remains committed to its plan to sell that disposal group. As at 31 March 2016, cumulative losses (currency translation differences) related to the Ukrainian held for sale operations recognized in other comprehensive income amounted to € 69 million (31 March 2015: mainly currency translation differences € 67 million).

The results of the Group's operations in Ukraine classified as held for sale are set out below.

	Three months ended 31 March	
	2016	2015
	€ million	€ million
Net interest income	**1**	1
Net banking fee and commission income	**1**	1
Other income/(loss) [1]	**0**	(5)
Operating expenses	**(3)**	(4)
Impairment and remeasurement losses on loans and advances	**(1)**	(0)
Profit/(loss) before tax from discontinued operations	**(2)**	(7)
Income tax	**0**	(0)
Profit/(loss) after tax from discontinued operations	**(2)**	(7)
Net profit/(loss) from discontinued operations attributable to non controlling interests	**(0)**	(0)
Net profit/(loss) from discontinued operations attributable to shareholders	**(2)**	(7)

[1] *Mainly referring to FX losses for the first quarter of 2015*

The major classes of assets and liabilities of the Group's operations in Ukraine classified as held for sale are as follows:

	31 March 2016	31 December 2015
	€ million	€ million
Cash and balances with central banks	**35**	46
Due from credit institutions	**7**	19
Trading and investment securities	**0**	2
Loans and advances to customers	**51**	62
Other assets	**1**	1
Total assets of disposal group classified as held for sale	**94**	130
Due to customers	**108**	123
Other liabilities	**2**	2
Total liabilities of disposal group classified as held for sale	**110**	125
Net Group funding associated with Ukraine assets held for sale	**53**	72
Net assets of disposal group classified as held for sale	**(69)**	(67)

14. Loans and advances to customers

	31 March 2016 € million	31 December 2015 € million
Wholesale lending	**19,432**	19,606
Mortgage lending	**18,183**	18,261
Consumer lending [1]	**6,491**	6,570
Small business lending	**7,217**	7,246
	51,323	51,683
Less: Impairment allowance (note 10)	**(11,504)**	(11,790)
	39,819	39,893

[1] *Credit cards balances are included*

As of 30 September 2014, in accordance with IAS 39, the Group has elected to reclassify certain impaired corporate bond loans from the 'Available-for-sale' portfolio to 'Loans and advances to customers' portfolio that met the definition of loans and receivables and the Group has the intention and ability to hold them for the foreseeable future or until maturity. The reclassifications were made with effect from 30 September 2014 at the loans' fair value of € 150 million (gross amount of € 592 million less fair value adjustment of € 442 million), which became their amortized cost at the reclassification date.

As at 31 March 2016, the carrying amount of these loans is € 93 million which approximates their fair value. No amounts would have been recognized in the OCI had these financial assets not been reclassified.

15. Investment securities

	31 March 2016 € million	31 December 2015 € million
Available-for-sale investment securities	**3,930**	4,282
Debt securities lending portfolio	**11,392**	11,391
Held-to-maturity investment securities	**572**	618
	15,894	16,291

The investment securities per category are analyzed as follows:

	31 March 2016			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,049	-	10,049
- Greek government bonds	757	891	-	1,648
- Greek government treasury bills	1,928	-	-	1,928
- Other government bonds	877	310	359	1,546
- Other issuers	232	142	213	587
	3,794	11,392	572	15,758
Equity securities	136	-	-	136
Total	3,930	11,392	572	15,894

	31 December 2015			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	10,042	-	10,042
- Greek government bonds	784	881	-	1,665
- Greek government treasury bills	2,157	-	-	2,157
- Other government bonds	981	311	394	1,686
- Other issuers	225	157	224	606
	4,147	11,391	618	16,156
Equity securities	135	-	-	135
Total	4,282	11,391	618	16,291

In 2008 and 2010, in accordance with the amendments to IAS 39, the Group reclassified eligible debt securities from the 'Available-for-sale' portfolio to 'Debt securities lending' portfolio carried at amortized cost. Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method. As at 31 March 2016, the carrying amount of the reclassified securities was € 1,019 million. Had the financial assets not been reclassified, changes in the fair value for the period from the reclassification date until 31 March 2016 would have resulted in € 357 million losses net of tax, which would have been recognized in the available-for-sale revaluation reserve.

Post Balance sheet event

In April 2016 the European Financial Stability Facility (EFSF) allowed Greek banks, that have been recapitalized with EFSF notes, to sell the respective notes to the members of the Eurosystem, in accordance with the conditions applicable to the Public Sector Asset Purchase Program (PSPP), established by the ECB. Accordingly, the Bank by 16 May has proceeded with the sale of EFSF notes of face value amounting to € 570 million.

16. Investment property

The movement of investment property (net book value) is as follows:

	31 March 2016 € million
Cost:	
Balance at 1 January	**997**
Arising from acquisition (note 30)	**1**
Transfers from/to repossessed assets	**7**
Additions	**14**
Disposals and write-offs	**(7)**
Exchange adjustments	**1**
Balance at 31 March	**1,013**
Accumulated depreciation:	
Balance at 1 January	**(72)**
Disposals and write-offs	**1**
Charge for the period	**(3)**
Exchange adjustments	**(0)**
Balance at 31 March	**(74)**
Net book value at 31 March	**939**

17. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 31 March 2016, included in the condensed consolidated interim financial statements for the period ended 31 March 2016:

Name	Note	Percentage holding	Country of incorporation	Line of business
Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services		98.01	Greece	Business-to-business e-commerce, accounting and tax services
Cloud Hellas S.A.	a	20.73	Greece	Real estate
ERB Insurance Services S.A.		100.00	Greece	Insurance brokerage
Eurobank Asset Management Mutual Fund Mngt Company S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Business Services S.A.		100.00	Greece	Payroll and advisory services
Eurobank Equities S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing S.A.		100.00	Greece	Leasing
Eurobank Factors S.A.		100.00	Greece	Factoring
Eurobank Financial Planning Services S.A.		100.00	Greece	Management of overdue loans
Eurobank Household Lending Services S.A.		100.00	Greece	Promotion/management of household
GRIVALIA PROPERTIES R.E.I.C.	a	20.73	Greece	Real estate
Eurobank Property Services S.A.		100.00	Greece	Real estate services
Eurobank Remedial Services S.A.		100.00	Greece	Notification to overdue debtors
Eurolife ERB General Insurance S.A.		100.00	Greece	Insurance services
Eurolife ERB Life Insurance S.A.		100.00	Greece	Insurance services
Hellenic Post Credit S.A.		50.00	Greece	Credit card management and other services
Eurobank ERB Mutual Funds Mngt Company S.A.		100.00	Greece	Mutual fund management
Eurolife ERB Insurance Group Holdings S.A.		100.00	Greece	Holding company
Herald Greece Real Estate development and services company 1		100.00	Greece	Real estate
Herald Greece Real Estate development and services company 2		100.00	Greece	Real estate
Diethnis Ktimatiki S.A.		100.00	Greece	Real estate
Eurobank Bulgaria A.D.		99.99	Bulgaria	Banking
Bulgarian Retail Services A.D.		100.00	Bulgaria	Rendering of financial services and credit card management
ERB Property Services Sofia A.D.		100.00	Bulgaria	Real estate services
ERB Leasing E.A.D.		100.00	Bulgaria	Leasing
IMO 03 E.A.D.		100.00	Bulgaria	Real estate services
IMO Central Office E.A.D.		100.00	Bulgaria	Real estate services
IMO Property Investments Sofia E.A.D.		100.00	Bulgaria	Real estate services
IMO Rila E.A.D.		100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
ERB Hellas Funding Ltd		100.00	Channel Islands	Special purpose financing vehicle
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
CEH Balkan Holdings Ltd		100.00	Cyprus	Holding company
Chamia Enterprises Company Ltd		100.00	Cyprus	Special purpose investment vehicle
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramonio Ltd		100.00	Cyprus	Real estate
NEU 03 Property Holding Ltd		100.00	Cyprus	Holding company
NEU II Property Holdings Ltd		100.00	Cyprus	Holding company
NEU BG Central Office Ltd		100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		100.00	Luxembourg	Fund management
Eurobank Holding (Luxembourg) S.A.		100.00	Luxembourg	Holding company
Grivalia Hospitality S.A.	a	20.73	Luxembourg	Real estate
Grivalia New Europe S.A.	a	20.73	Luxembourg	Real estate
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company
Bancpost S.A.		99.15	Romania	Banking
Eliade Tower S.A.	a	20.73	Romania	Real estate
ERB IT Shared Services S.A.		100.00	Romania	Informatics data processing
ERB Leasing IFN S.A.		100.00	Romania	Leasing
ERB Retail Services IFN S.A.		100.00	Romania	Credit card management
ERB ROM Consult S.A.	b	100.00	Romania	Consultancy services
Eurobank Finance S.A.		100.00	Romania	Investment banking
Eurobank Property Services S.A.		100.00	Romania	Real estate services
Eurolife ERB Asigurari De Viata S.A.		100.00	Romania	Insurance services

Name	Note	Percentage holding	Country of incorporation	Line of business
Eurolife ERB Asigurari Generale S.A.		100.00	Romania	Insurance services
IMO Property Investments Bucuresti S.A.		100.00	Romania	Real estate services
IMO-II Property Investments S.A.		100.00	Romania	Real estate services
Retail Development S.A.	a	20.73	Romania	Real estate
Seferco Development S.A.	a	20.73	Romania	Real estate
Eurobank A.D. Beograd		99.98	Serbia	Banking
ERB Asset Fin d.o.o. Beograd		100.00	Serbia	Asset management
ERB Leasing A.D. Beograd		99.99	Serbia	Leasing
ERB Property Services d.o.o. Beograd		100.00	Serbia	Real estate services
IMO Property Investments A.D. Beograd		100.00	Serbia	Real estate services
Reco Real Property A.D.	a	20.73	Serbia	Real estate
ERB Istanbul Holding A.S.		100.00	Turkey	Holding company
Public J.S.C. Universal Bank	c	99.99	Ukraine	Banking
ERB Property Services Ukraine LLC		100.00	Ukraine	Real estate services
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Anaptyxi II Plc (1)		-	United Kingdom	Special purpose financing vehicle
Anaptyxi SME I Plc		-	United Kingdom	Special purpose financing vehicle
Daneion 2007-1 Plc		-	United Kingdom	Special purpose financing vehicle
Daneion APC Ltd		-	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion II Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Themeleion III Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Themeleion IV Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Themeleion Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle

(1) *SPVs under liquidation*

The following entities are not included in the condensed consolidated interim financial statements mainly due to immateriality:

(i) Holding entities of Group's special purpose financing vehicles: (a) Anaptyxi II Holdings Ltd, Themeleion III Holdings Ltd and Themeleion IV Holdings Ltd, which are under liquidation and (b) Anaptyxi SME I Holdings Ltd, Daneion Holdings Ltd and Karta II Holdings Ltd.

(ii) Dormant/under liquidation entities: Enalios Real Estate Development S.A., Hotels of Greece S.A., Proton Mutual Funds Management Company S.A.

(iii) Entities controlled by the Group pursuant to the terms of the relevant share pledge agreements: Finas S.A., Rovinvest S.A., Provet S.A. and Promivet S.A.

(a) GRIVALIA subgroup (GRIVALIA PROPERTIES R.E.I.C. and its subsidiaries)

During the first quarter of 2016 the Group acquired, through its subsidiaries Eurolife ERB Life Insurance S.A. and Eurolife ERB General Insurance S.A. 0.25% of GRIVALIA PROPERTIES R.E.I.C., and thus the total Group participation to GRIVALIA subgroup amounted to 20.73% at 31 March 2016.

(b) ERB ROM Consult S.A., Romania

In February 2016, the liquidation of the company was decided.

(c) Public J.S.C. Universal Bank, Ukraine

In March 2016, the General Meeting of the shareholders of the company approved the results of the share capital increase, which was fully covered by ERB New Europe Holding B.V.; the relevant process will be completed with the appropriate registration by the local authority. Following the above, the Group's participation to the company increases from 99.97% to 99.99%.

Post Balance sheet event

GRIVALIA subgroup (GRIVALIA PROPERTIES R.E.I.C. and its subsidiaries)

In April and May 2016, the Group acquired, through its subsidiaries Eurolife ERB Life Insurance S.A. and Eurolife ERB General Insurance S.A. 0.19% of GRIVALIA PROPERTIES R.E.I.C., and thus the total Group participation to GRIVALIA subgroup amounts to 20.92%.

18. Other assets

	31 March 2016 € million	31 December 2015 € million
Receivable from Deposit Guarantee and Investment Fund	**681**	677
Repossessed properties and relative prepayments	**444**	463
Pledged amount for a Greek sovereign risk financial guarantee	**254**	258
Income tax receivable	**267**	271
Other guarantees	**87**	182
Prepaid expenses and accrued income	**55**	39
Investments in associated undertakings and joint ventures (see below)	**19**	10
Other assets	**235**	251
	2,042	2,151

As at 31 March 2016, other assets amounting to € 235 million (2015: € 251 million) mainly consist of receivables from a) settlement balances with customers, b) public entities and c) legal cases, net of provisions.

The following is a listing of the Group's associated undertakings and joint ventures as at 31 March 2016:

Name	Note	Country of incorporation	Line of business	Percentage Holding
Femion Ltd		Cyprus	Special purpose investment vehicle	66.45
Tefin S.A. (1)		Greece	Motor vehicle sales financing	50.00
Singidunum - Buildings d.o.o. Beograd	b	Serbia	Development of building projects	50.00
Sinda Enterprises Company Ltd		Cyprus	Special purpose investment vehicle	48.00
Global Finance S.A.		Greece	Investment Financing	33.82
Rosequeens Properties Ltd		Cyprus	Special purpose investment vehicle	33.33
Rosequeens Properties SRL		Romania	Real estate company	33.33
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00

(1) In December 2013, the Extraordinary General Meeting of shareholders of the company decided its liquidation.

The Group's associated undertakings are Global Finance S.A. and Odyssey GP S.a.r.l.

(a) Unitfinance S.A., Greece
In the first quarter of 2016, the liquidation of the company was completed.

(b) Singidunum - Buildings d.o.o. Beograd, Serbia
In February 2016, IMO Property Investments A.D. Beograd acquired 50% of the shares and voting rights of Singidunum - Buildings d.o.o. Beograd ('Singidunum'), a real estate company incorporated in Serbia, for a cash consideration of € 10 million. At the date of acquisition, the Group's share of the net fair value of Singidunum's identifiable assets and liabilities amounted to € 10.16 million. Therefore, an excess amount of € 0.16 million over the cost of the investment arose, which was included as income in the Group's share of the entity's results for the period ended 31 March 2016. Based on the contractual terms of the shareholders' agreements and the substance of the arrangement, Singidunum is accounted as a joint venture of the Group.

Post Balance sheet event

In April 2016, the Group's participation in Singidunum decreased from 50% to 45.68%, following a debt to equity conversion in favor of the other shareholder, Lamda Development B.V., without changing the accounting of the entity as a joint venture. The Group's participation in the entity is expected to be further decreased to 44.81% following the completion of its additional share capital increase which is currently in progress.

19. Due to central banks

	31 March 2016 € million	31 December 2015 € million
Secured borrowing from ECB and BoG	**22,922**	25,267

As at 31 March 2016, the Bank has lowered its dependency on Eurosystem financing facilities to € 22.9 bn (of which € 18.3 bn funding from ELA), as a result of the increase of wholesale secured funding and the selective assets deleveraging.

20. Due to credit institutions

	31 March 2016 € million	31 December 2015 € million
Secured borrowing from other banks	**5,193**	3,969
Borrowings from international financial and other institutions	**460**	478
Interbank takings	**40**	39
Current accounts and settlement balances with banks	**30**	30
Other borrowings	**107**	-
	5,830	4,516

As at 31 March 2016, borrowings from international financial and other institutions include funds received by the Bank from IFG – Greek SME Finance S.A. of € 99 million, in order to provide financing to Small & Medium-Sized Enterprises (SMEs). The funds originated from the German and Greek State and are under the management of KFW (German government-owned development bank) and ETEAN S.A. (Hellenic fund for entrepreneurship and development) respectively.

As at 31 March 2016, other borrowings refer to funds received from a special purpose entity of the Alpha Bank Group, incorporated in Cyprus, in the context of the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (note 30).

21. Due to customers

	31 March 2016 € million	31 December 2015 € million
Term deposits	**13,992**	13,653
Savings and current accounts	**17,730**	17,679
Repurchase agreements	**54**	53
Other term products (note 22)	**52**	61
Total	**31,828**	31,446

The other term products comprise of (a) senior medium-term notes held by Group's customers, amounting to € 19 million (2015: € 28 million) and (b) subordinated notes held by Group's customers, amounting to € 33 million (2015: € 33 million).

22. Debt securities in issue

	31 March 2016 € million	31 December 2015 € million
Medium-term notes (EMTN) (note 21)	**56**	108
Subordinated - Lower Tier II (note 21)	**42**	42
	98	150

Medium-term notes (EMTN)

During the period, the Group proceeded with the repurchase of medium term notes of face value of € 13 million, recognising a gain of € 1 million presented in line 'Net trading income' of Group's income statement, while notes of face value of € 35 million matured.

Government guaranteed and covered bonds

As at 31 March 2016, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 4), as well as the covered bonds, of face value of € 9,527 million and € 1,050 million, respectively, were retained by the Bank and its subsidiaries.

During the first quarter of 2016, the Bank proceeded with the issue and the redemption of covered bonds of face value of € 975 million and € 25 million, respectively, fully retained by the Bank.

During the first quarter of 2016, the Bank proceeded with the redemption of government guaranteed bonds of face value of € 3,016 million, while bonds of face value of € 500 million matured, all of which were fully retained by the Bank.

Post balance sheet events

In April and May 2016, medium term notes and government guaranteed bonds of face value of € 4 million and € 1,650 million, respectively, matured.

In addition, in May 2016 the Bank proceeded with the issue of covered bonds of face value of € 1,200 million, fully retained by the Bank.

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

23. Other liabilities

	31 March 2016 € million	31 December 2015 € million
Other provisions	**156**	143
Deferred income and accrued expenses	**110**	70
Settlement balances with customers [1]	**77**	81
Sovereign risk financial guarantee	**49**	50
Standard legal staff retirement indemnity obligations	**45**	42
Deferred tax liabilities (note 12)	**5**	5
Income taxes payable	**12**	15
Other liabilities	**268**	336
	722	742

[1] *Including balances from brokerage activities*

As at 31 March 2016, other liabilities amounting to € 268 million mainly consist of payables relating with (a) suppliers and creditors, (b) bank checks and remittances, (c) contributions to insurance organizations, (d) duties and other taxes and (e) credit card transactions under settlement.

As at 31 March 2016, other provisions amounting to € 156 million mainly include outstanding litigations and claims in dispute of € 67 million (note 29), restructuring costs of € 73 million (of which € 62 million relate to the Voluntary Exit Scheme (VES) and € 10 million relate to the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D., note 30) and other provisions for operational risk events of € 10 million.

The VES was designed for the Group's employees in Greece in the context of the implementation of the Group's restructuring plan and in line with the related principal commitments described therein (note 6) and is expected to be implemented within the following months. The cost for the VES is estimated at approximately € 62 million, net of provision for retirement benefits and was recognized as a provision in the fourth quarter of 2015. The VES aims to increase the Group's operating efficiency and is expected to result in an estimated annual saving of € 29 million.

24. Ordinary share capital, share premium and treasury shares

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

	Ordinary share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January 2016	**656**	**(0)**	**656**	**8,056**	**(1)**	**8,055**
Purchase of treasury shares	-	(0)	**(0)**	-	(0)	**(0)**
Sale of treasury shares	-	0	**0**	-	1	**1**
Balance at 31 March 2016	**656**	**(0)**	**656**	**8,056**	**(0)**	**8,056**

The following is an analysis of the movement in the number of shares issued by the Bank:

	Number of shares		
	Issued ordinary shares	Treasury shares	Net
Balance at 1 January 2016	**2,185,998,765**	**(780,893)**	**2,185,217,872**
Purchase of treasury shares	-	(729,150)	**(729,150)**
Sale of treasury shares	-	1,422,297	**1,422,297**
Balance at 31 March 2016	**2,185,998,765**	**(87,746)**	**2,185,911,019**

Treasury shares

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

In the ordinary course of business, subsidiaries of the Group may acquire and dispose of treasury shares.

25. Preference shares

Preference Shares		
Number of shares	31 March 2016 € million	31 December 2015 € million
345,500,000	**950**	950

On 12 January 2009 the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 'Greek Economy Liquidity Support Program', to be fully subscribed to and paid by the Greek State with bonds of equivalent value. The proceeds of the issue amounted to € 940 million, net of expenses, and the transaction was completed on 21 May 2009. In accordance with the current legal and regulatory framework, the issued shares have been classified as Common Equity Tier I capital.

The preference shares pay a non-cumulative coupon, subject to meeting minimum capital adequacy requirements, set by Bank of Greece (BoG), availability of distributable reserves in accordance with article 44A of Company Law 2190/1920 and the approval of the Annual General Meeting. Five years after the issue of the preference shares, the Bank may redeem the preference shares at their nominal value. If such redemption is not possible, because the Bank's capital adequacy ratio would fall below the minimum requirements set by the BoG, the preference shares will be converted into ordinary shares or shares of any other class existing at the time of the conversion following a decision of the Minister of Finance and after a recommendation by the Governor of the BoG and on condition that at the expiry of the five year period, the Bank will have submitted, and the Minister of Finance will have approved, further to a recommendation by the Governor of the BoG, a restructuring plan of the Bank pursuant to the legislation as in force. The conversion ratio will take into account the average market price of the Bank's ordinary shares during the calendar year preceding such conversion. In case of non redemption at the expiration of the five year period, the abovementioned coupon is increased by 2% each year, following relevant decision by the Minister of Finance, upon recommendation of the BoG.

Based on the 2015 results and Law 3723/2008 in combination with article 44A of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted.

26. Preferred securities

The outstanding amount of preferred securities issued by the Group through its Special Purpose Entity, ERB Hellas Funding Limited, as at 31 March 2016 is analyzed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
At 31 March 2016	**2**	**4**	**18**	**19**	**43**

All obligations of the issuer, in respect of the aforementioned issues of preferred securities, are guaranteed on a subordinated basis by the Bank. The analytical terms of each issue along with the rates and/or the basis of calculation of preferred dividends are available at the Bank's website. The preferred dividends must be declared and paid if the Bank declares a dividend. For the period ended 31 March 2016 and in 2015, the Bank did not distribute any dividend. Accordingly, ERB Hellas Funding Ltd announced the non payment of the non cumulative preferred dividend of the above series of preferred securities.

27. Fair value of financial assets and liabilities

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

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

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

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

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

Financial instruments carried at fair value

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

	31 March 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	€ million	**€ million**	**€ million**	**€ million**
Financial assets measured at fair value:				
Financial instruments held for trading	**88**	**0**	**1**	**89**
Derivative financial instruments	**0**	**2,072**	**1**	**2,073**
Available-for-sale investment securities	**3,861**	**22**	**47**	**3,930**
Total financial assets	**3,949**	**2,094**	**49**	**6,092**
Financial liabilities measured at fair value:				
Derivative financial instruments	**0**	**2,614**	**-**	**2,614**
Due to customers:				
- Structured deposits	**-**	**4**	**-**	**4**
Debt securities in issue:				
- Structured notes	**-**	**3**	**-**	**3**
Trading liabilities	**8**	**-**	**-**	**8**
Total financial liabilities	**8**	**2,621**	**-**	**2,629**

	31 December 2015			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Financial assets measured at fair value:				
Financial instruments held for trading	99	0	1	100
Derivative financial instruments	0	1,865	19	1,884
Available-for-sale investment securities	4,191	49	42	4,282
Total financial assets	4,290	1,914	62	6,266
Financial liabilities measured at fair value:				
Derivative financial instruments	1	2,358	-	2,359
Due to customers:				
- Structured deposits	-	4	-	4
Debt securities in issue:				
- Structured notes	-	38	-	38
Trading liabilities	10	-	-	10
Total financial liabilities	11	2,400	-	2,411

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

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

In addition, insurance entities classified as held for sale held € 1,792 million of financial assets carried at fair value, categorized under Level 1 of the fair value hierarchy (2015: € 1,770 million).

The financial liabilities carried at fair value of the aforementioned insurance entities amounted to € 181 million (2015: € 273 million), € 179 million of which were categorized under Level 1 (2015: € 182 million), € 2 million under Level 2 (2015: € 2 million) and nil under Level 3 (2015: € 89 million).

Reconciliation of Level 3 fair value measurements

	31 March 2016 € million
Balance at 1 January	**62**
Transfers into Level 3	**0**
Transfers out of Level 3	**(19)**
Additions, net of disposals and redemptions	**5**
Total gain/(loss) for the period included in profit or loss	**0**
Total gain/(loss) for the period included in other comprehensive income	**(0)**
Foreign exchange differences and other	**1**
Balance at 31 March	**49**

Group's valuation processes and techniques

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

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

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

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

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

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

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

Financial instruments not carried at fair value

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

	31 March 2016	
	Carrying amount € million	Fair value € million
Loans and advances to customers	**39,819**	**39,655**
Investment securities		
- Debt securities lending portfolio	**11,392**	**11,056**
- Held-to-maturity securities	**572**	**558**
Total financial assets	**51,783**	**51,269**
Debt securities in issue	**95**	**77**
Total financial liabilities	**95**	**77**

	31 December 2015	
	Carrying amount € million	Fair value € million
Loans and advances to customers	39,893	39,748
Investment securities		
- Debt securities lending portfolio	11,391	11,104
- Held-to-maturity securities	618	610
Total financial assets	51,902	51,462
Debt securities in issue	112	95
Total financial liabilities	112	95

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

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

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

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

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

In addition, insurance entities classified as held for sale as at 31 March 2016 held financial assets not carried at fair value of carrying value of € 33 million (2015: € 43 million), the fair value of which amounted to € 38 million (2015: € 48 million). The financial liabilities not carried at fair value of the aforementioned insurance entities amounted to € 85 million (2015: € 148 million), equal to their fair value.

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

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

	31 March 2016 € million	31 December 2015 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**800**	1,239
Due from credit institutions	**752**	906
Cash and cash equivalents presented within assets of disposal groups classified as held for sale	**38**	60
Total	**1,590**	2,205

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

	31 March 2016 € million	31 March 2015 € million
Amortisation of premiums/discounts and accrued interest	**(14)**	(60)
(Gains)/losses from sale	**(4)**	(9)
Dividends	**(1)**	(0)
Total	**(19)**	(69)

29. Contingent liabilities and commitments

Credit related commitments are analyzed as follows:

	31 March 2016 € million	31 December 2015 € million
Guarantees [(1)] and standby letters of credit	**584**	575
Other guarantees (medium risk) and documentary credits	**457**	503
Commitments to extend credit	**403**	353
	1,444	1,431

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

Legal Proceedings

As at 31 March 2016 there were a number of legal proceedings outstanding against the Group for which a provision of € 67 million was recorded (31 December 2015: € 66 million). The said amount includes € 40 million for the outstanding litigations with DEMCO S.A., which is related to the acquisition of New TT Hellenic Postbank S.A. in 2013.

30. Acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D.

On 1 March 2016, the acquisition of the entirety of the operations of Alpha Bank's Bulgarian Branch ('Branch') by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ('Postbank'), was completed after obtaining the relevant regulatory approvals. The consideration for the acquisition of the Branch was € 1.

The acquisition of the Branch was accounted for as a business combination using the purchase method of accounting. The initial accounting for the business combination, including the fair value measurement of the assets and liabilities acquired, has not been finalized.

The provisional fair values of the assets and liabilities acquired are presented in the table below:

	Fair Value (Provisional values) € million
Assets	
Cash and balances with central banks	**148**
Due from credit institutions	**30**
Net loans and advances to customers	**268**
Gross contractual amount: € 394 million	
Other assets [(1)]	**6**
Total Assets [(2)]	**452**
Liabilities	
Due to credit institutions	**162**
Due to customers	**283**
Other liabilities	**2**
Total Liabilities	**447**

[(1)] Includes property, plant and equipment, intangibles assets and other assets.
[(2)] Includes cash and cash equivalents of € 40 million.

In addition, in the context of the business combination, on 2 March 2016 the Bank acquired € 55 million of Postbank's liabilities to Alpha Bank Group for a consideration of € 1.

The resulting total gain on the acquisition of the Branch, amounting to € 57 million net of acquisition-related costs of € 3 million, is attributed to the particular circumstances of the acquisition in line with the restructuring plans for Alpha Bank and Eurobank and has been recognized in 'Other operating income'.

The results of the Branch were incorporated in the Group's financial statements prospectively, as of 1 March 2016. If the acquisition had occurred on 1 January 2016, the Branch would have contributed revenue of € 2.71 million and net loss of € 0.26 million to the Group for the period from 1 January 2016 up to the date of acquisition.

The acquisition of the Branch constitutes a step forward for Postbank to further strengthen its position in the Bulgarian banking sector and expand its customer base in both the retail and corporate business segments. Postbank is expected to benefit from significant synergies, while maintaining its strong capital ratios and substantial liquidity buffers.

31. Post balance sheet events

Visa Europe sale transaction

In December 2015 Visa Europe announced the proposed sale of 100% of its share capital to Visa Inc. for an upfront cash consideration of € 11.5 bn and preference shares convertible into Visa Inc. ordinary shares valued at € 5 bn, with the potential for an additional earn out cash payment. The Group entities which are members of Visa Europe are entitled to a share of the upfront consideration, both in cash and preference shares, based on the fees contributed to Visa Europe. On 10 May 2016, Visa Inc. and Visa Europe entered into an amended and restated transaction agreement which deleted the contingent portion of the consideration and provided for an additional up-front cash consideration of € 750 million, and an additional cash payment of € 1 bn, plus compounded interest, payable on the third anniversary of the closing of the transaction. The other terms of the transaction will remain unchanged. The Group will recognize its share of the Visa Europe sale proceeds upon the finalization of the transaction, expected in 2016, subject to regulatory approvals.

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

Note 2-Principal accounting policies
Note 4-Greek Economy Liquidity Support Program
Note 12-Income tax
Note 15-Investment securities
Note 17-Shares in subsidiary undertakings
Note 18-Other assets
Note 22-Debt securities in issue

32. Related parties

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

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

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

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

	31 March 2016			31 December 2015		
	Key management personnel (KMP)[(1)]	**Entities controlled or jointly controlled by KMP, associates & joint ventures**	**HFSF**	Key management personnel (KMP)[(1)]	Entities controlled or jointly controlled by KMP, associates & joint ventures	HFSF
	€ million	**€ million**	**€ million**	€ million	€ million	€ million
Loans and advances to customers net of provision[(3)]	**7**	**23**	**0**	7	6	0
Other assets [(2)]	**0**	**-**	**-**	0	-	2
Due to customers	**5**	**6**	**0**	5	9	0
Other liabilities	**0**	**-**	**-**	0	-	-
Guarantees Issued	**0**	**-**	**-**	0	-	-
Guarantees Received	**0**	**-**	**-**	0	-	-
	Three months ended 31 March 2016			Three months ended 31 March 2015		
Net interest income	**0**	**0**	**-**	0	(1)	-
Net banking fee and commission income	**0**	**-**	**-**	0	-	-
Impairment losses on loans and advances	**-**	**(0)**	**-**	-	-	-
Other operating income/(expense)	**0**	**-**	**-**	(0)	(0)	-

[(1)]Key management personnel includes directors and key management personnel of the Group and their close family members.
[(2)]Receivable from HFSF pursuant to the terms of the relevant binding agreement for the acquisition of NHPB.
[(3)] Including an impairment allowance of € 16.86 million against loans balances with a Group's joint venture.

In addition, as at 31 March 2016 the loans, net of provisions, granted to non consolidated entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements (note 17) amounted to € 4.4 million (2015: 4.3 million).

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 1.19 million (31 March 2015: € 1.63 million) and long-term employee benefits (excluding share-based payments) of € 0.23 million (31 March 2015: € 0.26 million). Additionally, the Group has recognized € 0.19 million expense relating with GRIVALIA PROPERTIES's equity settled share based payments (31 March 2015: € 0.19 million expense).

Athens, 17 May 2016

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