Eurolife ERB Insurance Group Holdings S.A.

Consolidated and Separate Financial Statements

For the year ended

31 December 2016

The information contained in these Financial Statements has been translated from the original Financial Statements that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language Financial Statements, the Greek language Financial Statements will prevail over this document.

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TABLE OF CONTENTS

BOARD OF DIRECTORS' REPORT of Eurolife ERB Insurance Group

The Board of Directors presents their report together with the Annual Separate and Consolidated Financial Statements for the year ended 31 December 2016.

Developments in the Greek Insurance Market during 2016

2016 was the seventh year of stagnation of economic activity, since the first Greek bail-out program implemented (2010). The successful completion of the first review of the Third Economic Adjustment Program led to the first signs of stabilization, despite the fact that restrictions on the freedom of capital movements (which severely halted economic activity), are still in force.

However, the stabilization of the economic environment and the estimated return of the country to positive growth rates during 2017 onwards, are directly linked to the completion of the second review of the Third Economic Adjustment Program, which is delayed and raises concerns that the macroeconomic targets will not be met, leading to a potential Fourth Economic Adjustment Program with a negative impact on both political and economic environment.

Although, the Greek insurance market was affected by the macroeconomic developments, market recovery was at slow pace and fragile. After six consecutive years of premium decrease, 2016 was a year with signs of stabilization for the insurance market. According to the available data and estimations (1), the total insurance premium production amounted to €3,8bln in 2016 (2015: €3,7bln(2)) out of which €1,9bln is attributed to non-life business and €1,9bln to life business. Compared to 2015, the insurance premium production increased by 4,6% in the current year (2015: -5,8%). Specifically, the insurance premium production in non-life business increased by 3,1% (2015: -7,6%) and in life business increased by 6,1% (2015: -3,9%). The increase in the total insurance premium production was mainly driven by the increased public awareness that the social security system is practically collapsing, making the general population to make own provisions for their retirement pension or healthcare coverage. Regarding non-life insurance business, the non-motor lines of business registered an increase of 13,3% compared to 2015 mainly driven by the increased demand for annually renewable accident and health products together with a reclassification of this business written between life and non-life for some entities. Premium income in motor segment registered a decrease of approximately -9,7%, mainly driven by the intense competition that kept rates under immense pressure. Regarding life insurance lines of business, the traditional life-insurance products and the deposit administration funds products registered a significant increase of 19,2% and 35,7%, respectively, while the life insurance policies linked with investments (Unit Linked products) registered a significant decline of -16,8% due to the imposition of the restrictions on the freedom of capital movements.

In addition, 2016 was marked by the adoption of the new risk-based European regulatory framework Solvency II, which has been in force since the beginning of the year. The new controls imposed together with the support provided by the Department of Private Insurance Supervision (DOPIS) has been significant, since, with its regulatory actions reinforced the insurance companies' efforts towards the transition to the new framework. Undoubtedly, the Solvency II constitutes a complex and demanding framework for insurance companies, raising the standards for both governance and capital needs, but at the same time safeguards the solvency of the insurance sector and acts as a guarantee of reliability that clearly has a positive impact on the market.

(1) According to the 93th Financial Study – February 2017 published by the Hellenic Association of Insurance companies ("H.A.I.C"). that includes information only for the insurance companies that are members of H.A.I.C. (www.eaee.gr/cms/basic-page/148/oikonomikes-meletes)

(2) According to the Annual Statistical Report 2015 published by the H.A.I.C that includes information for all the Greek insurance companies (http://www.eaee.gr/cms/etisia-statistiki-ekthesi)

Business Trend – Key Financials

A. Group's Key Financials

Against that uncertain environment, Eurolife ERB Insurance Group ("the Group") has demonstrated that we have the right strategy, management team and business diversity to succeed. Our robust governance and decision-making processes have enabled us to react swiftly to the external challenges.

With a significant increase in financial performance and market share, the Group has completed its first year as a member of the International Investment Management Group Fairfax, confirming its leading role in the insurance market.

During 2016, Group's insurance premium production, registered an increase of 61,8%, compared to 2015, amounting to €495,9 mil. Specifically, the life insurance premium production registered an increase of 82,9% compared to 2015, driven by the Group's ability to add more value to its customers during times of uncertainty. The premium production of motor liability line of business in Greece increased by 16,2% compared to 2015 as a result, of the strategic decision of the Group to increase its market share in that specific insurance sector. In all other insurance lines of business in Greece, there has been a decrease in premium production of 2,3% compared to 2015, mainly due to the intense competition.

Regarding market share, Greek insurance subsidiaries (Eurolife ERB General Insurance S.A and Eurolife ERB Life Insurance S.A.) captured during 2016 the 13%(1) of the total market, verifying the leading position of the Group and its growth trend. Specifically, the market share of Eurolife ERB Life Insurance S.A. amounted to 22%(1) in 2016, showing an increase of 80% compared to 2015. For Eurolife ERB General Insurance S.A the market share increased by 3,2%(1).

The profitability of the Group registered a significant increase during 2016, with 55,5% increase in profit before tax, amounting to €106,2 mil. (2015: €68,3mil.) and 43,0% increase in profit for the year, amounting to €69,1mil (2015: €48,3 mil.).

(Amounts in € mil.)	**2016**	**2015**
Gross Written Premiums (IFRS)	495,9	306,5
Profit Before Tax	106,2	68,3
Profit After Tax	69,1	48,3
Total Assets	2.337,4	2.242,8
Equity	400,3	427,9
Mathematical Reserves, Other Insurance Provisions and Liabilities for Unit Linked products (2)	1.864,7	1.745,6
Average Number of Employees	342	331

(1) According to the 93th Financial Study – February 2017 published by the Hellenic Association of Insurance companies ("H.A.I.C") that includes information only for the insurance companies that are members of H.A.I.C. (www.eaee.gr/cms/basic-page/148/oikonomikes-meletes)

(2) Mathematical reserves, other insurance provisions and insurance provisions for life insurance contracts where the policyholders bear the investment risk (Unit Linked)

The insurance premium production per insurance segment is analyzed as follows:

Branch	2016 % Premium	2015 % Premium
Protection products	12,2	19,9
Savings products	75,5	60,5
Motor	4,4	5,9
Property	7,3	12,7
Other non-life	0,6	1,0
Total	**100**	**100**

B. Company's Key Financials

The Company presented profit before tax and profit for the year amounted to €38.8 mil. (2015: € 36,1 mil.).

(Amounts in € mil.)	2016	2015
Income from Subsidiaries	38,7	35,9
Profit Before Tax	38,8	36,1
Profit After Tax	38,8	36,1
Total Assets	392,8	388,0
Equity	392,7	387,9

On May 27 2016, the Ordinary Shareholders' General Meeting of the Company approved dividend distribution of €34,0 mil. The dividend distribution derived from profits of the year 2015. The dividends were paid to the shareholder Eurobank Ergasias S.A. at 7 June 2016.

Share Capital - Equity – Principal Shareholders

The share capital of the Company as at 31 December 2016 amounts to €350,000 thousand, divided into 100,000,000 ordinary shares of a nominal value of €3.5 each. The total number of common shares were issued and fully paid. The company is a subsidiary of Costa Luxembourg Holding S.à r.l, which holds the 80% of the entity's share capital.

On 22 December 2015, Eurobank Ergasias SA («Eurobank») and Fairfax Financial Holdings Limited agreed on the sale of the 80% of Eurobank's participation to the Company's Shareholders equity ("Transaction"), in the content of a competitive sale process with the participation of international investors. Following all the required approvals of all the relevant responsible supervisory and regulatory bodies, the sale of the 80%of company's share capital to Costa Luxembourg Holding S.à r.l, headquartered in Luxemburg, was completed at 4th of August 2016.

Following the completion of the Transaction, the control of the company was transferred to Costa Luxembourg Holding S.à r.l, which is jointly controlled by Colonnade Finance S.à r.l. (a Fairfax Group entity) and OPG Commercial Holdings (Lux) S.à r.l., while Eurobank retained the remaining 20% of the company's share capital and is still a related party.

The equity of the Company as at 31 December 2016 amounted to €392,7mil. (2015: €387,9 mil.), while the equity of the Group amounted to €400,3mil. (2015: €427,9 mil.)

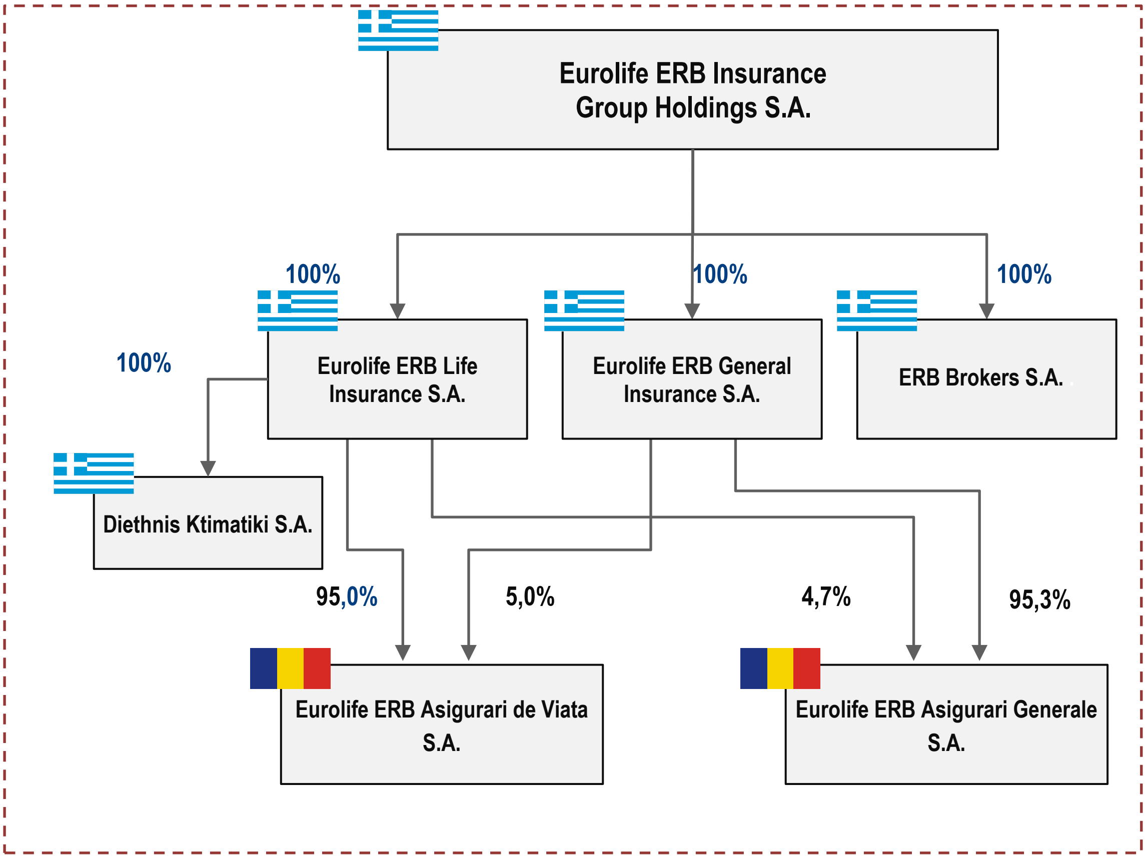
Income from Subsidiaries

On 30 June 2016 the ordinary Shareholders' General Meetings of Eurolife ERB Life Insurance S.A., Eurolife ERB General Insurance S.A. and ERB Insurance Services S.A. approved dividend distributions amounting to €12,8 mil., €18,2 mil and €0,5 mil, respectively. The dividends distribution derived from the profits of financial year 2015. The dividends were paid to the Company on 15 July 2016.

Moreover, on 17 August 2016, the extraordinary Shareholders' General Meetings of Eurolife ERB Life Insurance S.A., Eurolife ERB General Insurance S.A. and ERB Insurance Services S.A. approved dividend distributions amounting to €4,781 mil., €1,949 mil and €0,486 mil, respectively. The dividend distributions derived from taxed reserves and retained earnings recognized before the year 2015. The dividends were paid to the Company on 23 August 2016.

Subsidiaries

The Company has three subsidiaries in Greece and two in Romania. The structure of the Group as at 31 December 2016 is presented in the table below:



The insurance activities (including the insurance brokerage services) of the Group in Greece and in Romania are presented in the following table:

31 December 2016 *(amounts in € mil.)*	Eurolife ERB Life Insurance S.A.	Eurolife ERB General Insurance S.A.	ERB Insurance Services S.A.	Eurolife ERB Asigurari de Viata	Eurolife ERB Asigurari Generale
Gross Written Premiums (IFRS)	422,9	60,0	-	12,9	1,4
Other insurance related income	7,0	0,9	3,0	0,3	0,3
Profit Before Tax	72,7	31,4	1,1	0,1	0,3
Profit After Tax	45,8	21,6	0,8	0,1	0,2

31 December 2015 *(amounts in € mil.)*	Eurolife ERB Life Insurance S.A.	Eurolife ERB General Insurance S.A.	ERB Insurance Services S.A.	Eurolife ERB Asigurari de Viata	Eurolife ERB Asigurari Generale
Gross Written Premiums (IFRS)	231,1	59,0	-	16,4	1,8
Other insurance related income	8,7	1,3	3	0,3	0,3
Profit Before Tax	30,1	35,7	1,1	0,7	0,6
Profit After Tax	21,2	25,2	0,8	0,6	0,5

Management of financial risks

The existence of an effective risk management framework is considered by the Group, as a key factor risk limitation and protection for both policyholders and shareholders. The practices and methodologies applied enhance the framework and contribute to the adoption of the supervisory authorities' requirements.

The financial risk management framework is reviewed and continuously evolving, taking into consideration the historic data of the Group, the market dynamics and its harmonization with the regulatory requirements. In this context, a Risk, Asset-Liability & Investment Management Committee has been established overseeing and leading all risk management activity of the Group in close cooperation with the Risk Management Department.

The Risk Management system includes the governance system, the strategy that determines the risk appetite as well as the management framework supported by the methodology and the risk identification, measurement, monitoring, controlling and reporting. The risk management framework is applied by all the organizational units of the Group which fall into the 1st line of defense, the Actuarial Function and the Operation of Regulatory Compliance which fall into the 2nd line of defense as well as the Internal Audit Division which falls into the 3rd line of defense.

Capital Adequacy

The capital management strategy of the Group aims to ensure that the Group and the insurance subsidiaries have adequate capitalization (including appropriate safety buffers) on an ongoing basis (according to the regulatory framework Solvency II) and, within these constraints, to maximize shareholders' return without exceeding the total risk tolerance limits of the Group as well as the risk appetite of the shareholders.

The calculations of the Solvency Capital Requirement (SCR), the Minimum Capital Requirement (MCR) as well as the eligible own funds of the Group and its insurance subsidiaries are being performed on a quarterly basis and results are submitted to the Supervisor Authority. In addition to that, for the two Greek insurance entities have developed an internal "early warning" calculation process where the SCR capital adequacy is assessed on a daily basis, taking into consideration actual market data for assessing the solvency coverage ratio. The aim is to ensure timely management action whenever necessary. It is noted that the own capital of the insurance subsidiaries calculated according to the regulatory framework Solvency II as of 31 December 2016, exceed both the Minimum Capital Requirement and the Solvency Capital Requirement.

As of 31 December 2016 and 31 December 2015, the eligible own funds of the Group exceeded the Solvency Capital Required (SCR).

Events subsequent to the Balance Sheet Date

On 7 February 2017, the extraordinary general meeting of the shareholders of the insurance subsidiary Eurolife ERB General Insurance S.A, decided the dividend distribution to the Company of €13,943mil. The dividend distribution derived from retained earnings established before the year 2015. The dividends were paid to the Company on 13 February 2017.

On 19 February 2017, the Group, through the insurance subsidiary Eurolife ERB Life Insurance S.A., participated as a strategic partner into the share capital increase of Grivalia Hospitality S.A («GH»), headquartered in Luxemburg. More specifically, the share capital of GH increased by €58mil, €30mil out of which were paid by the Group while the remaining €28mil were paid by Grivalia Properties REIC («Grivalia»). Following the completion of the share capital increase, the share capital of GH amounted to €60 mil with an equivalent participation of the Group and Grivalia. It is noted that GH was established from Grivalia on 26 June 2015 with initial paid capital of €2mil.

It is noted that according to the decision of Board of Directors meeting No 103 of TEA-EAPAE (Occupational Insurance Fund of the Insurance Companies) that took place on 16 May 2016, TEA-EAPAE recognized for the insurance subsidiary of the Group, Eurolife ERB Life Insurance S.A., a claim amounting to €8.474 thousand related to unpaid social contributions for the period of 1 January 2007 to 31 December 2013 plus surcharges and fines on late payment. As of 31 December 2016, taking into consideration the payment note of TEA-EAPAE, the Group booked a provision of €8.5mil.

On 19 January Hellenic Association of Insurance companies and the Federation of Insurance Societies of Greece, reached a consensus according to which TEA-EAPAE and the insurance companies concluded to an out of court agreement regarding the payment of social contributions of previous years. Eurolife ERB Life Insurance S.A is included on the entities affected by this out of court agreement.

Thereinafter, on 25 January 2017, the Board of directors of TEA-EAPAE accepted the agreement between the Hellenic Association of Insurance companies and the Federation of Insurance Societies of Greece dated on 19 January 2017. On 2 February 2017 the General Meeting of TEA-EAPAE approved the above mentioned Board of director's decision. As of the date of issuance of these financial statements, the issuing and publication on the Greek Official Gazette of the decision of the Minister of Labour, Social Security and Social Solidarity that will approve the amendment of the article of incorporation of TEA-EAPAE, is pending.

There are no other significant subsequent events that need to be reported.

External Auditors

The Board of Directors, after taking into consideration the appointment of external auditors for 2017, will suggest an audit firm in the upcoming Annual General Assembly Meeting. The General Assembly will decide on the selection of the Audit Firm and its fee.

Prospects for 2017

The forecasts for the Greek economy expected a positive GDP growth during 2017. However, delays in the completion of the second review of Third Economic Adjustment Program, have already caused a slowdown in the momentum towards this direction. The completion of the second review and the timely implementation of structural reforms are the fundamental prerequisites for establishing the primary conditions for economic recovery together with the achievement of 2017 fiscal goals and Greece's participation to the European Central Bank's quantitative easing program (QE). Such developments will gradually lead the Greek Public Sector to obtain access to international capital markets contribute to the restoration of trust to the Greek economy and speed up the processes for waiving the capital controls.

Despite the uncertainty, the Group is expected to continue operating with positive outlook during 2017. Furthermore, the membership of the Group in the international group of Fairfax, has given a new dynamism, which will lead to the launch of new products and to the development of the existing ones, taking advantage of the shareholder's know-how as well as the significant upgrade in systems and services provided to customers.

During 2016, the Group started the implementation of a of digital transformation program, named «Eurolife 2.0». For 2017, with the effective use of the new technologies and practices that are expected to transmute the insurance market, the Group has set as main goal the fundamental upgrade of all of its services, to better serve the policy holders and its agents and brokers with the ultimate objective to provide financial peace of mind to its customers during times of great uncertainty.

The Group intends to take advantage of the trends driven by the significant structural changes in the market, which are linked on one hand to the social security sector reform and the resulting growth of insurance consciousness, and on the other on the new regulatory requirements driven from the supervisory framework Solvency II. The available social security benefits are expected to further decline due to budgetary restrictions, which is expected to further increase the demand for private insurance and further growth of the insurance consciousness of the customers. Moreover, the high standards of the new supervisory framework will affect customers' views, towards financially strong and reliable companies providing high quality services.

Although the Solvency II framework has already been implemented enhancing effective governance and reliability for insurers, the structural reforms are still under consideration, with uncertain positive impact on the Greek market at least for 2017.

The board of directors members

Alexandros Sarrigeorgiou	Chairman and CEO, Executive Member
Theodoros Kalantonis	Vice-Chairman, Non-Executive Member
Angelos Androulidakis	Independent, Non-Executive Member
Alberto Lotti	Independent, Non-Executive Member
Irena Germanoviciute	Non-Executive Member
Wade Sebastian Burton	Non-Executive Member
Nikolaos Delendas	Executive Member
Amalia Mofori	Executive Member
Vassilios Nikiforakis	Executive Member

Athens, 8 May 2017

Chairman of the B.O.D and CEO

Alexandros Sarrigeorgiou

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of "Eurolife ERB Insurance Group Holdings S.A."

Report on the Audit of the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of "Eurolife ERB Insurance Group Holdings S.A." and its subsidiaries which comprise the separate and consolidated statement of financial position as of December 31, 2016 and the separate and consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing which have been transposed into Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of "Eurolife ERB Insurance Group Holdings S.A." and its subsidiaries as of December 31, 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the separate and consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that could adversely affect the going concern assumption.

Report on Other Legal and Regulatory Requirements

Taking into consideration, that management is responsible for the preparation of the Board of Directors' report according to provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we note the following:

a) In our opinion, the Board of Directors' report has been prepared in accordance with the legal requirements of article 43a of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended December 31, 2016.

b) Based on the knowledge we obtained from our audit for the Company "Eurolife ERB Insurance Group Holdings S.A." and its environment, we have not identified any material misstatement to the Board of Directors' report.

Athens, May 9, 2017
THE CERTIFIED AUDITOR

PricewaterhouseCoopers S.A.
Certified Auditors
268 Kifissias Avenue
152 32 Halandri
SOEL Reg. No. 113

Marios Psaltis
SOEL Reg. No 38081

(amounts in € thousand)	Notes	GROUP		COMPANY	
		31/12/2016	31/12/2015	31/12/2016	31/12/2015
ASSETS					
Property, Plant and Equipment	**5**	16.502	15.756	1	1
Investment Properties	**6**	119	159	-	-
Intangible assets	**7**	24.362	24.007	30	2
Deferred acquisition costs (DAC)	**8**	21.168	20.032	-	-
Investment in subsidiaries	**9**	-	-	346.301	346.301
Deferred tax assets	**10**	1.291	526	84	101
Financial assets at FVTPL:					
- Derivative financial instruments		1	-	-	-
- Financial assets held on behalf of policyholders who bear the investment risk (Unit Linked)	**11**	232.952	421.416	-	-
- Financial assets held for trading	**12**	576.018	148.930	-	-
Available for sale financial assets	**13**	1.300.253	1.452.039	-	-
Held to maturity financial assets	**14**	19.446	19.295	-	-
Loans and receivables financial assets	**15**	-	23.365	-	-
Income tax receivable		457	974	51	64
Insurance receivables	**16**	8.125	7.895	-	-
Other receivables	**17**	7.077	4.529	85	8
Reinsurance share on insurance contracts	**18**	26.955	28.137	-	-
Cash and cash equivalents	**19**	102.674	75.753	46.253	41.510
Total Assets		**2.337.402**	**2.242.814**	**392.804**	**387.987**
EQUITY AND LIABILITIES					
Share Capital	**20**	350.000	350.000	350.000	350.000
Consolidation reserve	**21**	(235.058)	(235.058)	-	-
Reserves	**21**	216.245	264.664	3.922	1.849
Retained Earnings		69.120	48.323	38.768	36.083
Total Equity		**400.307**	**427.929**	**392.690**	**387.932**
Technical reserves and other insurance provisions	**22**	1.846.011	1.640.403	-	-
Financial liabilities					
- Derivative financial instruments		67	6	-	-
- Investment contract liabilities	**23**	18.661	105.156	-	-
Employee benefits	**24**	913	756	-	-
Deferred tax liabilities	**10**	3.271	28.936	-	-
Insurance and other liabilities	**25**	46.570	37.989	113	55
Income tax payables		21.603	1.639	-	-
Total Liabilities		**1.937.096**	**1.814.885**	**113**	**55**
Total Equity and Liabilities		**2.337.402**	**2.242.814**	**392.804**	**387.987**

Athens, May 8 2017

CHAIRMAN & CHIEF EXECUTIVE OFFICER	MEMBER OF THE B.O.D. AND GENERAL MANAGER OF FINANCE, STRATEGIC PLANNING & MIS	FINANCE MANAGER	CHIEF ACCOUNTANT
ALEXANDROS P. SARRIGEORGIOU	VASSILEIOS N. NIKIFORAKIS	CHRISTOS K. TZOUVELEKIS	EVANGELIA D. TZOURALI
ID AM644393	ID AM245236	LIC. No 0025315	LIC. No 99260

The notes on pages 19 to 98 are an integral part of these financial statements.

INCOME STATEMENT

(*amounts in € thousand*)	Notes	GROUP		COMPANY	
		From 01/01/2016 to 31/12/2016	From 01/01/2015 to 31/12/2015	From 01/01/2016 to 31/12/2016	From 01/01/2015 to 31/12/2015
Gross written premiums	**26**	495.922	306.540	-	-
Gross change in unearned premium reserve	**26**	(1.184)	3.764	-	-
Gross earned premiums		**494.738**	**310.303**	**-**	**-**
Minus: Premium ceded to reinsurers	**26**	(22.017)	(25.305)	-	-
Net earned premiums		**472.721**	**284.998**	**-**	**-**
Other insurance related income	**27**	9.287	10.907	-	-
Investment Income	**28**	68.735	47.556	339	416
Income from subsidiaries	**29**	-	-	38.715	35.900
Realised gains / (losses) on financial assets	**30**	120.130	46.511	-	-
Fair value gains / (losses) on financial assets	**31**	12.164	(43.727)	-	-
Gains / (losses) on derivatives	**32**	(16.028)	(33)	-	-
Other income		60	66	-	-
Total income		**667.069**	**346.278**	**39.055**	**36.316**
Movement in technical reserves and other insurance provisions	**33**	(211.201)	(59.203)	-	-
Claims and insurance benefits incurred	**34**	(289.177)	(164.242)	-	-
Total insurance provisions and claims		**(500.378)**	**(223.445)**	**-**	**-**
Acquisition expenses	**35**	(29.082)	(25.313)	-	-
Administrative expenses	**36**	(31.433)	(29.235)	(279)	(181)
Profit before tax		**106.176**	**68.285**	**38.776**	**36.135**
Income tax expense	**37**	(37.056)	(19.963)	(8)	(52)
Profit for the year		**69.120**	**48.323**	**38.768**	**36.083**

Athens, May 8 2017

CHAIRMAN & CHIEF EXECUTIVE OFFICER	MEMBER OF THE B.O.D. AND GENERAL MANAGER OF FINANCE, STRATEGIC PLANNING & MIS	FINANCE MANAGER	CHIEF ACCOUNTANT
ALEXANDROS P. SARRIGEORGIOU	VASSILEIOS N. NIKIFORAKIS	CHRISTOS K. TZOUVELEKIS	EVANGELIA D. TZOURALI
ID AM644393	ID AM245236	LIC. No 0025315	LIC. No 99260

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(amounts in € thousand)	GROUP				COMPANY			
	From 01/01/2016 to 31/12/2016		From 01/01/2015 to 31/12/2015		From 01/01/2016 to 31/12/2016		From 01/01/2015 to 31/12/2015	
Profit for the year		**69.120**		**48.323**		**38.768**		**36.083**
Other comprehensive income								
Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:								
Available for sale financial assets								
- Change in fair value, net of tax	(62.578)		13.434		-		-	
- Impairment loss on financial assets transferred to income statement, net of tax	-	(62.578)	4.264	17.699	-	-	-	-
Currency translation differences								
Change in currency translation differences, net of tax	(45)	(45)	(125)	(125)	-	-	-	-
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:								
Remeasurement of post employment benefit obligations, net of tax	(67)	(67)	162	162	-	-	-	-
Other comprehensive income for the year, net of tax		**(62.691)**		**17.736**		**-**		**-**
Total comprehensive income for the year, net of tax		**6.429**		**66.058**		**38.768**		**36.083**

Athens, May 8 2017

CHAIRMAN & CHIEF EXECUTIVE OFFICER	MEMBER OF THE B.O.D. AND GENERAL MANAGER OF FINANCE, STRATEGIC PLANNING & MIS	FINANCE MANAGER	CHIEF ACCOUNTANT
ALEXANDROS P. SARRIGEORGIOU	VASSILEIOS N. NIKIFORAKIS	CHRISTOS K. TZOUVELEKIS	EVANGELIA D. TZOURALI
ID AM644393	ID AM245236	LIC. No 0025315	LIC. No 99260

The notes on pages 19 to 98 are an integral part of these financial statements.

(amounts in € thousand)	GROUP				
	Share capital	Consolidation Reserve	Reserves	Retained earnings	Total
Balance as at 1 January 2015	**350.000**	**(235.058)**	**226.399**	**58.152**	**399.492**
Change in available for sale financial assets reserve	-	-	13.434	-	**13.434**
Change in available for sale financial assets reserve due to impairment	-	-	4.264	-	**4.264**
Remeasurement of post employment benefit obligations, net of tax	-	-	162	-	**162**
Change in currency translation differences	-	-	(125)	-	**(125)**
Other comprehensive income, net of tax for the year	**-**	**-**	**17.736**	**-**	**17.736**
Profit for the year	-	-	-	48.323	48.323
Total comprehensive income, net of tax for the year	**-**	**-**	**17.736**	**48.323**	**66.058**
Transfer of retained earnings to reserves	**-**	**-**	58.152	(58.152)	0
Distribution of reserves to the shareholders	-	-	(37.700)	-	**(37.700)**
Cost of capitalization- subsidiaries reserves	-	-	(30)	-	**(30)**
Deferred Tax	-	-	89	-	**89**
Other transfer of reserves	-	-	19	-	**19**
Total transactions with shareholders	**-**	**-**	**20.530**	**(58.152)**	**(37.622)**
Balance as at 31 December 2015	**350.000**	**(235.058)**	**264.664**	**48.323**	**427.929**

Balance as at 1 January 2016	**350.000**	**(235.058)**	**264.664**	**48.323**	**427.929**
Change in available for sale financial assets reserve	-	-	(62.578)	-	**(62.578)**
Remeasurement of post employment benefit obligations, net of tax	-	-	(67)	-	**(67)**
Change in currency translation differences	-	-	(45)	-	**(45)**
Other comprehensive income, net of tax for the year	**-**	**-**	**(62.691)**	**-**	**(62.691)**
Profit for the year	-	-	-	69.120	**69.120**
Total comprehensive income, net of tax for the year	**-**	**-**	**(62.691)**	**69.120**	**6.429**
Transfer of retained earnings to reserves	**-**	**-**	48.323	(48.323)	**0**
Distribution of reserves to the shareholders	-	-	(34.000)	-	**(34.000)**
Deferred Tax	-	-	(10)	-	**(10)**
Other transfer of reserves	-	-	(41)	-	**(41)**
Total transactions with shareholders	**-**	**-**	**14.271**	**(48.323)**	**(34.052)**
Balance as at 31 December 2016	**350.000**	**(235.058)**	**216.245**	**69.120**	**400.307**

The notes on pages 19 to 98 are an integral part of these financial statements.

(amounts in € thousand)	COMPANY			
	Share capital	**Reserves**	**Retained earnings**	**Total**
Balance as at 1 January 2015	**350.000**	**(350)**	**39.810**	**389.460**
Profit for the year	-	-	36.083	36.083
Total comprehensive income, net of tax for the year	**-**	**-**	**36.083**	**36.083**
Transfer of retained earnings to reserves	-	39.810	(39.810)	-
Distribution of dividends to the shareholders	-	(37.700)	-	**(37.700)**
Deferred Tax	-	89	-	**89**
Total transactions with shareholders	**-**	**2.199**	**(39.810)**	**(37.611)**
Balance as at 31 December 2015	**350.000**	**1.849**	**36.083**	**387.932**
Balance as at 1 January 2016	**350.000**	**1.849**	**36.083**	**387.932**
Profit for the year	-	-	38.768	38.768
Total comprehensive income, net of tax for the year	**-**	**-**	**38.768**	**38.768**
Transfer of retained earnings to reserves	-	36.083	(36.083)	-
Distribution of reserves to the shareholders	-	(34.000)	-	**(34.000)**
Deferred Tax	-	(10)	-	**(10)**
Total transactions with shareholders	**-**	**2.073**	**(36.083)**	**(34.010)**
Balance as at 31 December 2016	**350.000**	**3.922**	**38.768**	**392.690**

The notes on pages 19 to 98 are an integral part of these financial statements.

(amounts in € thousand)	Notes	GROUP From 01/01/2016 to 31/12/2016	GROUP From 01/01/2015 to 31/12/2015	COMPANY From 01/01/2016 to 31/12/2016	COMPANY From 01/01/2015 to 31/12/2015
Cash Flows from Operating Activities					
Profit before Tax		**106.176**	**68.285**	**38.776**	**36.135**
Adjustments for:					
Depreciation and amortization of property, plant and equipment, investment properties and intangible assets		1.332	1.172	2	1
Other provisions & impairment losses		3.675	3.247	-	-
Employee benefit provisions	**36**	57	(14)	-	-
Fair value (gains) / losses on financial assets	**31,32**	(12.095)	43.737	-	-
Change in insurance reserves & deferred acquisition costs		209.017	62.728	-	-
Realised (gains) / losses on financial assets	**30**	(120.130)	(46.511)	-	-
Interest income / expenses, bonds amortisation, dividends and other investment income		(68.669)	(47.556)	(339)	(416)
(Gains) / losses on derivatives	**32**	15.959	23	-	-
(Gains) / losses on property, plant and equipment disposal		2	65	-	-
Dividends from subsidiaries	**29**	-	-	(38.715)	(35.900)
Changes in Operating Assets and Liabilities:					
(Purchases) / sales of financial assets		(82.035)	158.857	-	-
Change in insurance receivables and other receivables		105.418	(137.947)	(66)	(67)
Change in insurance and other liabilities, investment contracts and insurance provisions		(85.322)	(75.569)	59	(49)
Income tax paid		(21.697)	(8.374)	-	-
Interest received / paid		27.650	41.064	341	416
Gains / (losses) from derivatives received/paid	**32**	(15.959)	(23)	-	-
Net Cash Flows from Operating Activities		**63.381**	**63.185**	**57**	**120**
Cash Flows from Investing Activities					
Proceeds from sales of property, plant and equipment		-	0	-	-
Acquisitions of property, plant and equipment & intangible assets		(2.459)	(15.058)	(29)	(3)
Dividends received	**29**	**-**	**-**	38.715	35.900
Net Cash Flows from Investing Activities		**(2.459)**	**(15.057)**	**38.687**	**35.897**
Cash Flows from Financing Activities					
Dividends paid	**40**	(34.000)	(37.700)	(34.000)	(37.700)
Net Cash Flows from Financing Activities		**(34.000)**	**(37.700)**	**(34.000)**	**(37.700)**
Net increase/(decrease) in cash and cash equivalents		26.922	10.428	4.743	(1.683)
Cash and cash equivalents at beginning of the year	**19**	75.753	65.325	41.510	43.193
Cash and Cash Equivalents at end of the year	**19**	**102.674**	**75.753**	**46.253**	**41.510**

The notes on pages 19 to 98 are an integral part of these financial statements.

NOTE 1: GENERAL INFORMATION

"Eurolife ERB Insurance Group Holdings S.A" (hereinafter the "Company"), under the discreet title "Eurolife ERB Insurance Group" is domiciled in Greece and was founded on 26 September 2014.

The Company operates as a holding societe anonyme according to the provisions of C.L. 2190/1920 on societe anonyme as it stands and its main business is the direct and indirect participation in Greek or / and foreign companies and businesses that have been or will be established, in any form and purpose. The Company's headquarters are located at Athens, 33-35 Panepistimiou Str. & 6-10 Korai Str., P.O. 105 64, Greece, (GEMI Reg. 131910001000), tel (+30) 2111873540, www.eurolife.gr. The Company holds 4 subsidiaries in Greece and 2 in Romania.

The present financial statements include the Separate Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries (refer to as the "Group") for the year ended 31 December 2016.

The Board of Directors consists of the following members:

Name	Attribute
Alexandros Sarrigeorgiou	Chairman & CEO, Executive Member
Theodoros Kalantonis	Vice Chairman, Non-Executive Member
Angelos Androulidakis	Non-Executive, Independent Member
Alberto Lotti	Non-Executive, Independent Member
Irena Germanoviciute	Non-Executive Member
Wade Sebastian Burton	Non-Executive Member
Nikolaos Delendas	Executive Member
Amalia Mofori	Executive Member
Vassileios Nikiforakis	Executive Member

These financial statements were approved by the Company's Board of Directors on 8 May 2017 and they are upon approval of the Annual General Meeting of Shareholders.

Disposal of Eurobank's 80% of the share capital of the Company

On 22 December 2015, an agreement between the Bank Eurobank Ergasias S.A. (thereafter "Eurobank") and Fairfax Financial Holdings Limited (thereafter "Fairfax") was reached for the disposal of 80% of Eurobank's participation to the Company (the "Transaction"), following a competitive bidding process, in which a number of international parties participated. Following the receipt of all required approvals from regulatory and supervisory authorities, the sale of 80% of the share capital of the Company to Costa Luxembourg Holding S.à r.l, domiciled in Luxembourg, was completed on 4th of August 2016.

Upon the completion of the Transaction the control of the Company has been transferred to Costa Luxembourg Holding S.à r.l which is under common control from Colonnade Finance S.à r.l, member of Fairfax Group, and OPG Commercial Holdings (Lux) S.à r.l while Eurobank has retained the remaining 20% of the share capital of the Company and remains related party.

Activities of the Group

The basic activities of the Group are focused in the following three market segments:

Life: The Group offers a wide range of life insurance products in Greece and Romania through the Greek Life Insurance Subsidiary (Eurolife ERB Life Insurance S.A.) and the Romanian Life Insurance Subsidiary (Eurolife ERB Asigurari de Viata), respectively. The Group's Life Insurance market segment is organised into two main life insurance product categories: protection and savings. The protection product offerings are comprised of whole life, term, personal accident, health, disability and credit (life/disability) insurance. The savings product offerings comprise annuities, unit-linked products, endowments and group pension products. The life insurance products are distributes through Eurobank's network and agents' sale channels as well.

Non Life: The Group offers a wide range of non-life insurance products in Greece and Romania through the Greek Non-Life Insurance Subsidiary (Eurolife ERB General Insurance S.A.) and the Romanian Non-Life Insurance Subsidiary (Eurolife ERB Asigurari Generale), respectively. The Group's Non-Life Insurance market segment is organized into three insurance product categories: property, motor and other non-life insurance products. With regard to property insurance products, the non life insurance subsidiaries offer to customers various household and small commercial coverage packages, as well as, to a lesser extent, tailor-made coverage for large commercial and industrial risks. The motor offerings comprise a number of packaged motor insurance products, ranging from mandatory third party liability to partial and full comprehensive products. The other non life insurance products are: (i) public (general third party) liability insurance and employers' liability insurance; (ii) cargo insurance; engineering (Construction All Risks ("**CAR**") and Erection All Risks ("**EAR**") insurance for all types of construction projects); (iii) personal accident insurance; (iv) yachts liability insurance; and (v) professional liability to certain categories of professionals. The non-life insurance products are distributed through Eurobank's network and agents' sale channels as well.

Insurance Brokerage: The Insurance Brokerage Subsidiary (ERB Insurance Services S.A.) provides consulting and brokering services primarily for commercial and industrial risks, covers the complex needs of corporate customers and high net-worth individuals, by canvassing the insurance market and developing customised insurance solutions and organises and coordinates multiple-insurer programmes, with the participation of all the major Greek insurance companies, to address increased clients' needs.

NOTE 2: PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of Preparation of Financial Statements

The Consolidated and Separate Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the European Union (the "EU").

The financial statements have been prepared under the historical cost convention, except for available for sale financial assets, financial assets and financial liabilities held at fair value through profit or loss (including the derivative financial instruments), which have been measured at fair value.

Unless stated otherwise, the financial statements are presented in Euro (€) and the financial information presented in Euro has been rounded to the nearest thousand.

The policies set out below have been consistently applied to the years ended 31 December 2016 and 2015 respectively.

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

Macroeconomic environment

In June 2016, Greece, after the completion of a number of key prior actions, has successfully concluded the first review of the Third Economic Adjustment Program (TEAP), which permitted the disbursement of € 10.3 bn from the second installment of the European Stability Mechanism (ESM) loan that allowed the country to cover its debt servicing needs and clear a part of the state's arrears to the private sector. In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program.

The next key milestone for Greece is the timely and successful completion of the second review of the TEAP, currently in progress, which would help reinstating depositors' confidence and thus accelerate the return of deposits, it would facilitate the faster relaxation of capital controls and would allow for the participation in ECB's Quantitative Easing (QE) program, conditional on the decisions of the Institutions regarding the plan for the implementation of the medium-term debt relief measures. Moreover, the reduction of the short term uncertainty along with, the decisive implementation of the reforms agreed in the context of the ESM program and the mobilization of European Union (EU) funding to support domestic investment and job creation, would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a sustainable growth path.

The main risks and uncertainties stem from the current macroeconomic environment in Greece and the further delays in the conclusion of the second review of the TEAP. In particular risks include (a) possible delays in the implementation of the reforms' agenda in order to meet the next targets and milestones of the TEAP, which in turn would lead to the delayed disbursement of the third installment of the ESM loan of € 6.1 bn, (b) the impact on the level of economic activity from the uncertainty associated with the timing of the conclusion of the second review of the TEAP, (c) the impact on the level of economic activity from additional fiscal measures agreed under the first review of the TEAP, (d) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (e) a possible deterioration of the refugee crisis and its impact on the domestic economy and (f) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy.

Position of the Group

Management monitors the capital adequacy according to Solvency II framework which is effective from 1 January 2016 and adjusts its investment strategy to ensure effective capital and risks management. The Group's insurance subsidiaries were in compliance with the Solvency II capital requirements as at 31 December 2016 (refer to note 4.5).

<u>Going concern assessment</u>

Despite the existing uncertainties relating to the completion of the second review of the current economic program and the ongoing developments in Greece, the Board of Directors, taking into consideration the above factors relating to the adequacy of the Group's solvency, considers that the Group's financial statements can be prepared on a going concern basis.

2.1.1 Adoption of International Financial Reporting Standards (I.F.R.S.)

New standards and amendments to standards adopted by the Group and the Company

The following new standards and amendments to existing standards as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and endorsed by the European Union (EU), are effective 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 the on the Group's and the Company's financial statements.

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

This amendment clarifies that the use of revenue-based methods calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The adoption of the amendment had no impact on the Group's and the Company's financial statements.

IAS 19, Revised - Employee Benefits

This amendment clarifies that the obligating event that applies to contributions from employees or third parties to defined benefit plans are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. This amendment allows these contributions to be deducted from pension expense in the year in which the related employee service is delivered, instead of attributing them to periods of employee service. The adoption of the amendment had no impact on the Group's and the Company's 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 and the Company's 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 and the Company's financial statements.

IFRS 10, IFRS 12 and IAS 28, Amendments - Investment Entities: Applying the Consolidation Exception
These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The adoption of the amendment had no impact on the Group's and the Company's 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 International Accounting Standards Board'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'.

The adoption of the amendments had no impact on the Group's and the Company's 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 International Accounting Standards Board'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 the Group's and the Company's financial statements.

New standards and amendments to standards and new interpretations not yet adopted by the Group and the Company.

A number of new standards and amendments to existing standards are effective after 2016, as they have not yet been endorsed by the European Union or have not been early applied by the Group. Those that may be relevant to the Group are set out below:

IAS 7, Amendment – Disclosure Initiative (effective 1 January 2017, not yet endorsed by EU)
The amendment requires disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The disclosure requirements also apply to changes in financial assets, such as assets that hedge liabilities arising from financing activities, if cash flows from those financial assets were or future cash flows will be, included in cash flows from financing activities. These amendments include illustrations that present when an entity is required to provide these disclosures. The adoption of the amendment is not expected to impact the Group's and Company's financial statements.

IAS 12, Amendment – Recognition of Deferred Tax Assets for Unrealized Losses (effective 1 January 2017, not yet endorsed by EU)
The amendment clarifies that (a) unrealized losses on debt instruments measured at fair value in the financial statements and at cost for tax purposes may give rise to a deductible temporary difference irrespective of whether the entity expects to recover the carrying amount of the debt instrument by sale or use (b) estimates for future taxable profits exclude tax deductions resulting from the reversal of those deductible temporary differences (c) the estimate of probable future taxable profits may include the recovery of an asset for more than its carrying amount, if there is sufficient evidence that it is probable that this will be realized by the entity, and (d) a deferred tax asset is assessed in combination with all of the other deferred tax assets where the tax law does not restrict the sources of taxable profits against which the entity may make deductions on the reversal of that deductible temporary differences may be reversed. Where restrictions apply, deferred tax assets are assessed in combination only with other deferred tax assets of the same type. The adoption of the amendment is not expected to impact the Group's and Company's financial statements.

IAS 40, Amendments - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018, not yet endorsed by the EU)
The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The adoption of the amendment is not expected to impact the Group's and the Company's financial statements.

IFRS 2, Amendments - Classification and measurement of Shared-based Payment transactions (effective for annual periods beginning on or after 1 January 2018, not yet endorsed by the EU)

The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The adoption of the amendment is not expected to impact the Group's and Company's financial statements.

IFRS 9, Financial Instruments and subsequent amendments to IFRS 9 and IFRS 7 (effective on 1 January 2018)
In July 2014, the IASB published the final version of IFRS 9 which replaces IAS 39 'Financial Instruments'. IFRS 9 sets out revised requirements on the classification and measurements of financial assets, addresses the reporting of fair value changes in own debt when designated at fair value, replaces the existing incurred loss model used for the impairment of financial assets with an expected credit loss model and incorporates changes to hedge accounting.

The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

Classification and measurement

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

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

Impairment of financial assets

IFRS 9 introduces an expected credit loss model that will apply to all financial instruments that are subject to impairment accounting and replaces the incurred loss model in IAS 39. The new requirements eliminate the threshold in IAS 39 that required a credit event to have occurred before credit losses were recognized. Under IFRS 9, a loss allowance will be recognized for all financial assets, therefore the new requirements will result in the earlier recognition of credit losses.

The new standard uses a 'three stage approach' that will reflect changes in credit quality since initial recognition. At each reporting date, a loss allowance equal to 12-month expected credit losses will be recognized for all financial assets for which there is no significant increase in credit risk since initial recognition. For financial assets that have experienced a significant increase in credit risk since initial recognition as well as purchased or originated credit impaired financial assets, a loss allowance equal to lifetime expected credit losses will be recognized. The measurement of expected credit losses will be a probability-weighted average amount that will reflect the time value of money. In measuring expected credit losses, information about past events, current conditions and forecasts of future conditions should be considered.

Hedge accounting

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

The Group is currently examining the impact of IFRS 9 on its financial statements, which is impracticable to quantify as at the date of the publication of these financial statements. The Group is planning to adopt IFRS 9 from the date that it becames effective.

IFRS 4, Amendments - Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts (effective for annual periods beginning on or after 1 January 2018, not yet endorsed by EU)

The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39.

The Group is currently assessing the impact the above amendments, which is impracticable to quantify as at the date of the publication of these financial statements.

IFRS 15, Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)

IFRS 15 establishes a single, comprehensive revenue recognition model to be applied consistently to all contracts with customers, determining when and how much revenue to recognize, but has no impact on income recognition related to financial instruments which is under the scope of IFRS 9 and IAS 39. In addition, IFRS 15 replaces the previous revenue standards IAS 18 Revenue and IAS 11 Construction contracts and the related Interpretations on revenue recognition.

The Group is currently assessing the impact of IFRS 15, which is impracticable to quantify as at the date of the publication of these financial statements.

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

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

IFRIC 22, "Foreign currency transactions and advance consideration" effective for annual periods beginning on or after 1 January 2018, not yet endorsed by EU)

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The adoption of the amendment is not expected to impact the Group's and Company's financial statements.

Annual Improvements to IFRS 2014-2016 Cycle (effective from 1 January 2017 and 1 January 2018, not yet endorsed by EU)

The amendments to introduce key changes to two IFRSs following the publication of the results of the International Accounting Standards Board's 2014-2016 cycle of annual improvements project. The topics addressed by these amendments are set out below:

IFRS 12 "Disclosures of Interests in Other Entities"

The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information. The amendment is effective for annual periods beginning on or after 1 January 2017.

IAS 28 "Investments in associates and Joint ventures"

The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition. The amendment is effective for annual periods beginning on or after 1 January 2018.

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

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group, directly or indirectly, has the power to exercise control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intercompany transactions, balances and intragroup gains on transactions between Group companies are eliminated; intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies of the Group.

A listing of the Company's subsidiaries is set out in Note 9.

(b) Business combinations involving entities under common control

Pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", since business combinations between entities under common control are excluded from the scope of IFRS 3 "Business Combinations", such transactions are accounted for in the Group's financial statements by using the pooling of interests method (also known as merger accounting), with reference to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework and comply with the IFRS general principles, as well as accepted industry practices.

Under the pooling of interests method, the Group incorporates the assets and liabilities of the subsidiaries at their pre-combination carrying amounts without any fair value adjustments and no Goodwill is recorded. Any potential difference between transaction cost and carrying value of net assets acquired is accounted for in equity of the Group.

The consolidated equity accounts consist of the following:

Share Capital:	The par value of the common stock issued by the Company to effect the combination is credited to the share capital account.
Reserves and Retained Earnings:	The Group's reserves and retained earnings incorporate the reserves and retained earnings of the subsidiaries and the Company after the elimination of intra-group transactions.
Consolidation reserve:	The difference between the Company's investments in subsidiaries (direct and indirect) and the subsidiaries' share capital and share premium is recorded and presented separately in the Equity on consolidation, as "Consolidation reserve".

The consolidated financial statements report results of operations for the period in which the transfer occurs as though the transfer of equity interests had occurred at the beginning of the previous comparative period. The effects of intra-group transactions on assets, liabilities, income statement and retained earnings presented have been eliminated.

2.3. Foreign currency

(a) Translation of foreign subsidiaries

In the consolidated financial statements, the assets and liabilities of foreign subsidiaries are translated into the Group's presentation currency using the exchange rate ruling at the Balance Sheet date. Income and expenses are translated at the average rates of exchange for the reporting period.

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries including exchange differences of monetary items receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur, that form part of the net investment in foreign subsidiaries, are taken to "Other comprehensive income". Such exchange differences are released to the income statement on disposal of the foreign operation or for monetary items that form part of the net investment in the foreign operation, on repayment or when settlement is expected to occur.

(b) Transactions and balances in foreign currency

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions, are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the market rates of exchange ruling at the reporting date and exchange differences are accounted for in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedge.

Non-monetary assets and liabilities are translated into the functional currency at the exchange rates ruling at initial recognition, except for non-monetary items denominated in foreign currencies that are stated at fair value which have been translated using the rate of exchange at the date the fair value was determined. The exchange differences relating to these items are treated as part of the change in fair value and they are recognized in the income statement or recorded directly in equity depending on the classification of the non-monetary item.

2.4 Property, plant and equipment

Property, plant and equipment include land and buildings, improvements in lease-hold assets, furniture, computers and other equipment as well as vehicles and are presented at historical cost net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of such assets. Costs incurred subsequent to the acquisition of a tangible asset are capitalized only if it is possible that these costs will bring additional future economic benefits to the Group and its cost can be measured reliably. Repair and maintenance costs are recognized in the income statement as incurred.

Depreciation is calculated on a straight- line basis over the estimated useful lives of the property, plant and equipment , in order to reduce the acquisition cost of the property, plant and equipment to their residual value as follows:

Land:	Not depreciated
Buildings:	40 to 50 years
Leasehold improvements:	The lowest of lease contract term and its estimated useful life
Personal Computers:	4 to 7 years
Other furniture and equipment:	4 to 12 years
Vehicles:	5 to 7 years

Property, plant and equipment are periodically reviewed for impairment, and any impairment loss is recognized directly in the income statement. Specifically, land and buildings are examined annually by independent valuers in order to determine whether there is an indication of impairment.

The historical cost and the accumulated depreciation of property, plant and equipment disposed are removed from the relevant accounts upon sale or retirement and any arising gain or loss is recognized in the income statement.

2.5 Investment properties

Investment properties are the properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost plus any cost which is directly attributable to the acquisition of such assets. Subsequently, investment properties are measured at historical cost net of accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight- line basis over the estimated useful lives of the investment properties, in order to reduce the acquisition cost of investment properties to their residual value as follows:

Land:	Not depreciated
Buildings:	40 to 50 years

Investment properties are examined annually by external certified valuers, in order to determine whether there is an indication of impairment.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred at the date of acquisition, over the fair value of the Group's share of net identifiable assets and contingent liabilities acquired. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Goodwill on the acquisition of subsidiaries is not amortlised but tested for impairment annually or more frequently if there are any indications that impairment may have occurred. The Group's impairment test is performed each year end. The Group considers external information such as weak economic conditions, persistent slowdown in financial markets, volatility in markets and changes in levels of market and exchange risk, an unexpected decline in an asset's market value or market capitalisation being below the book value of equity, together with a deterioration in internal performance indicators, in assessing whether there is any indication of impairment.

Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each Cash Generating Unit (CGU) or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

The Group's impairment model compares the carrying value of a CGU or group of CGUs with its recoverable amount. The carrying value of a CGU is based on the assets and liabilities of each CGU. The recoverable amount is determined on the basis of the value-in use which is the present value of the future cash flows expected to be derived from the CGU or group of CGUs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU and the countries where the CGUs operate.

An impairment loss arises if the carrying amount of an asset or CGU exceeds its recoverable amount, and is recognized immediately as an expense in the income statement. Impairment losses are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Software

Costs associated with the maintenance of existing software programs are recognized in the income statement as incurred. Costs payable to third parties relating to the development and implementation of new software programs are recognized as capital enhancements, added to the cost of new software programs and treated similarly. Intangible assets are presented at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets are periodically reviewed for impairment and any impairment loss is recognized directly to the income statement.

Amortisation is calculated on a straight- line basis over their estimated useful lives as follows:

Software: 4-7 years

2.7 Financial assets and liabilities

2.7.1 Financial assets

Financial assets are classified in accordance with IAS 39 in the following categories: i) financial assets at fair value through profit or loss, ii) loans and receivables, iii) investments held to maturity and iv) investments available for sale. The categorization decision is taken by management at initial recognition of financial instruments.

i) Financial assets at fair value through profit or loss
This category includes two subcategories, financial assets held for trading, and those designated as investments at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of short-term sale or short-term repurchase or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-making. Also, in this category are recognized the derivative instruments held for trading, unless they are designated and effective as hedging instruments.

The Group designates certain financial assets upon initial recognition as at fair value through profit or loss, when any of the following apply:

(a) eliminates or significantly reduces a measurement or recognition inconsistency or
(b) financial assets and financial liabilities share the same risks and those risks are managed and evaluated on a fair value basis, or
(c) structured products containing embedded derivatives that could significantly change the cash flows of the host contract.

ii) Loans and receivables

Loans and receivables are non -derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that at initial recognition were designated by the Group as investments at fair value through profit or loss or as available for sale. Loans and receivables from agents and brokers included in "Other Receivables" are also classified in this category and are accounted for with the same accounting principles that apply for loans and receivables as described below.

iii) Investments held to maturity

Held to maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and for which the Group's management has the positive intention and ability to hold to maturity.

iv) Investments available for sale

Available for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, or changes in interest rates, exchange rates or equity prices.

2.7.2. Recognition, accounting treatment and derecognition

Purchases and sales of financial assets are recognized on the trade date, which is the date on which the Group commits to purchase or sell the asset.

Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are charged to the income statement.

Available for sale financial assets and financial assets at fair value through profit or loss are measured at fair value in subsequent periods as well. Loans and receivables and held- to-maturity investments are carried at amortized cost using the effective interest rate method. Gains and losses from changes in fair value of the category 'financial assets at fair value through profit or loss' are included in the period arising in the income statement. Gains and losses from changes in fair value of available for sale investment securities are recognized directly in equity, until the financial asset is derecognized or impaired , when the cumulative gain or loss previously recognized in equity are recycled in the income statement.

The accounting treatment of interest income and dividend income from financial assets is described in Note 2.22.

2.7.3 Derecognition of financial assets

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

2.7.4 Financial liabilities

Financial liabilities have two subcategories; the financial liabilities held for trading and the financial liabilities designated as at fair value through profit or loss upon initial recognition. The Financial Liabilities of the Group include investment contracts (Unit Linked products) and derivative financial instruments. The accounting policies of the abovementioned financial liabilities are described in the notes 2.14 (c) and 2.10, respectively.

2.8 Fair value measurement of financial instruments

Fair value is the price that would be received to sell a financial asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, in the most advantageous market in which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group measures the fair value of a financial instrument, using the official quoted market price in an active market for that instrument, when it is available. A market is considered active if the transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. When there is no available official quoted price in an active market , the Group utilizes valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all factors that market participants would consider in pricing a transaction.

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

The best evidence of fair value of a financial instrument at initial recognition is normally the transaction price ie the fair value of the consideration given or received, unless the Group believes that the fair value at initial recognition is evidenced by a quoted price in an active market for an identical financial asset or liability, or based on a valuation technique that uses only data from observable markets.

All assets and liabilities whose fair value is measured or disclosed in the financial statements, are classified within the fair value hierarchy based on the lowest level input that is significant to the overall achievement of the measurement (see note 4.6).

2.9 Impairment of financial and non-financial assets

2.9.1 Impairment of financial assets

The Group, at each reporting date, evaluates whether there is objective evidence that a financial asset or group of financial assets, that are not carried at fair value through profit or loss, is impaired. A financial asset or group of financial assets is subject to impairment when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the expected future cash flows of the financial asset or group of financial assets and can be measured reliably.

Objective evidence of impairment of financial assets are considered by the Group as follows:

- Significant financial difficulty of the issuer or obligor
- Breach of contract, such as outstanding or overdue interest or initial payment
- The borrower may initiate bankruptcy or other financial reorganization
- The disappearance of an active market for the asset because of financial difficulties .
- Obvious evidence that there is a significant decrease in calculated cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot be determined in separate financial statements of the portfolio include:
  - Adverse changes in the payment status of borrowers in a portfolio, and
  - National or local economic conditions that correlate with defaults on assets portfolio.
- Significant deterioration in the internal or external degree of solvency of the borrower's financial instruments when considered with other information.

Financial assets carried at amortised cost

<u>Impairment assessment</u>

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

Impairment measurement
If there is objective evidence of impairment on financial assets carried at amortized cost, the amount of impairment loss is measured as the difference between the carrying value of the financial asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the financial asset. The current amount of the asset is reduced and the amount of the loss is recognized in the income statement. If a financial asset, bears a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined in the contract. As a practical expedient, the Group may measure impairment based on the fair value of the instrument using observable market prices.

For purposes of collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics (ie on the method of evaluation of the Group, taking into account the type of asset, the business sector, geographical location, collateral type, past-due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of such financial assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Impairment reversal
If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as improvement in the debtor's credit rating), the previously recognized impairment loss is reversed. The amount of the reversal is recognized in the income statement.

Available for sale financial assets

In calculating the impairment of investments in equity and debt securities recognized as available for sale, any significant or prolonged decline in the fair value of the security below its cost is taken into account. Where such evidence exists for available-for -sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is transferred from equity to the profit or loss. Impairment losses on equity instruments recognized in the income statement are not reversed through the income statement. If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event that occurred after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

2.9.2 Impairment of non-financial assets

Items that have indefinite useful life are not subject to amortization and are tested for impairment on an annual basis. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.10 Derivatives

Derivative financial instruments mainly include foreign exchange contracts, forward currency agreement and interest rate options contracts (written and purchased), currency and interest rate swaps and other derivative financial instruments. Derivatives are initially recognized at fair value at the date on which a derivative contract is entered into, and subsequently re-measured at fair value. Fair value is considered the market value, taking into account recent market transactions, while where there is no market value, the fair value is estimated using discounted cash flows and option pricing models. When the fair value is positive, derivatives are carried as assets while when fair value is negative as liabilities. The fair value measurement policies of financial instruments, including derivative financial instruments, are described in Notes 2.8 and 4.6.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through the profit of loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement. The Group did not hold embedded derivatives in other financial instruments during the years 2016 and 2015.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument. Once recognized as a hedging instrument, the identification method is determined depending on the nature of the item being hedged by derivatives.

The Group designates certain derivatives as :

1) hedges of the exposure to changes in fair value of recognized financial assets or liabilities or unrecognized firm commitments (fair value hedge);
2) hedges of the exposure to variability in cash flows attributable to a recognized financial asset or liability or a highly probable forecast transactions (cash flow hedge).

The Group, at the inception of the transaction, documents the relationship between hedging instruments and hedged items, as well as the objective and risk management strategy served for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

i) Fair value hedge

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recognized in the income statement together with any changes in fair value of hedged items that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the amount of the adjustment to the carrying amount of a hedged item for which the method of the effective interest rate is used, is amortized in the income statement over the period to maturity.

ii) Cash flow hedge

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. Gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (eg when carrying out the planned sale of the item being hedged). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and when the forecast transaction is recognized, then recognized in the income results. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is transferred to the income statement.

iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting in accordance with IFRS and changes in fair value are recognized directly in the income statement.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, the Group has a current legally enforceable right to offset the recognized amounts, and also intends either to settle on a net basis or to receive the receivable amount of the asset and settle the liability simultaneously.

2.12 Current and deferred taxation

(i) Current tax

Income tax payable on profits is calculated based on the applicable enacted tax law and is recognized as an expense in the period in which profits arise.

(ii) Deferred tax

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured using the tax rates expected to apply upon the period when the asset or liability will be settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The main temporary differences arise from the impairment of financial assets, depreciation of fixed and intangible assets, defined benefit obligations to employees due to retirement and the valuation of certain financial assets and liabilities, including derivative financial instruments.

Deferred tax assets are recognized to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the recovery of all or part of the asset. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Deferred tax associated with the change in fair value of available for sale investments recognized in other comprehensive income, is also recognized in other comprehensive income and subsequently transferred to the income statement together with the deferred gain or loss.

Management periodically evaluates its positions on issues related to the tax authorities and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

2.13 Employee benefits

i) Defined post-employment contribution plans

The Group provides certain defined post-employment contribution plans. The annual contributions made by the Group are invested and placed in specific asset categories. If employees meet the plan requirements, they participate to the overall performance of the investment. The contributions made by the Group are recognized as an expense in the period that they occur.

ii) Defined post-employment benefit plans

Under labor law in force, when an employee remains in service until normal retirement age is entitled to a lump sum reimbursement calculated based on years of service and salary at the date of retirement. The Group accounts for a provision based on actuarial study for staff leaving indemnities using the projected credit unit method. According to this method, the cost of staff leaving indemnities is recognized in the income statement over the period of employment based on actuarial valuations carried out every year.

The indemnity liability is calculated as the present value of expected future cash outflows using interest rates of high quality European corporate bonds, with terms to maturity approximating the terms of relevant liability (see note 24).

Actuarial gains or losses arising from the calculation of staff leaving indemnities are recognized in other comprehensive income without being eligible for reclassification to future profit or loss. The past service cost and interest expense is recognized immediately in the income statement.

The reimbursements payable after 12 months from the reporting date are discounted to their present value.

iii) Employee termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts to leave voluntary in return for such privileges. The Group accounts for such liabilities when bounds to either terminate the employment of existing employees of the Group according to a detailed formal plan without possibility of withdrawal, or when it provides such benefits as an incentive for voluntary redundancy. The benefits payable after 12 months from the reporting date are discounted to present value.

iv) Bonus and benefits participation plans

Management will periodically reward employees of high performance with bonus. Bonus benefits which require only management approval are recognized as accrued expenses. Distribution of profits to employees, which requires approval by the General Assembly, is recognized as an employee benefit expense in the year that is approved by the shareholders.

2.14 Insurance and investment contracts

The Group is governed by the provisions of L.2190/1920 "on societies anonymes", the provisions of L.4364/2016 with which the European Directive for the new regulatory framework "Solvency II" was transposed into Greek Legislation.

The Group adopted IFRS 4 from the 1 January 2005 with retrospective effect from 1 January 2004, when it classified the contracts to insurance and investment contracts and evaluate the adequacy of insurance reserves.

Contracts Classification

The Group issues products bearing insurance or financial risk or both. Insurance contracts are those contracts through which significant insurance risk is transferred from the policyholder to the subsidiaries and where the subsidiaries agree to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Insurance risk is significant only if an insured event could cause the insurance subsidiaries to pay significant additional benefits. Additional benefits refer to amounts that exceed those that would be payable if the insured risk had not occurred.

A contract that exposes the insurance subsidiaries to financial risk without significant insurance risk is not an insurance contract. Some contracts expose the Group to financial risk in addition to significant insurance risk.

There are long-term insurance products containing discretionary profit sharing. These products entitle the holder to receive additional benefits beyond those guaranteed by the contract, the amount of which lies at the discretion of the insurance companies in connection with the contract terms and the investment performance of the subsidiaries corresponding to the life insurance provisions.

Investment products are those that bear financial risk with no significant insurance risk.

Applying the provisions of IFRS 4, the Group separated contracts into insurance and investment contracts.

Significant insurance risk for the Group is when the amount paid in case of occurrence of a specified uncertain future event exceeds 10,0% of paid premiums.

(a) Life Insurance contracts

These are the contracts through which the Group insures risks associated with human life. These include covers of death, survival, life annuities, pensions, disability, accident, illness plans on an individual and group basis. Periodic premiums are recognized as revenue (earned premiums) proportionally to the insurance period and are presented before the deduction of commission, while benefits are recognized as an expense when they occur. Single premiums are recognized as revenues when they become payable and are presented before deduction of commission

Life insurance policies are classified in the following categories:

(i) Long term Life insurance policies with or without discretionary participation features

Contracts of this type are long term covering retirement, survival, mixed assurance or annuities, term insurance or Unit Linked. These contracts also include the coverages of medical expenses, hospital allowance, surgery allowance, death by accident, and disability which are provided as riders. Premiums are recognized as revenue when they become payable by the policyholder. Premiums are presented before the deduction of commissions. Benefits are recognized as expenses when incurred. When benefits are predetermined and guaranteed the liability due to the contractual benefits that are expected to occur in the future, is created for risks whose premiums have been recognized as revenue.

For the traditional life covers, the liability is defined as the expected actuarial present value of benefits minus the expected actuarial present value of the premiums required for such benefits, under the assumptions used in pricing. These assumptions relate to mortality and investments' return. The liability also consists of the profit participation reserve. In long-term contracts of single premium, additional provision is made for the future administration expenses of these contracts.

For the riders coverages the liability consists of the unearned premium reserves.

Liabilities are measured at each reporting date on the basis of each contract assumptions used in its pricing. In case of Unit Linked coverage, where benefits are not guaranteed, the liability fair value is determined by the current unit price which reflects the fair value per unit of the asset associated with the liability, multiplied by the total units held by the policy holder at the reporting date.

This category also includes the contracts of Deposit Administration Funds (DAF). This is a group insurance through which investment management insurance (Deposit administration funds) is agreed without the policyholders bearing the investment risk but with a guaranteed minimum interest rate specified for each contract. The insurer's benefit is paid either upon the, for any reason, leaving of the insured team member from work, in accordance with the terms of each contract, or the attainment of a certain age.

Claims and expenses related to them are recorded as expenses based on the estimated obligation for claims to policyholders. These include direct and indirect costs arising from the settlement of claims and arising from events that have occurred up to the reporting date even if these have not been reported to the Group. The Group does not discount the provisions for outstanding claims other than those relating to waiver of premium coverage. Provisions for outstanding claims are estimated based on available information filed for the reported claims and based on statistical analysis for the claims that have occurred up to that date but have not been reported.

(ii) Short-term insurance contracts

This category includes individual or group contracts covering term insurance, disability, accident or illness for short-term period. Benefits in case of an incident can be predetermined or dependent on the extent of the incident, according to the contract terms. No termination benefits and redemption exist.

For all these contracts premiums are recognized as revenue (earned premiums) proportionally to the period covered. The percentage of premiums collected for active contracts, which corresponds to risks that have not occurred, is reported as unearned premium reserve. Premiums are presented before the deduction of commissions and are gross (including the related taxes).

Claims and expenses related to them are recorded as expenses based on the estimated obligation for claims to policyholders. These include direct and indirect costs arising from the settlement of claims and arising from events that have occurred up to the reporting date even if these have not been reported to the Group. Provisions for outstanding claims are estimated based on available information filed for the reported claims and based on statistical analysis for the claims that have occurred up to that date but have not been reported.

(b) Non Life insurance Contracts

The Non Life insurance subsidiaries issue mainly short-term insurance contracts relating to all the non life insurance sectors where they operate, while they also sell long-term insurance contracts related to property.

Insurance contracts for accidents cover customers of the Group mainly from the risk of injury or disease or the risk of damage to third parties (third party civil liability) during their lawful activities. The cases covered include contractual and non-contractual events. This category includes contracts covering the risk of motor vehicle liability, employer's liability and general civil liability for individuals and corporations.

Property insurance contracts mainly cover customers of the Group from the risk of damage or total destruction to their property and in some cases loss of income from inability to use this property.

Premiums are recognized as revenue (earned premiums) proportionally to the insurance period. As at the reporting date, the amount of premiums for the in force contracts, which concerns the next one or more financial years, is transferred at the Unearned Premiums Reserve. For all insurance sectors this is calculated based on the proportion of days from the reporting date until the end of the period for which premiums have been registered in the relevant insurance subsidiaries' register, except for the Transportation sector where the reserve is estimated at 20,0% of the annual premiums under applicable Greek legislation. Premiums are recognized before the deduction of commissions payable.

The claims and related expenses are recognized in income statement, based on the estimated liability for claims to policyholders of the Group or third parties harmed by actions or omissions of the Group's customers. These include claims paid, and direct and indirect costs and are calculated so as to fully cover the liabilities of insurance risks that have incurred up to reporting date, whether or not reported to the Group. The Group does not discount the liabilities of outstanding claims. Full provision is made for the final cost of all outstanding claims at the reporting date, with deduction of amounts entitled to recover from reinsurers, using the information available at the date of the financial statements. In addition, provisions for outstanding claims include the reserve for losses that have incurred and not reported to the Group at the date of the financial statements (IBNR - Incurred But Not Reported) and the loss adjustment expenses. Delays may occur both in the reporting of claims and in their settlement, particularly in cases of claims of civil liability. Therefore it is essential to make estimates and assumptions in calculating the reserve for outstanding claims, the final cost of which is not known accurately at the reporting date.

(c) Investment contracts

Investment contracts without discretionary participation features

This category consists of contracts where the insured parties bear the financial risk (Unit Linked) with insignificant insurance risk. These contracts are financial liabilities where the fair value depends on the fair value of related financial assets. There are contracts that are associated with internal variable funds and contracts that are linked to market mutual funds.

To determine the fair value of the internal variable fund, both at inception and at each reporting date, valuation techniques are used. The valuation techniques used by the Group incorporate all factors that market participants would consider and are based on observable market input.

The fair value of a mutual fund arises based on the current selling price of the mutual fund unit. The fair value of unit-linked contracts is determined by the current unit price which reflects the fair value per unit of the asset associated with the liability, multiplied by the number of units assigned to the policyholder at the reporting date.

(d) Receivables and payables related to insurance contracts

Receivables and payables are recognized when they become due and include amounts due to and from intermediaries and policyholders. If there is objective evidence of impairment of these receivables, the Group reduces the carrying amount accordingly and recognizes the impairment loss in the income statement. The Group assess the objective evidence of impairment using the same process adopted for loans and receivables and the impairment loss is calculated in the same manner as described in Note 2.9.

(e) Deferred acquisition costs

Life insurance business:

Commissions and other acquisition costs associated with the issuance of new life insurance contracts and renewal of existing insurance contracts are capitalized as intangible asset and classified in the account "Deferred acquisition costs". All other costs are recognized as expenses when incurred. The Deferred Acquisition Costs are amortized over the term of the contract as follows:

- For long term life insurance, except for the single premium insurance policies, the Deferred Acquisition Costs are amortized in accordance to the premiums' income using the respective assumptions used to calculate the liability for future benefits of the contract.
- For short term life insurance, the Deferred Acquisition Costs are amortized in proportion to the earned premium.

Non Life insurance business:

Commissions and other acquisition costs associated with the issuance of new non life insurance contracts and renewal of existing insurance contracts classified in the account "Deferred acquisition costs". All other costs are recognized as expenses when incurred. The Deferred Acquisition Costs are amortized proportionately to earned premiums.

(f) Insurance provisions

The Group maintains adequate reserves to cover future liabilities arising from insurance contracts. The insurance provisions are divided into the following types:

Technical provisions: Include the technical life insurance reserve which is the difference arising at the reporting date between the actuarial present value of financial liabilities undertaken by the insurance subsidiaries for each life insurance contract and the actuarial present value of the net premiums due from the policyholder and payable to the insurance subsidiaries within the next years. This difference is calculated using actuarial techniques and in accordance with Greek and Romanian law. For the long -term contracts of single premium an additional provision for future administration expenses of these contracts is made.

Profit participation reserve: Includes benefits intended for the policyholders, the counterparties or the beneficiaries of benefits, beyond those guaranteed by the contract, the amount of which lies at the performance of the investment assets backing insurance provisions in connection with the contract terms.

Provision for unearned premiums: Represents the part of written premiums covering proportionally the period from the reporting date until the end of the period for which premiums have been registered in the relevant insurance subsidiaries' registers.

Provision for unexpired risks: Relates to the additional provision that is set up at the reporting date when it is estimated that the provision for unearned premium net of the respective acquisition costs is not adequate to cover the estimated future claims and expenses of the corresponding insurance portfolio.

Provisions for life insurance contracts linked with investments (Unit Linked products): Relate to the provisions intended to cover the insurance benefits of the life insurance contracts linked to investments.

Provisions for outstanding claims: Relate to those made as at the reporting date for the full coverage of insurance risk liabilities that have been incurred up to the reporting date, reported or not, for which the relative amounts of insurance claims and related expenses have not been paid or the exact amount has not been determined or the extent of the liability of the insurance subsidiaries is in dispute. The level of expected provision is determined based on the available information as at the reporting date such as experts' reports, medical reports, court decisions. Also, provisions for outstanding claims include the reserve for losses that have incurred but have not been reported to the insurance subsidiaries as at the reporting date (IBNR). The calculation of IBNR is based on K3-3974/11.10.1999 decision of Minister for Commerce in Greece.

Benefits payable: These are the insurance benefits due to policyholders which for various reasons have not been paid until the reporting date.

The estimation of the insurance provisions is carried out as at the reporting date, in accordance with the valuation principles and rules applicable to each category of insurance provision and the traditional provisions of IFRS 4 "Insurance Contracts.

The difference in insurance provisions (increase/decrease) compared with their valuation in previous reporting dates, is transferred to the income statement for the portion relating to the Group's share and the remaining portion is transferred as debit to reinsurers in accordance with the terms of the reinsurance contracts.

(g) Liability Adequacy Test of insurance reserves

At each reporting date the Group performs an adequacy test of insurance reserves ("Liability Adequacy Test"), in accordance with IFRS 4, using the current estimates of future cash flows from insurance contracts and the related administration costs. In case the insurance liabilities after the performance of the liability adequacy test exceed the insurance reserves calculated under the current legislative framework minus deferred acquisition costs, the additional provision increases the reserves of the relevant lines of business and impacts the income statement for the year that the test is being conducted.

2.15 Reinsurance contracts

Reinsurance contracts entered into by the Group in order to be compensated for losses of one or more contracts issued by the Group, meet the condition of being categorized as insurance products and are classified as reinsurance contracts. Insurance contracts entered into by the Group where the counterparty is another insurer (reinsurance acceptance), are included in insurance products.

Amounts due from reinsurance contracts, are recognized as assets and classified in the account "Reinsurance receivables". "Reinsurance receivables" include reinsurers' share in insurance provisions based on the terms of the reinsurance contracts that the Group has entered into. Other short-term amounts due from reinsurers (mainly relate to reinsurers' share in claims paid) are recognized as assets and classified in the account "Other receivables". The liabilities to reinsurers mainly relate to owed reinsurance premiums and are recognized as expenses on accrual basis.

Reinsurance is an important tool to manage and reduce the Group's exposure to risk of loss from insurance contracts. All reinsurance cessions are made to reinsurance companies which meet the standards set by the Group's management. When designing reinsurance programs, the Group takes into account the financial position of reinsurers, as well as the benefits and cost of reinsurance coverage to ensure that all risks receive proper and adequate reinsurance protection.

The Group reviews at each reporting date whether its reinsurance assets have been impaired. If there is objective evidence that a receivable has been impaired, then the carrying value is reduced accordingly and an impairment loss is recognized in profit or loss. A receivable from a reinsurer is impaired if, and only if:

1. There is objective evidence , as a result of an event that occurred after the initial recognition of the receivable that the Group may not receive all amounts due to it under the terms of the contract and
2. The event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

2.16 Leases

The Group participates as lessee and lessor only in operating leases.

The Group as a Lessor:
Assets leased out under operating leases are included in Property, plant and equipment and are depreciated over their estimated useful lives in accordance with similar own-use tangible assets. The rental income (net of any incentives given to lessees) is recognized on a straight line basis over the lease period.

The Group as a Lessee:
Operating leases are leases where substantially all the risks and rewards arising from the leased assets remain with the lessor. Payments made under operating leases (net of any incentives received from the lessor) are recognized in the income statement proportionally over the lease period.

2.17 Related party transactions

The related parties of the Group include:

a) an entity that has control over the Group and entities that are controlled, jointly controlled or significantly influenced by this entity, as well as members of its key management personnel and their close family members,
b) members of key management personnel of the Group, close family members and entities that are controlled or jointly controlled by the abovementioned persons,
c) associates and joint ventures,
d) related entities.

All transactions carried out with related parties are within the ordinary course of business and are conducted under pure commercial terms.

2.18 Share capital

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

2.19 Dividends

Dividend distribution on shares is recognized as a deduction in the Group’s and Company’s equity when approved by the Group's shareholders. Interim dividends are recognized as a deduction in the Group's and Company's equity when approved by the Board of Directors.

2.20 Provisions – Pending litigations

Provisions are recognized when the Group has a current legal or constructive obligation as a result of past events and it is likely that an outflow of resources embodying economic benefits required to settle the obligation whose amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties relating to the amount recognized as a provision. Provisions are reviewed at each reporting date and adjusted to reflect the best possible estimate. If subsequently, it is no longer probable that in order to settle the obligation an outflow of resources embodying economic benefits will be required, the provision is reversed.

2.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits on demand and time deposits held with banks and other short-term highly liquid and low risk investments, with original maturities of three months or less.

2.22 Revenue recognition

Revenue is recognized when it is probable that future economic benefits will flow to the Group and the amount can be measured reliably. Recognition of revenue from insurance contracts described in Note 2.14.

Revenue other than from insurance contracts is analyzed as follows:

Asset management fees

Revenue from asset management and other related services offered to clients by the Group are recognized in the accounting period in which the services are accrued.

Fees, primarily consisting of investment management fees arising from services rendered, are associated with the issuance and management of investment contracts. The Group actively manage the payments received from customers in order to invest them and provide return in accordance with the investment profile that the customer has selected upon the initial acceptance of the terms of the investment product.

These services include the management of financial assets held for trading and derivatives in order to attain the contractual returns which the Group's customers expect from their investment. Such activities create revenue recognized according to the stage of completion of contractual services. As business practice, the Group recognizes these fees by allocating them to the estimated life of the contract.

Interest income

Interest income is recognized in the income statement on an accrual basis for all interest bearing instruments using the effective interest rate method. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset.

Once a receivable has been impaired, interest income is recognized using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

Dividend income

Dividend income from financial assets is recognized in the income statement when the right to receive is approved by the shareholders.

Income from insurance agency services

Income from insurance agency services is recognised upon inception of insurance contracts, when the Group fee is on demand. Furthermore, revenue from rendering insurance consulting services is recognized during the period in which the services are rendered, by reference to stage of completion of the actual service.

2.23 Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost less impairment. The cost of investments in subsidiaries is the fair value of the consideration given, or if that cannot be reliably measured, the consideration received along with the costs directly attributable to the transaction.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future developments and events that affect the amounts of assets and liabilities presented in the financial statements. These estimates are based on historical data and estimates of future events that are reasonable in the current situation. The estimates and assumptions that have a significant risk of causing substantial adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Estimate of future benefits payments and premiums arising from long term insurance contracts and related deferred acquisition costs

The determination of the liabilities related to the long-term insurance contracts is dependent on the estimates made by the Group.

Estimates are made for the expected number of deaths for each of the years in which the Group is exposed to insurance risk. The Group bases these estimates on the mortality tables determined by the national insurance legislation. In addition, the Group uses the experience of the last ten years for comparison purposes.

Estimates are also made for the expected number of people that will get sick and the expected cost per insurance event for each of the years in which the Group is exposed to insurance risk. The Group bases these estimates on recent historic data of the Group in combination with statistical data from reinsurers due to lack of adequate experience.

The main sources of uncertainty of the above mentioned risks are the epidemics and wide-ranging lifestyle changes such as smoking, eating, and exercise habits which could result in future mortality and morbidity being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality and morbidity risk.

The Group covers through reinsurance contracts the mortality and morbidity risk either by proportional contracts or by reinsurance treaties for the protection from catastrophic events. Moreover, the continuous evolution of medical science and the improvement of social benefits can lead to improved longevity beyond that estimated by the mortality table used for the calculation of liabilities for the contracts that are exposed to this risk (pension contracts).

Estimates are also made for future costs of maintenance and management of the current portfolio, which are based on assumptions related to the expenditure levels of the Group made upon product pricing. The discount of future figures is made using the respective minimum guaranteed technical interest rate of the products. The uncertainty arises from the risk the future returns from investments that cover the respective insurance provisions to be lower than the respective technical interest rate.

Commissions and other acquisition costs associated with the issuance of new insurance contracts and renewal of existing insurance contracts are capitalized as intangible asset. All other costs are recognized as expenses when incurred. For long term life insurance, the Deferred Acquisition Costs are amortized over the term of the contract in accordance to the premiums' income using the respective assumptions used to calculate the liability for future benefits of the contract.

The Group make assumptions for lapses based on Group's historical statistical data per product category.

The future cash flows are discounted using yield curves constructed at the reporting date based on the yield to historical cost of investment portfolio and the forward yield curve.

(b) Liabilities arising from claims of insurance contracts

The estimation of outstanding claims of insurance contracts is also one critical accounting estimate of the Group. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. In addition to the reserve calculated on a case by case basis, the Group also makes provisions for claims that have incurred but not reported (IBNR) as well as claims handling costs**.** The adequacy of provisions for outstanding claims is also examined using statistical methods. When the result of the statistical methods is higher than the existing statutory provisions, the Group recognizes additional provisions (LAT).

c) Impairment of equity securities classified as available for sale

For available-for-sale equity financial assets, a significant or prolonged decline in the fair value of the equity investment securities below their cost is an objective evidence of impairment. To determine what is significant or prolonged, the Group's management exercises judgment. In order to determine what is significant, the decrease in fair value is compared against the cost price, whereas a decrease in fair value is considered prolonged based on the period during which the quoted market price has been below its cost price. In this context, the Group considers a decrease as "significant" when the fair value is 30,0% to 40,0% lower than its cost value, depending on the equity index, and as "prolonged" the decrease of a period of twelve months. The Group also evaluates, among other factors, the historical volatility of the share price, the financial position of the investee, its industry and sector, the changes in technology and the operational and financing cash flows.

d) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques. Additionally, for financial instruments with rare transactions and low transparency pricing, fair value is less objective and requires judgment in various levels depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting this financial instrument.

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

Valuation models are primarily used to value over the counter derivatives and securities measured at fair value. In such cases, fair value is estimated using observable input of similar financial instruments, or using models.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent to the personnel who performed the valuation methods. All models are certified before being used and adjusted so as to ensure that outputs reflect the actual data and the comparative market prices. The key assumptions and estimates considered by management when applying a valuation model include:

(a) the likelihood and expected timing of future cash flows,
(b) the selection of the appropriate discount rate based on the estimate of a market participant for the appropriate spread of the rate over the risk free rate,
(c) judgment in determining the model that will be used to calculate the fair value.

To the extent practicable, models use only observable input, however in areas such as credit risk (both own and the counterparty) management estimates are required for parameters such as volatility and correlations so as to reflect uncertainties in fair value resulting from the lack of observable market input.

Input used in valuations based on unobservable data are inherently uncertain, due to the small number or the lack of available current market data. However, in most cases there will be some historical data on which the measurement of fair value can be based and, therefore, even when unobservable inputs are used, some observable data will be used for fair value.

Valuation techniques used to calculate fair value are described in Note 4.6.

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

e) Estimated impairment of goodwill

The Group assesses annually whether there is an indication of goodwill impairment in accordance with the accounting policy stated in note 2.6 (a). The recoverable amounts of Cash-Generating Units (CGUs) are determined based on value-in-use calculations. Determining value-in-use is an inherently subjective process that involves the use of management's best estimates and judgments, particularly related to future cash flows of the CGU or group of CGUs and the appropriate discount rates.

The recoverable amount of the CGUs is determined on the basis of the CGU's business plan which is derived from the prospective five-year budgets approved by management, extrapolated over an additional five-year period of sustainable growth followed by a long-term growth rate to perpetuity. The budgets and plans reflect management's current expectations about changes in volumes, margins and capital requirements taking into account the anticipated market conditions, competitive activity and effects of recent regulatory or legislative changes.

The discount rate used for each CGU represents an estimate of the cost of equity for that unit. The Capital Asset Pricing model (CAPM) is employed in estimating the discount rate.

The key assumptions for the value-in-use calculations and inputs to the afore-mentioned model, as well as the impact of potential changes to key variables, are described in note 7 and may change as economic and market conditions change.

NOTE 4: INSURANCE AND FINANCIAL RISK MANAGEMENT

4.1 Framework for Risk Management

The Group has established an effective risk management system, based on a framework that describes the general principles, policies and procedures necessary for managing the risks, as a main component of the mitigation of its risk exposures, as well as, a protection mechanism for its policyholders and shareholders.

Due to the nature of its operations, the Group is exposed to insurance and financial risks such as credit risk, market risk and liquidity risk. To minimize the potential adverse effects arising from these risks, the Group has established:

- a framework that reflects its risk management strategy
- a methodology for the identification, measurement, management and reporting of all risks to which the Group is or may be exposed, and finally
- a governance structure, according to the requirements raised by the regulatory and the internally – defined framework.

Within this framework, a Risk Management Committee, an Asset - Liability and Investment Management Committee for the life and non-life insurance subsidiaries and a Risk Management Function, both on a Group and subsidiary level, have been established.

4.1.1 Risk Management, Asset-Liability and Investment Management Committees of insurance subsidiaries

The Risk Management, Asset-Liability and Investment Management Committees of the insurance subsidiaries are committees of the Board of Directors.

The Committees are responsible:

- to develop the strategy of the risk management strategy and capital management that reflect the business objectives, as well as, the adequacy of available resources of the Group.
- for the development of an internal risk management system and its integration in the decision making process.
- to set up principles in line with the approved business strategy and the adequacy of available resources
- to receive and assess reports, to monitor through these reports the Solvency II capital, the compliance with the approved risk tolerance levels and the total adequacy of own funds.
- to ensure that the Company has a specified investment policy and limits, as presented in Investment Risk Management Policy. Furthermore examines and approves investment strategy at least on an annual basis.
- To ensure that the operation of Regulatory Compliance is independent and has unrestricted access to every relative information and operates effectively and efficiently.

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in the insurance subsidiaries' investment policy, the Risk Management, Asset-Liability and Investments Committee shall review the investment policy on an annual basis.

4.1.2 Risk Management Function

The operation of the Risk Management Function aims to establish the risk management system. The main responsibility has been assigned to the General Risk Management Department which co-operates with certain Departments and the Actuarial Function. In particular:

- it promotes risk awareness across the Group.
- it develops the risk framework which includes the policies, procedures and methodologies allowing the appropriate management of risks, aiming to be embedded in the strategic decision process.

- it intends to specify risk limits per type of risk based on Group's risk management appetite and tolerance. In parallel, risk indicators are established.
- it submits reports to the management and Risk Management, Asset-Liability and Investments Committee informing for the main risk exposures faced by the Group, as well as notifying of any deviations from the approved thresholds.
- it participates to the performance of stress test exercises for material risk exposures identified.
- it coordinates the own risk and solvency assessment (ORSA), which is performed at a minimum on an annual basis.

4.2 Insurance Risk

The risk inherent in any insurance contract consists of the possibility that the insured event will occur and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits may vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Group has insurance operations in both Greece and Romania. The exposure of the Group to insurance risk is significant mainly in Greece since the insurance portfolio of the subsidiaries in Romania is not material on a group level. Therefore the disclosures regarding the insurance risk below relate to insurance operations only in Greece.

4.2.1 Life Insurance

The Group issues a mix of traditional life insurance contracts, unit-linked contracts, Deposit Administration Fund (DAF) contracts, life and health riders including hospitalization riders and credit life contracts. The main distribution channel adopted by the Group for the life insurance business is through the bancassurance network amounting to 80% of the total business (31 December 2015: 80%). The Group also issues life insurance contracts through independent intermediary channels such as insurance agents and brokers.

The individual life business includes term assurance, endowment and pure endowment assurance and and whole life assurance. The Group also offers pension products in the form of deferred annuities. The Group writes unit-linked business with the premiums being invested in different funds. The Group sells both single premium and perodic premium whole life and endowment assurances as unit-linked products. The Group's DAF business consists mainly of a group pension plan. There are also several types of rider benefits that can be attached to life insurance policies issued by the Group, the majority of which are health indemnities covering hospitalization and surgery. The Group also has a small portfolio of group health insurance business covering death, illness or disability risk. The credit life business is classified as group business and consists of term life cover linked to small business loans, mortgages, credit cards, and consumer loans.

The new production from banking networks consists of savings/ pension plans of single premium of approximately 70,86% of total production (31 December 2015: 39,93%), Unit Linked products of single premium of approximately 0,40% of total production (31 December 2015: 10,5%) and insurance contracts of periodic payments (savings plans, pension plans, and insurance protection of borrowers/ primary health coverage) of approximately 15,74% of total written premiums (31 December 2015: 29,98%).

The distribution of the portfolio in terms of written insurance premium for individual insurance, Unit Linked, group insurance, and DAF products for the current period amounts to 88,7%, 0,4%, 7,7% and 3,2%, respectively.

4.2.1.1 Traditional life insurance and DAF contracts

a) Frequency and severity of claims

Traditional life insurance contracts issued by the Group include long-term or yearly renewable contracts. The Group manages the risks related to these contracts through diversification of underwritten risks and the reinsurance contracts.

The Group is exposed to the following risks for the life insurance business:

- **Mortality risk**

Mortality risk is the risk that the actual number of deaths is higher than expected resulting in increased claims. The Group's most significant exposure to mortality risk is in its term life, whole life and endowment policies which are written as part of the individual life insurance and credit life business (issued through bancassurance network). The Group manages these risks through its underwriting strategy and reinsurance arrangements. The Group has excess of loss reinsurance agreements for long term life insurance contracts with death coverage with a retention limit on any single life insured.

- **Longevity risk**

Longevity risk relates to future claims and benefit payments which may be different from the actual benefit payments that will become due in the future if the policyholders live longer than expected. The Group's most significant exposure to longevity risk is in the deferred annuity portfolio. The Group manages these risks with appropriate pricing policies as well as actuarial methods and through the use of an updated mortality table that reflects lengthened life expectancies. The Group does not have in place any reinsurance for contracts that insure survival risk therefore this risk is managed through a dispersion of the insured funds.

The table below presents the concentration of insured benefits across four bands of insured benefits per individual life assured. The amounts are shown gross and net of reinsurance contracts. These tables do not include annuity contracts, for which a separate analysis is reported further below.

Sum assured per life assured as at 31 December 2016	**Before reinsurance**		**After reinsurance**	
	(amounts in € mil)	**%**	(amounts in € mil)	**%**
0-6.000	116,6	2,6	116,4	6,1
6.000-15.000	370,5	8,4	293,6	15,4
15.000-20.000	229,9	5,2	207,4	10,9
>20.000	3.719,0	83,8	1.287,8	67,6
Total	**4.436,0**	**100,0**	**1.905,2**	**100,0**

Sum assured per life assured as at 31 December 2015	**Before reinsurance**		**After reinsurance**	
	(amounts in € mil)	**%**	(amounts in € mil)	**%**
0-6.000	120,7	2,6	120,5	6,1
6.000-15.000	377,8	8,0	303,4	15,4
15.000-20.000	252,9	5,4	228,1	11,5
>20.000	3.948,5	84,0	1.324,2	67,0
Total	**4.700,0**	**100,0**	**1.976,1**	**100,0**

The risk is concentrated in the higher value bands. This fact has not changed in comparison with the prior year.

The following table for annuity insurance contracts illustrate the concentration of risk into ten bands, in which these contracts are classified based on the amount payable per annum as if the annuity were in payment at the year-end. The Group does not hold any reinsurance contract against the liabilities carried for these contracts.

Annuity payable per contract as at 31 December 2016	Total annuities payable	
	(amounts in € mil)	%
0-500	11,8	22,6
500-1.000	13,7	26,3
1.000-2.000	11,6	22,2
2.000-3.000	4,3	8,2
3.000-4.000	2,9	5,5
4.000-5.000	2,0	3,8
5.000-6.000	1,2	2,2
6.000-8.000	1,8	3,5
8.000-10.000	0,9	1,7
>10.000	2,1	4,0
Total	**52,2**	**100,0**

Annuity payable per contract as at 31 December 2015	Total annuities payable	
	(amounts in € mil)	%
0-500	13,2	25,6
500-1.000	14,4	27,8
1.000-2.000	11,3	21,9
2.000-3.000	3,8	7,4
3.000-4.000	2,5	4,8
4.000-5.000	1,7	3,3
5.000-6.000	1,0	1,9
6.000-8.000	1,4	2,8
8.000-10.000	0,8	1,5
>10.000	1,6	3,1
Total	**51,7**	**100,0**

- **Lapse/ Cancellation Risk**

Insurance risk for long-term life insurance contracts is also affected by the policyholders' right to pay reduced or no future premiums and to terminate the contract completely. As a result, the amount of insurance risk is also subject to policyholder behavior which may have an impact on future claims payment patterns. Policyholder behaviors and patterns can be influenced by many factors, including economic and financial market conditions. For instance, if an insurance product contains a guaranteed minimum benefit (as in traditional life insurance products), financial market conditions will determine whether that guarantee is "in the money", "out of the money" or "at the money", depending on whether the guaranteed amount is higher, lower or equal to the value of the underlying funds. This in turn may influence the policyholder's decision on whether to maintain the policy.

- **Expense Risk**

A failure to accurately estimate inflation and of its integration into the Group's product pricing, estimations of expenses and liabilities could have a material adverse effect on the Group's business, profitability, financial condition and prospects.

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and change in policyholders' behavior. The Group uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience of the Group over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future.

c) Process used to decide on assumptions

Upon product initiation, the Group makes assumptions on mortality, investment returns, and administration expenses for long-term life insurance contracts. Also, a margin is added to reduce the uncertainty. These assumptions are "locked" over the life of the contract and used for the calculation of the technical reserve. Furthermore, throughout the life of the contract, the Group reviews these assumptions using statistical and actuarial methods and combines these with additional assumptions using parameters such as lapse rate, option of lump sum pension (for pension coverage) to perform liability adequacy tests.

The main parameters taken into account upon the implementation of liability adequacy tests for the traditional life insurance portfolio are as follows:

- **Mortality:** The estimation of parameters applied is based on percentages provided by mortality tables as defined by the Greek legislation taking also into account the Group's experience of insured policyholders.
- **Lapse and surrender rates:** In the long-term life insurances, the contract is cancelled in case of non-payment of the premium. However, if the insurance has acquired the right for surrender the contract is not canceled and the insurance becomes free of further premium payments under the same terms and conditions as the original life insurance, but with reduced annuities. The policy holder shall have the right to request surrender of life insurance with partial return of the mathematical reserve at the time of the surrender application. The policy year in which the contract acquires the right of surrender and the surrender value are specified in the relevant tables of the contract. The lapse and surrenders percentages are estimated per group of similar products, taking into account the Group's experience during the last ten years. The study for lapses and surrenders is updated on an annual basis. From time to time, the Group may need to update its assumptions and actuarial and risk models to reflect actual experience and other new information. Changes to assumptions and these models could result in a review of, and subsequent changes to, the insurance product pricing, which could have a material adverse effect on the Group's business, results of operations, financial position and prospects. The impact of changes in assumptions for the Group would be reflected over the remaining life of the policies through the earnings.
- **Expenses:** The future estimates reflect the current (at the reporting date) expenses of the Group for the maintenance of the insurance portfolio and they are readjusted, for every future year, with the estimated price inflation.
- **Percentage of pension surrenders at retirement:** This right is granted only to pension plans. The Group estimates the economic impact and the general economic context in which it operates considering that a percentage of the insured people exercises the retirement right. The Group believes that actually a small percentage of the policyholders will exercise their retirement right.
- **Discount Rates:** The estimation of liabilities' adequacy is based on future cash flows of revenues and expenses of the Group, including the reinsurance share. Future cash flows are discounted using yield curves (constructed based on the yield of investment portfolio and the forward yield curve.
- The liability adequacy tests conducted for traditional life insurance plans at the end of the current year resulted in additional reserves of €52, 9 mil (31 December 2015: the additional reserves was €0 mil). The increase of additional liability adequacy reserves is mainly attributed to the new methodology that was used during the creation of the interest curve. More specifically, yield curves are created using the expected yield of the investment portfolio that is in force at the valuation date, taking into consideration the mismatches between the future cash flows of the investment portfolio and the respective liabilities, the credit risk of the selected investments and the elimination of the market fluctuation.

Furthermore, the parameters taken into account upon implementation of liability adequacy tests for the DAF portfolio are as follows:

- **Mortality:** The estimation of parameters applied is based on percentages provided by mortality tables as defined by the Greek legislation taking also into account the Group's experience of insured policyholders.

- **Lapse and surrender rates:** In the long-term life insurances, the contract is cancelled in case of non-payment of the premium, while the policyholder is given the option to terminate the contract. The lapse and surrenders percentages are estimated per group of similar products, taking into account the Group's experience.
- **Expenses:** The future estimates reflect the current (at the reporting date) expenses of the Group for the maintenance of the insurance portfolio and they are readjusted, for every future year, with the estimated price inflation.

The liability adequacy tests for the Deposit Administration Funds (DAF) at the end of the current year resulted in additional reserves of € 2,1 mil. (31 December 2015: the additional reserves were € 7,2mil). The increase of additional liability adequacy reserves is mainly attributed to the new methodology that was used during the creation of the interest curve. More specifically, yield curves are created using the expected yield of the investment portfolio that is in force at the valuation date, taking into consideration the mismatches between the future cash flows of the investment portfolio and the respective liabilities, the credit risk of the selected investments and the elimination of the market fluctuation.

d) Sensitivity analysis

The following tables present the sensitivity of the adequacy of the reserves to the movements in the assumptions used in the estimation of insurance liabilities for the traditional life insurance portfolio.

- Lapse and surrender rates: The increase of lapse and surrender rates by 10,0% compared to the current estimates would result in an increase in adequacy of reserves by €3,8 mil (31 December 2015: €1,9 mil), while the decrease of lapse and surrender rates by 10,0% compared to the current estimates would result in a decrease by €4,0 mil.

- Expenses: The increase of administrative expenses by 10,0% compared to current estimates would result in a decrease in the adequacy of reserves by €2,3 mil (31 December 2015: €1,8 mil) while the decrease of administrative expenses by 10,0% compared to the current estimates would result in an increase by €2,3 mil.

- Percentage of pension surrenders at retirement: A decrease in percentage of policyholders exercising the surrender option upon retirement by 10,0% compared to the current estimates would result in a decrease in the adequacy of reserves by €12,2 mil (31 December 2015: €10,8 mil).

- Interest rates increase: An increase in the yield interest rates and in the discount rates by 0,5% would result in an increase in the adequacy of reserves by 38,5 mil (31 December 2015: €20,1mil).

- Interest rates decrease: A decrease in the yield interest rates and in the discount rates by 0,5% would result in a decrease in the adequacy of reserves by €41,6 mil (31 December 2015: €31,3 mil).

31 December 2016	**Change**	**Impact on the adequacy of insurance reserves**
(amounts in € mil)		
Increase in lapses and surrenders rates	+10%	3,8
Decrease in lapses and surrenders rates	-10%	(4,0)
Increase in administrative expenses	+10%	(2,3)
Decrease in administrative expenses	-10%	2,3
Decrease in surrenders upon retirement	-10%	(12,2)
Increase in interest rates	+0,5%	38,5
Decrease in interest rates	-0,5%	(41,6)

31 December 2015	Change	Impact on the adequacy of insurance reserves
(amounts in € mil)		
Change of mortality table		12,7
Increase in lapses and surrenders rates	+10,0%	1,9
Increase in administrative expenses	+10,0%	(1,8)
Decrease in surrenders upon retirement	-10,0%	(10,8)
Increase in interest rates	+0,5%	20,1
Decrease in interest rates	-0,5%	(31,3)

In addition, the tables below present the sensitivity of the adequacy of reserves to the movements in the assumptions used in the estimation of insurance liabilities for the DAF portfolio.

- Lapse and surrender rates: The increase of lapse-surrender rates by 10,0% compared to the current estimates would result in a decrease in the adequacy of reserves by €134 thousand (31 December 2015: increase of €346 thousand) while a decrease of 10,0% would result lead to an increase in the adequacy of the reserve by €143 thousand (31 December 2015: decrease of €363 thousand).

- Expenses: The increase of administrative expenses by 10,0% compared to current estimates would result in a decrease in the adequacy of reserves by €258 thousand (31 December 2015: €75 thousand).

- Interest rates increase: An increase in the yield interest rates and in the discount rates by 0,5% would result in an increase in the adequacy of reserves by €2,3 mil (31 December 2015: €6,1 mil).

- Interest rates decrease: A decrease in the yield interest rates and in the discount rates by 0,5% would result in a decrease in the adequacy of reserves by €4,1 mil (31 December 2015: € 7,1 mil).

31 December 2016	Change	Impact on the adequacy
(amounts in € thousand)		
Increase in lapses and surrenders rates	+10%	(134)
Decrease in lapses and surrenders rates	-10%	143
Increase in administrative expenses	+10%	(258)
Increase in interest rates	+0,5%	2.280
Decrease in interest rates	-0,5%	(4.115)

31 December 2015	Change	Impact on the adequacy
(amounts in € thousand)		
Change of mortality table		(2)
Increase in lapses and surrenders rates	+10,0%	346
Decrease in lapses and surrenders rates	-10,0%	(363)
Increase in administrative expenses	+10,0%	(75)
Increase in interest rates	+0,5%	6.073
Decrease in interest rates	-0,5%	(7.139)

e) Guaranteed annuity options

Insurance risk in pension contracts with guaranteed annuity option depends on the number of policyholders who will choose the pension instead of a lump sum at maturity. This will strongly depend on the investment and economic environment prevailing at the time of selection.

It is noted that the percentage of total policyholders who received annuity instead of a lump sum at maturity during the current period is 0,7% (31 December 2015: 1,0%).

The lower the current interest rates of investments compared to the technical rate of guaranteed pensions are, the more likely it is for policyholders to opt for pension. The continuous improvement of longevity that will be reflected in the current pricing will also increase the number of policyholders who will choose pension and will increase the Group's exposure to insurance risk arising from these portfolios.

4.2.1.2 Rider Covers attached to life insurance contracts

a) Frequency and severity of claims

Riders are issued for individual and group policies and relate to indemnities covering medical expenses, hospital allowance, surgery allowance, death by accident, and disability. The Group issues riders for long and short term contracts. For the majority of the riders' portfolio, the Group is exposed to morbidity risk.

Morbidity risk is the risk of increase in the frequency and severity of the claims due to disability, sickness or medical inflation.

The Group's most significant exposure to morbidity risk for group contracts relate to credit life business. As far as the individual contracts is concerned, the morbidity risk relates mainly to hospitalization covers that compensates inpatient medical expenses.

For the group insurance contracts, the risk is influenced by the sector in which the policyholder is employed. The risk of death and disability is therefore differentiated according to the sector. The excessive concentration risk in a specific sector will increase the probability of mortality, disability or morbidity of employees in the specific sector. The Group seeks to manage this risk through the underwriting process, claims' management and reinsurance agreements. For group contracts, the Group retains the right of re-pricing risks upon renewal or not proceeding with the renewal. Additionally, the Group has entered into a proportional reinsurance contract.

For the individual health covers the risk differentiates depending on the age and the gender of the insured and it is influenced by a number of independent factors affecting the health of the insured such as changes in the lifestyle (smoking), environmental pollution etc. Especially for hospitalization covers, the level of the claim's paid amount is also influenced by the medical inflation. In order to mitigate the morbidity risk for the individual riders' portfolio covering inpatient medical expenses (hospitalization covers), the Group has established exemptions for the claim amounting to €1.500, €3.000 or €6.000 as well as the percentage of participation of the policyholder to the claim.

b) Sources of uncertainty in the estimation of future benefit payments and premium income

The main uncertainty in estimating future payments for Hospitalization programs is to assess the morbidity and medical inflation of the forthcoming years. The effect of continuous development in medical science, especially in the prevention area, as well as major changes in lifestyle such as smoking, is the reason of uncertainty in morbidity estimates.

For all rider coverages, the reserves for outstanding claims consist of the reported losses estimated on a case by case basis, the incurred but not reported claims (IBNR) calculated based on statistical method, unallocated loss adjustment expenses and an additional reserve resulting from the statistical method of assessing the adequacy of the reserves.

Standard recovery tables produced by the reinsurers are used as well as the actual experience of the Group. The influence of economic circumstances on the actual recovery rate for individual contracts is the key source of uncertainty for these estimates.

For certain rider benefits, the Group uses the expertise of the reinsurers due to the absence of sufficient statistical data.

c) Process used to decide on assumptions

The Group assesses the profitability for long-term hospitalization covers on a regular basis and the profitability for short-term hospitalization riders on an annual basis through the use of various technical parameters such as mortality, morbidity, loss ratio, medical claims inflation, lapse in coverage, annual increase in premiums and administrative expenses. Based on this assessment performed, the Group retains the right of re-pricing risks upon renewal.

For short-term hospitalizations covers, the Group assesses the adequacy of the premium based on the prior year experience. Parameter measures of the experience are the claim loss ratios (gross & net), combined loss ratios, and severity and frequency of the claims occurred. According to the outcome of the comparison of the premium versus the experience measures, the Group exercises the right to re-price the risks upon renewal.

For long-term hospitalization covers, the Group assesses the adequacy test of future premiums to cover future expenses (claims, administrative expenses, commissions) taking into account the following assumptions:

- Mortality: The estimation of parameters applied is based on percentages provided by mortality tables as defined by the Greek legislation taking also into account the Group's experience.

- Morbidity: The estimation of future claims is based on the Group's recent experience on the frequency and severity of claims in conjunction with data from reinsurance companies in the cases the Group does not have sufficient statistical experience

- Lapse rates: In long-term contracts, the rider covers are cancelled in case of non-payment of the premium or termination of the contract. The cancellation rates are estimated per group of similar products, taking into account the Group's experience.

- Expenses: The future estimate reflects the current (at the reporting date) expense of the Group for the maintenance of the insurance portfolio and they are readjusted, for every future year, with the estimated price inflation.

- Discount Rates: The estimation of liabilities' adequacy is based on future cash flows of revenues and expenses of the Group, including the reinsurance share. Future cash flows are discounted using yield curves constructed based on the yield of investment portfolio and the forward yield curve.

The liability adequacy tests for the portfolio of long-term hospital cover at the end of the current period resulted in additional reserves of €4,7 mil (31 December 2015: €7,4 mil).

d) Sensitivity analysis

The following tables present the sensitivity of the adequacy of reserves to changes in the assumptions used in the calculation of insurance liabilities for long term hospitalization covers.

- Increase in morbidity: Increased morbidity by 5.0% from the current estimates would result in a decrease in the adequacy of reserves by €2,4 mil (31 December 2015: €3,0 mil)

- Decrease in morbidity: Reducing morbidity by 5.0% from the current estimates would result in an increase in the adequacy of reserves by €2,4 mil (31 December 2015: €3,0 mil).

31 December 2016	**Change**	**Impact on the adequacy**
		(amounts in € mil)
Increase in morbidity	+5.0%	(2,4)
Decrease in morbidity	-5.0%	2,4

31 December 2015	**Change**	**Impact on the adequacy**
		(amounts in € mil)
Increase in morbidity	+5.0%	(3,0)
Decrease in morbidity	-5.0%	3,0

The above analyses are based on a change in an assumption while holding all other assumptions constant.

4.2.2 Non-Life Insurance

The Group operates almost in all insurance sectors related to losses and damages. The main activity comes from Fire insurance sector (including Earthquake and technical provisions sectors), Motor Liability, Land Vehicle and

Other Losses, whose participation in written insurance premiums for 2016 amounted to 48,8%, 25,1%, 5,6% and 20,5% respectively (2015: 52,3%, 22,0%, 4,7% and 21,0%).

4.2.2.1 Motor liability insurance

Underwriting is a critical risk mitigation mechanism adopted in the insurance industry. The process helps in deciding the appropriate premium for a policyholder. The underwriters match the premium received with the claims paid in order to sustain profitability. Underwriting risk arises when the premiums received are not sufficient to cover the claims, with the probability of a loss. The premiums charged by the Group incorporate the risk premium that covers not only the claims but also the capital and solvency requirements.

a) Frequency and severity of claims

Frequency and severity of claims are affected by various factors such as pricing, underwriting controls and limits. The Group performs strong portfolio monitoring by individual cover and premium factor on a monthly basis. The risk premium is affected by parameters relating to the age of the driver and the license, the characteristics of the vehicle such as the use, the fiscal horsepower and the sum insured. In addition, the region of the insurance is also a significant parameter for the calculation of risk premium. In addition the Group is in the process of developing a sophisticated pricing technique through the use of multi-parametric models which is aimed to decrease underwriting leakage.

Exposure to risk is carefully distributed. Writing business in low risk segments and mitigating or declining risk in unprofitable areas are the key factors affecting the frequency and severity of claims. The Group aims to sustain profitability in motor business through strengthening the underwriting controls and defining specific underwriting criteria.

The Group offers a variety of products and not individual covers, in order to ensure profitability and obtain control on the customer selection:

- Basic (mandatory) coverage consists of Third Party Liability, Road Assistance, Material Damages from Uninsured vehicle and Personal Accident, Glass breakage, Legal Protection as optional covers.
- Partial comprehensive coverage that includes Basic coverage, Theft, Fire, Personal Accident, Glass breakage, Natural perils and Legal Protection and also Road Assistance as optional covers.
- Full comprehensive coverage that includes Partial comprehensive coverage and Own damages.

Third Party Liability limits that are imposed by law are €1,0 mil per person for Bodily Injuries and €1,0 mil per accident for Material damages. As a result of increase of the limits from €0,5 mil to €1,0 mil the motor premium is adjusted respectively to cover elevated cost of claims.

Additionally, limits and deductibles of coverages generate lower ultimate cost of claims for the Group and present a deterrent factor for the customer.

Reinsurance arrangements include excess of loss with a maximum underwriting limit for the Group in Motor Third Party Liability amounting to € 50,0 mil per incident. There are no known concentrations of insurance risk from the same incident.

Moreover, claims management is also a significant factor due to the fact that any differentiation in the procedure (reserve function, closing claims pace) will be reflected in the profitability of the Group.

b) Sources of uncertainty in the estimation of future claim payments

Insurance contracts cover claims which occur within the term of the insurance contract, even if the notice or ascertainment of damage is made after the expiry of the insurance (always in accordance with the applicable law). The claims incurred within the term of the contract but reported after the expiry of the contract are part of the Group's liabilities and need to be estimated. In addition, some of the claims for Motor Liability are transferred to judicial resolution which may remain outstanding for a long period of time and result in an uncertainty for the Group regarding the claim to be settled.

The estimated cost of claims also includes the cost of claims management. The reserves for outstanding claims consist of the reported losses estimated on a case by case basis, the incurred but not reported claims (IBNR) calculated based on statistical method, unallocated loss adjustment expenses and an additional reserve resulting from the statistical method of assessing the adequacy of the reserves.

c) Process used to decide on assumptions

The selection of the development factors for assessing the adequacy of reserves and future payments is made based on the criteria of their graduation and prudent estimation.

Development factors that deviate significantly from the average are excluded from the final selection particularly if their application results in estimates lower than expected. In addition, the development factors from prior years which are lower than one are not taken into consideration since these may result in an incorrect assessment.

For the Motor Liability sector, a specific method is selected in order to generate estimates of reserves that are as creditworthy and reliable as possible and are close to reality.

The Group carries out formula based analysis of the gross claims reserves as well as actuarial method analysis using multiple methods such as Incurred Chain Ladder, Bomheutter Ferguson, and Cape Cod during half-year and year-end reporting periods.

These methods used reflect the experience from prior years in order to estimate the ultimate cost of claims per accident year. In order to reduce the uncertainty and the probability of error in the reserves estimates for the Motor TPL insurance business the final selection is based on the Mack method (applying an 75,0% confidence level)

During the interim periods such as the first and the third quarters of the financial year the Group does not recalculate the ultimate cost of claims for prior accident years. The ultimate costs for prior accident years are only adjusted if the experience differs significantly from the initial estimates.

For the current accident year that there is no experience, the assessment of ultimate cost is based on the loss ratio which is expected to be formed considering the pricing policy and the future costs for settling claims.

In addition the Group also calculates unexpired risk reserve. The calculation of the additional provision is based on loss ratio derived from the experience of claims at the time of calculation and the administrative expense ratio based on the expense analysis of the Group at the end of each financial year.

d) Changes in assumptions and sensitivity analysis

The ratio used for the adequacy assessment is given by the product of development factors which are subject to sensitivity analysis. In case of an increase of the product of development factors by 10,0%, a deficit of reserve arises amounting to 15,51% of the total reserves for outstanding claims in the Motor Liability sector (31 December 2015: 17,5%). In case of a reduction of the product of development factors by 10,0%, a surplus is generated, which is equal to 2,42% of the total reserves for outstanding of the Motor Liability sector (31 December 2015: 1,52%).

In case of an increase of the estimated loss ratio by 10,0%, additional unexpired risks reserve of €0,3 mil is required, while a 10,0% increase in the administrative expense ratio results in an additional risk reserve of €0,13 mil.

4.2.2.2 Property insurance

The Group offers retail products for household and small commercial business, as well as tailor made coverage for large commercial and industrial risks. Usually policies have annual duration. The Group has the right to re-price the policies on renewal.

In its product design the Group implements an end-to-end process of assessing, scoring, pricing and managing risk. The premium charged by the Group incorporates the reinsurance cost, the risk premium that covers not only the claims but also the capital requirements and a reasonable profit margin.

a) Frequency and severity of claims

The retail products range from basic fire covers to full packages, including covers as water perils, short circuit, malicious damages, terrorism acts, debris removals, other expenses, civil liability, and earthquake.

The Group monitors the portfolio per package regularly, especially the loss ratio.

Regarding the large commercial and industrial risks, the Group offers comprehensive multi-risk coverage on a tailor-made basis. Appropriate underwriting procedures are in place, taking into consideration criteria such as nature of risk, quality of risk, fire and theft protection measures, geographical location, earthquake accumulation, building construction type and construction year, deductibles, sub-limits for certain categories of covers, loss history.

The underwriting of the Group is characterized by well-defined risk appetite and consistent decision making.

The policies are underwritten by reference to the risk category, construction cost of the property and replacement value for the content and claims payment limits are always included to cap the amount payable on occurrence of the insured event.

The Group maintains reinsurance treaties to mitigate catastrophe risks with creditworthy reinsurers.

The frequency and the amount of claims are partly affected by the underwriting rules. The implementation of deductibles in specific perils assists to the mitigation of mainly frequency and secondly severity.

Specifically regarding household policies, most frequent reason of claim are the perils of breakage of pipes and burglary but usually these claims are not severe.

Claims are classified into three main categories as follows:

For losses of small amount, the Group monitors the evolution of the frequency and the average cost and adjusts the average cost by an inflation ratio.

For losses of large amount, the Group examines a longer period to calculate the frequency.

In case of catastrophic losses, i.e. events which may affect a significant number of insurance contracts such as earthquake, the Group analyzes the portfolio in order to evaluate the annual cost and decides the amount to be ceded through the reinsurance treaties and the amount of premium to be charged.

The management of insurance risks also includes the establishment of a maximum level of accumulation of risk and a maximum level of loss per risk or incident which will be charged to the Group's results. Any excess amounts are in both cases subject to reinsurance cessions through reinsurance contracts or facultative cessions.

In Greece the most possible catastrophic risk is considered to be the earthquake. Therefore the Group carefully assesses the concentration, purchases reinsurance cover and charges different premium per earthquake zone.

The table below analyzes the concentration of risk in the Group's portfolio by geographic region for 31 December 2016 and 31 December 2015 (in relation to the risk of earthquake).

Geographical region (*amounts in € thousand*)	**Total insured funds as at 31 December 2016**	**Total insured funds as at 31 December 2015**
Attica and Central Greece	8.748.701	8.553.570
Rest of Greece	8.783.939	8.296.155
Total	**17.532.640**	**16.849.725**

The Company has obtained reinsurance for catastrophic events with a limit of € 310,0 mil in excess of € 14,0 mil for each catastrophic event. The total (upper) limit has not changed since prior year (2015).

b) Sources of uncertainty in the estimation of future claim payments

The main uncertainties in estimating future payments are as follows:

- the final cost of repair or replacement of damaged property or/and any residual value of rescued items (which affects the final damage to be borne by the Group).
- in case of judicial resolution of the dispute, the interpretation of the terms of the insurance contract and the facts which the court will adopt.
- in case of judicial resolution of the dispute, the time until the payment of any compensation to be awarded for the purpose of calculating interest on overdue amount.

The estimated cost of claims also includes the cost of claims management. The reserves for outstanding claims consist of the reported losses estimated on a case by case basis, the incurred but not reported claims (IBNR) calculated based on statistical method, unallocated loss adjustment expenses and an additional reserve resulting from the statistical method of assessing the adequacy of the reserves.

c) Process used to decide on assumptions

The selection of the development factors for assessing the adequacy of reserves and future payments is made based on the criteria of their normalization and the prudent estimation.

Development factors that deviate significantly from the average are excluded from the final selection particularly if their application results in estimates lower than expected. In addition, the development factors from prior years which are lower than one are not taken into consideration since these may result in an incorrect assessment.

For the property insurances a specific method is selected in order to make a reliable estimation taking also into account exceptional and unpredictable events such as the riots in Athens at the end of 2008.

The non-attritional claims and their development are monitored separately from the rest of the portfolio so that any positive experience in the statistical analysis of these claims will not affect the provision for the remaining claims. In cases where the there is no sufficient data that can be used for statistical analysis then similar risk categories are grouped together.

The Group carries out formula based analysis of the gross claims reserves as well as actuarial method analysis using the Incurred Chain Ladder method during the half-year and year-end reporting periods. This method used reflects the experience from prior years in order to estimate the ultimate cost of claims per accident year. It is noted that for these risk categories the Group has a positive experience and no additional reserve is required as result of the adequacy assessment of claims.

In addition the Group also calculates unexpired risk reserve. The calculation of the additional provision is based on loss ratio derived from the experience of claims at the time of calculation and the administrative expense ratio based on the expense analysis of the Group at the end of each financial year.

d) Change in assumptions and sensitivity analysis

The ratio used for the adequacy assessment is given by the product of development factors which are subject to sensitivity analysis. In case of increase of the product of development factors by 10,0%, there is no further need for additional reserves of outstanding claims. In case of a reduction of the product of development factors by 10,0%, a surplus is generated, which is equal to 7,97%% of the total outstanding claim reserve (31 December 2015: 10,5%).

4.3 Financial risks

Financial risk management is crucial part of the Group’s risk management framework on daily basis. Management, aiming to maintain the stability and continuity of its operations, places high priority on the goal of implementing and continuously improving an effective risk management framework to minimize potential negative effects on the Group’s financial results.

The Group systematically monitors the following risks resulting from the use of financial instruments: credit risk, market risk and liquidity risk.

4.3.1 Credit risk

The Group's credit risk relates to the counterparty risk of default that may arise and cause financial loss to the Group by failing to meet its financial obligations due to the deterioration of its financial position. The Group manages individual exposures as well as credit risk concentrations.

Credit risk concentration

The main counterparties, to which the Group is exposed to concentration risk, are reinsurers and issuers of securities. Within the framework of risk management, credit rating standards are specified for counterparties as well as limits for the concentration of credit risk. Another type of concentration risk that the Group recognises and monitors is related to deposits on demand and time deposits which are held.

There was no exposure in excess of the Group's determined limits for the counterparties as of 31 December 2016 and 2015.

The maximum exposure to credit risk consists mainly of on-balance sheet exposures. There are also off-balance sheet exposures, which are not considered material and are primarily related to collateral, such as letters of credit. These collaterals are used to protect the Group from the underlying credit exposures mainly related to other receivables.

The maximum exposure to credit risk before collateral held or other credit enhancements is the following:

Maximum Exposure	**GROUP**		**COMPANY**	
(amounts in € thousand)	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Financial assets at FVTPL				
- Derivative financial instruments	1	-	-	-
- Financial assets where the policyholders bear the	232.952	421.416	-	-
- Financial assets held for trading	576.018	148.930	-	-
Available for sale financial assets	1.300.253	1.452.039	-	-
Held to maturity financial assets	19.446	19.295	-	-
Loans and receivables	-	23.365	-	-
Insurance receivables	8.125	7.895	-	-
Other receivables	7.077	4.529	85	8
Reinsurance receivables	26.955	28.137	-	-
Cash and cash equivalents	102.674	75.753	46.253	41.510
Total financial assets bearing credit risk	**2.273.503**	**2.181.360**	**46.338**	**41.518**

There is no credit risk associated with unit-linked contracts for the Group, since it is the policyholders who bear the credit, market and liquidity risk related to these investments.

As at 31 December 2016, the Group has no exposure to credit risk arising from derivative financial instruments, since the Group has not entered into derivative transactions at the end of the reporting period.

Credit risk related to debt securities:

Credit risk arising from debt securities relates to the inability of the issuer to meet its obligation to repay the face value of the bond at its maturity and settlement. In the context of the Group's Financial Risk Management Framework, credit ratings assigned by independent certified external rating agencies are used as a primary criterion for the evaluation of the credit risk entailed in investments in debt securities. The Group initially uses the Fitch credit ratings and if there are no recent data available, then the Standard & Poor's or Moody's credit ratings are used.

The following table shows the credit risk exposure on debt securities, by issuer credit rating, industry and geographical area:

Government Bonds	**GROUP**			
(amounts in € thousand)	**Rating Fitch**	**31/12/2016**	**Rating Fitch**	**31/12/2015**
Greece	CCC	1.524.835	CCC	517.343
Germany	AAA	161.382	AAA	-
Spain	BBB+	26.719	BBB+	293.570
Italy	BBB+	-	BBB+	360.207
Ireland	A	61.041	A-	60.007
Portugal	BB+	-	BB+	127.683
Romania	BBB-	33.506	BBB-	33.310
Poland	A-	-	A-	39.195
State of California (USA)	AA-	47.608	A+	-
Total		**1.855.090**		**1.431.314**

Corporate Bonds *(amounts in € thousand)*	GROUP			
	Rating Fitch	31/12/2016	Rating Fitch	31/12/2015
Financial (Banks)	A	-	A	13.488
	BBB+	3.106	BBB+	12.872
	C	8.074	C	7.838
Non Financial (Other Commercial)	BB	2.682	BB	2.522
	CCC	1.040	CCC	957
	NR	6.765	NR	6.254
Total		**21.667**		**43.932**

As of 31 December 2016 and 2015, the largest concentration in the Group's debt securities portfolio is in European sovereign debts which constitute a percentage of 96,3% and 97,0% respectively on the total debt securities portfolio and a percentage of 81,0% and 66,9% respectively on the total investments (including cash and cash equivalents).

Especially for the sovereign exposure to Greece, the Group had an exposure of € 1.524.835 thousand (68,3% of total investments) and € 517.343 thousand (24,2% of total investments) as of 31 December 2016 and 2015, respectively.

Credit risk related to reinsurance assets:

As part of its overall risk management strategy, the Group cedes insurance risk through proportional, non-proportional and facultative reinsurance treaties. While these cessions mitigate insurance risk, the receivables from reinsurers expose the Group to potential credit risk.

Reinsurance contracts are reviewed by the Group on an annual basis (or earlier, in exceptional cases) in order to ensure an adequate level of protection and support of contracts by creditworthy reinsurers. In this context, strict principles have been set up for the selection of reinsurers, who should be highly evaluated by recognized rating agencies under any circumstances.

The Group applies the minimum acceptable rating levels on reinsurers who support the reinsurance contracts, and therefore, reinsurers that are rated below A- by Standard & Poor's or equivalent rating by other rating agencies (AM Best, Fitch), are not acceptable. A temporary exception to this rule could be made for the reinsurers with whom the Group has a long successful cooperation and while they were assigned an A- or higher credit rating at the inception of the reinsurance contract, they were downgraded during the term of the contract.

Based on the Group's reinsurance business strategy, an appropriate mixture of reinsurers has been selected in order to ensure adequate level of reinsurance coverage. The Group's credit risk exposure on the reinsurance receivables due from the top three reinsurance companies as at 31 December 2016 amounts to 77,0% (2015:80,3%). However due to the high credit rating and the recognized solvency of these reinsurance companies the Group's management does not expect any losses from credit defaults.

Credit risk related to premium receivables:

The Group's main credit risk exposure to insurance receivables is from third party agents, brokers and other intermediaries. The risk arises where they collect premiums from customers to be paid to the Group. The Group has policies and standards to manage and monitor credit risk from intermediaries with a focus on day-to-day monitoring of the largest positions, including monitoring of the limits of these exposures. The Group has also established a pre-selection process and mitigates the risk through careful selection of counterparties.

Past due but not impaired receivables should be regarded as unsecured, but some of these receivable positions may be offset by collateral (i.e. letter of credits). The Group prepares internal reports on past due but not impaired receivable balances and aims in keeping the balance of past due positions as low as possible, while taking into account customer satisfaction.

The maximum exposure to credit risk from insurance receivables at the reporting date by type of network was:

Analysis per type of network (amounts in € thousand)	**GROUP** **31/12/2016**	**31/12/2015**
Group's network	204	201
Bancassurance network	2.406	4.048
Agents and brokers	5.515	3.645
Total	**8.125**	**7.895**

The Bancassurance network refers to the receivables due from the policyholders related to the insurance contracts distributed through the network of branches of Eurobank Ergasias S.A., and Bankpost, subsidiary of Eurobank Ergasias S.A. in Romania. Based on the regulatory requirements, the Banks are not authorized to collect insurance premiums on behalf of the Group, but the Group collects the premiums using the network of Banks' branches. As a consequence, the counterparty risk that the Group is exposed to is not transferred to the Banks.

The agents and brokers network is divided into two categories; the intermediaries that are authorized to collect premiums and the intermediaries that are not authorized.

Credit risk related to cash and cash equivalents:

As at 31 December 2016 and 2015 the cash placements to the Group of Eurobank amounted to €94.133 thousand and €216.705 thousand respectively.

The following table presents financial assets by credit rating category as at 31 December 2016 and 2015:

31 December 2016 (amounts in € thousand)					**GROUP**					
Rating	**U.L. Portfolio**	**Trade Portfolio**	**A.F.S. Portfolio**	**H.T.M. Portfolio**	**D.S.L. Portfolio**	**Premium receivables**	**Other receivables**	**Re-insurance receivables**	**Cash & cash equiv.**	**Total**
AAA	-	-	161.382	-	-	-	-	-	-	161.382
AA+	-	-	-	-	-	-	-	4.780	-	4.780
AA-	-	-	47.608	-	-	-	-	18.227	-	65.835
A+	-	-	-	-	-	-	12	3.634	-	3.646
A	-	-	61.041	-	-	-	66	232	215	61.553
A-	4.523	-	-	-	-	-	-	32	1.320	5.876
BBB+	-	-	26.719	-	-	-	-	-	-	26.719
BBB-	-	-	14.062	19.446	-	-	-	-	-	33.508
BB	-	-	3.218	-	-	-	-	-	-	3.218
B+	-	-	521	-	-	-	-	-	-	521
B-	-	-	-	-	1	-	-	-	-	1
CCC	-	565.421	959.411	-	-	-	-	-	-	1.524.832
C	36.398	9.601	1.578	-	-	-	3	-	100.093	147.674
Non rating	192.031	996	24.712	-	-	8.125	6.996	49	1.046	233.955
Total	**232.952**	**576.018**	**1.300.253**	**19.446**	**1**	**8.125**	**7.077**	**26.955**	**102.674**	**2.273.503**

31 December 2015 (amounts in € thousand)					**GROUP**					
Rating	**U.L. Portfolio**	**Trade Portfolio**	**A.F.S. Portfolio**	**H.T.M. Portfolio**	**D.S.L. Portfolio**	**Premium receivables**	**Other receivables**	**Re-insurance receivables**	**Cash & cash equiv.**	**Total**
AA+	-	-	-	-	-	-	-	5.270	-	**5.270**
AA-	-	-	-	-	-	-	2	19.328	-	**19.330**
A+	-	-	-	-	-	-	3	2.844	-	**2.847**
A	-	-	-	-	13.488	-	31	236	-	**13.755**
A-	-	-	99.202	-	-	-	-	138	-	**99.340**
BBB+	-	-	653.777	-	9.877	-	-	-	-	**663.654**
BBB-	-	-	14.015	19.295	-	-	-	-	-	**33.310**

BB+	-	-	127.683	-	-	-	-	-	-	**127.683**
BB	-	-	3.027	-	-	-	-	-	-	**3.027**
B+	-	-	479	-	-	-	-	-	-	**479**
CCC	200	128.200	389.143	-	-	-	-	-	-	**517.543**
C	239.273	9.209	1.624	-	-	-	239	-	75.606	**325.951**
Non rating	181.944	11.520	163.091	-	-	7.895	4.255	321	147	**369.172**
Total	**421.416**	**148.930**	**1.452.039**	**19.295**	**23.365**	**7.895**	**4.529**	**28.137**	**75.753**	**2.181.360**

Analysis of financial assets:

The following table provides an aging analysis, except for Unit Linked products, of financial assets that are past due but not impaired and of financial assets that are individually determined to be impaired.

(amounts in € thousand) **31 December 2016**	**Trade Portfolio**	**A.F.S. Portfolio**	**D.S.L. Portfolio**	**H.T.M. Portfolio**	**Insurance Receivables**	**Re-insurance receivables**	**Other receivables**	**Total**
Neither past due nor impaired financial assets	**576.018**	**1.287.696**	**-**	**19.446**	**-**	**26.002**	**6.725**	**1.915.886**
Past due but not impaired financial assets								
Past due by:								
1 to 90 days	-	-	-	-	7.611	954	-	**8.565**
> 90 days	-	-	-	-	503	-	352	**856**
Total	**576.018**	**1.287.696**	-	**19.446**	**8.115**	**26.955**	**7.077**	**1.925.307**
Financial assets impaired								
Gross carrying value of financial assets	-	14.329	-	-	4.066	-	1.153	**19.548**
Less: impairment allowance	-	-	-	-	-	-	-	**-**
Impairment allowances on individually assessed financial assets	-	(1.772)	-	-	(4.056)	-	(1.153)	**(6.980)**
Net carrying value of financial assets	**576.018**	**1.300.253**	**-**	**19.446**	**8.125**	**26.955**	**7.077**	**1.937.875**

(amounts in € thousand) **31 December 2015**	**Trade Portfolio**	**A.F.S. Portfolio**	**D.S.L. Portfolio**	**H.T.M. Portfolio**	**Insurance Receivables**	**Re-insurance receivables**	**Other receivables**	**Total**
Neither past due nor impaired financial assets	**148.930**	**1.446.482**	**23.365**	**19.295**	**-**	**26.859**	**4.022**	**1.668.954**
Past due but not impaired financial assets								
Past due by:								
1 to 90 days	-	-	-	-	7.328	1.278	-	**8.606**
> 90 days	-	-	-	-	556	-	268	**825**
Total	**148.930**	**1.446.482**	**23.365**	**19.295**	**7.884**	**28.137**	**4.529**	**1.678.624**
Financial assets impaired								
Gross carrying value of financial assets	-	9.232	-	-	4.229	-	1.210	**14.670**
Less: impairment allowance	-	-	-	-	-	-	-	**-**
Impairment allowances on individually assessed financial assets	-	(3.674)	-	-	(4.218)	-	(1.210)	**(9.103)**
Net carrying value of financial assets	**148.930**	**1.452.039**	**23.365**	**19.295**	**7.895**	**28.137**	**4.529**	**1.684.192**

The estimates and the assumptions taken into consideration when calculating the impairments of the financial assets are disclosed in the note 3c.

4.3.2 Market risk

Market risk is the risk associated with the Group's balance sheet positions where the value or cash flow depends on financial markets. Fluctuating risk drivers resulting in market risk include interest rates, equity market prices and currency exchange rates.

Given the investment portfolio structure of the Group, market risks mainly relate to the interest rate risk and the equity risk (or risks arising from interest rate fluctuations).

It is noted that the Group applies the Value at Risk (VAR) methodology for monitoring market risk. Similarly, the Group carries out other simulation methods using severely adverse scenarios, depending on the existing investment portfolio structure.

Specifically the market risks to which the Group is exposed to are the following:

(a) Interest rate risk

Fluctuations in current market interest rates, may potentially affect both the cash flows and the fair value of the Group's investment placements. Interest rate risk on cash flows relates to future fluctuation of cash flows of an investment due to changes in market interest rates. Respectively, interest rate risk in fair value relates to fluctuation of the fair value of an investment as a result of changes in market interest rates. As a result of such changes in interest rates, the Group's return on investments may increase or decrease.

Analysis of interest bearing financial assets per average effective interest rate:

31 December 2016	**GROUP**			
(amounts in € thousand)	**0 – 3 %**	**3 – 6 %**	**6 – 10 %**	**Total**
Financial assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk (Unit Linked)	50.255	-	-	50.255
- Financial assets held for trading	565.421	9.601	-	575.022
Available for sale financial assets	68.445	1.166.144	48.236	1.282.825
Held to maturity financial assets	-	-	19.446	19.446
Cash and cash equivalents	102.674	-	-	102.674
Total	**786.796**	**1.175.745**	**67.682**	**2.030.223**

31 December 2015	**GROUP**			
(amounts in € thousand)	**0 – 3 %**	**3 – 6 %**	**6 – 10 %**	**Total**
Financial assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk (Unit Linked)	239.472	-	-	239.472
- Financial assets held for trading	128.200	9.209	-	137.410
Available for sale financial assets	150.753	1.025.269	119.659	1.295.680
Held to maturity financial assets	-	-	19.295	19.295
Loans and receivables	9.877	-	13.488	23.365
Cash and cash equivalents	75.753	-	-	75.753
Total	**604.055**	**1.034.478**	**152.442**	**1.790.975**

The Group also grants loans to personnel at a fixed interest rate of 3,0% and classifies them in "Other receivables". As at 31 December 2016 and 2015 the loans granted to personnel amounted to €202 thousand and €212 thousand respectively.

Analysis of interest bearing financial assets by type of rate:

31 December 2016	**GROUP**		
(amounts in € thousand)	**Fixed Rate**	**Floating Rate**	**Total**
Financial assets at FVTPL:			
- Financial assets where the policyholders bear the investment risk (Unit Linked)	50.255	-	50.255
- Financial assets held for trading	575.022	-	575.022

Available for sale financial assets	1.282.825	-	1.282.825
Held to maturity financial assets	19.446	-	19.446
Cash and cash equivalents	102.674	-	102.674
Total	**2.030.223**	**-**	**2.030.223**

31 December 2015	**GROUP**		
(amounts in € thousand)	**Fixed Rate**	**Floating rate**	**Total**
Financial assets at FVTPL:			
- Financial assets where the policyholders bear the investment risk (Unit Linked)	239.472	-	239.472
- Financial assets held for trading	137.410	-	137.410
Available for sale financial assets	1.295.680	-	1.295.680
Held to maturity financial assets	19.295	-	19.295
Loans and receivables	-	23.365	23.365
Cash and cash equivalents	75.753		75.753
Total	**1.767.610**	**23.365**	**1.790.975**

(b) Currency risk

Based on Group's risk management framework, foreign currency risk is continuously monitored and managed on regural basis.

The Group has limited exposure to currency risk, since it does not enter in significant trading and investment activities in foreign currencies. However, the Group is also exposed to fluctuations in exchange rates, through the operations of its subsidiaries «Eurolife ERB Asigurari de Viata» and «Eurolife ERB Asigurari Generale» in Romania, where the Romanian Leu is used as their functional currency, and the Group prepares and publishes its consolidated financial statements in Euro. The Romanian insurance subsidiaries use foreign exchange derivatives contracts to hedge their FX positions (i.e. Euro against Leu) both on local and on IFRS basis, taking into consideration the difference between assets and liabilities of their Balance Sheet.

The Group's overall exposures to foreign currency risk at 31 December 2016 amounted to 3,7% (compared to 6,5% at 31 December 2015) and is not considered significant.

The table below presents the Group's exposure to foreign currency exchange rate risk as at 31 December 2016 and 2015 respectively. The table includes the Group's assets and liabilities at carrying amounts categorized by currency.

Currency Risk

31 December 2016						
(amounts in € thousand)			**GROUP**			
ASSETS	**EUR**	**USD**	**RON**	**CHF**	**GBP**	**Total**
Commissions and Deferred acquisition costs (DAC)	20.554	-	614	-	-	21.168
Financial assets at FVTPL:						
- Derivative financial instruments	-	-	1	-	-	1
- Financial assets where the policyholders bear the investment risk (Unit Linked)	212.304	-	20.648	-	-	232.952
- Financial assets held for trading	576.018	-	-	-	-	576.018
Available for sale financial assets	1.239.352	47.608	13.293	-	-	1.300.253
Held to maturity financial assets	19.446	-	-	-	-	19.446
Cash and cash equivalents	99.605	1.106	1.689	227	1	102.674
Insurance receivables	7.998	-	98	29	-	8.125
Reinsurance receivables	26.792	-	163	-	-	26.955
Other assets	49.190	-	619	-	-	49.808
Total Assets	**2.251.260**	**48.715**	**37.126**	**255**	**1**	**2.337.402**
LIABILITIES						
Technical reserves and other insurance provisions	1.820.110	6	25.713	181	-	1.846.011
Financial liabilities	18.661	-	67	-	-	18.728

Other Liabilities	71.820	-	536	-	-	72.356
Total Liabilities	**1.910.592**	**6**	**26.317**	**181**	**-**	**1.937.096**
Total Equity	**341.772**	**47.690**	**10.799**	**74**	**1**	**400.307**

31 December 2015 (amounts in € thousand)	GROUP					
ASSETS	**EUR**	**USD**	**RON**	**CHF**	**GBP**	**Total**
Commissions and Deferred acquisition costs (DAC)	19.425	-	607	-	-	20.032
Financial assets at FVTPL:						
- Financial assets where the policyholders bear the investment risk (Unit Linked)	408.911	-	12.505	-	-	421.416
- Financial assets held for trading	148.930	-	-	-	-	148.930
Available for sale financial assets	1.322.028	117.476	12.535	-	-	1.452.039
Held to maturity financial assets	19.295	-	-	-	-	19.295
Loans and receivables financial assets	23.365	-	-	-	-	23.365
Cash and cash equivalents	74.682	87	891	92	-	75.753
Insurance receivables	7.602	1	179	114	-	7.895
Reinsurance receivables	28.027	-	65	45	-	28.137
Other assets	45.659	-	292	-	-	45.951
Total Assets	**2.097.924**	**117.564**	**27.074**	**251**	**-**	**2.242.814**
LIABILITIES						
Technical reserves and other insurance provisions	1.624.918	8	15.283	194	-	1.640.403
Financial liabilities	105.158	-	4	-	-	105.162
Other Liabilities	68.569	-	751	-	-	69.320
Total Liabilities	**1.798.545**	**8**	**16.039**	**194**	**-**	**1.814.885**
Total Equity	**299.280**	**117.556**	**11.035**	**57**	**-**	**427.929**

(c) Equity risk

The Group is exposed to equity risks resulting from price fluctuations on equity securities held.

As part of its overall risk management process, the Group manages its equity risks and applies the limits established in the existing policies. Based on the Financial Risk Management Framework followed by the Group, its investments in equities (including its investments in mutual funds) should not exceed 15% of total investments. Investments in Real Estate Investment Trust Securities (REITS) should not exceed 10,0% of total investments

The Group's overall exposure to equity risk expressed as a percentage of total investments amounted to 0,9% at 31 December 2016 (31 December 2015: 8,7%), and is summarized below:

% of Investment portfolio under management	**GROUP**	
	31 December 2016	**31 December 2015**
Exposure to listed securities	0,1%	7,4%
Exposure to REITS	0,8%	1,3%
Total exposure to Equities and Mutual Funds Risks	**0,9%**	**8,7%**

(d) VaR summary

VaR methodology is used for measuring financial risk by estimating the potential negative change in the market value of the portfolio within a specified timeframe ("holding period") and probability of occurrence ("confidence level"), if positions remain unchanged for the chosen holding period. The VaR calculated by the Group and used for internal risk measurement and control purposes, is based on a confidence level of 99,0% and a 10 days holding period, using the Monte Carlo (complete repricing) simulation method.

VaR models are designed to measure market risk under normal market conditions. It is assumed that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution. Historical movements in prices of risk factors are considered in measuring the risk, while the exponentially weighted moving average (EWMA) estimation is used to apply weights in historical market data.

Since VaR is an integral part of the control system of market risk, VaR limits have been established and followed and the actual exposure is reviewed by management on a regular basis. Nevertheless, the use of this method does not prevent losses beyond these limits in case of extreme market movements.

VaR of financial assets

GROUP (amounts in € mil)	**31/12/2016**	**31/12/2015**
Total VaR	**73,5**	**27,2**

Monte Carlo VaR and the Group's implementation of this risk measurement methodology have a number of limitations, such as 99,0% VaR means that in 1,0% of cases the loss is expected to be greater than the VaR amount. The use of a 99,0% confidence level VaR statistic does not provide information about losses beyond this level of 1,0%.

The Group's approach is to use, together with VaR, other market risk measurement methodologies, such as simulation methods using severely adverse scenarios in order to further support its results.

4.3.3 Liquidity risk

Liquidity risk relates to the Group's ability to fulfill its financial obligations when these become due.

The Group's liquidity management process includes monitoring the timing correlation of cash inflows and outflows, as well as ensuring sufficient cash and cash equivalents and highly marketable financial assets that can easily be liquidated are held to meet its operational needs. Monitoring takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

a) Non derivative cash flows

The tables below present, at the reporting date, the cash flows payable by the Group under non-derivative financial liabilities based on their contractual maturities. The amounts mentioned are the contractual undiscounted cash flows, except for the insurance reserves, which are presented with their expected cash flows.

The Group manages liquidity risk according to the estimated undiscounted cash flows. Liabilities in foreign currency have been translated into euro based on the current foreign currency exchange rates.

31 December 2016

Financial Liabilities	**Carrying value**	**0-1 months**	**1-3 months**	**3-12 months**	**> year**	**Total**
(amounts in € thousandl)						
Payables to reinsurers	2.186	-	41	2.145	-	**2.186**
Payables to ceding insurers	34	-	-	34	-	**34**
Agents and insurance brokers	8.538	1.020	7.406	46	67	**8.538**
Liabilities to policyholders from brokerage activities	133	-	133	-	-	**133**
Other creditors	2.747	1.480	1.250	13	4	**2.747**
Benefits payable to policyholders	9.506	665	25	8.794	22	**9.506**
Other liabilities	12.847	134	18	8.964	3.732	**12.847**

Total financial liabilities	**35.991**	**3.298**	**8.873**	**19.995**	**3.825**	**35.991**

31 December 2015

Financial Liabilities	**Carrying value**	**0-1 months**	**1-3 months**	**3-12 months**	**> year**	**Total**
(amounts in € thousandl)						
Payables to reinsurers	9.034	-	7.186	1.848	-	**9.034**
Payables to ceding insurers	235	-	-	235	-	**235**
Agents and insurance brokers	5.516	1.320	3.496	84	615	**5.516**
Other creditors	2.889	1.500	1.379	5	4	**2.889**
Benefits payable to policyholders	5.768	5.368	-	400	-	**5.768**
Other liabilities	8.460	92	26	257	8.085	**8.460**
Total financial liabilities	**31.901**	**8.280**	**12.087**	**2.829**	**8.705**	**31.901**

Maturity analysis of technical reserves, other insurance provisions and investment contract liabilities (expected future cash flows)

31 December 2016	**Carrying amount**	**0-1 year**	**1-3 years**	**3-5 years**	**5-10 years**	**>10 years**	**Total**
(amounts in € thousand)							
Life insurance reserves							
Outstanding claims reserves	54.408	40.303	8.192	5.761	85	68	54.408
Unearned premiums reserves	8.897	8.207	-	-	-	-	8.207
Technical Reserves – Life and other reserves	1.397.879	91.806	271.704	304.989	666.110	196.260	1.530.868
Technical Reserves – Pensions (D.A.F.)	80.510	(8.155)	(17.197)	(12.942)	(9.298)	208.111	160.519
Unit Linked	214.057	62.495	42.787	19.353	62.180	136	186.951
Total Life insurance reserves	**1.755.752**	**194.656**	**305.486**	**317.161**	**719.077**	**404.574**	**1.940.954**
Investment Contracts							
Unit Linked	18.661	11.171	478	478	1.673	4.662	**18.462**
Total Investment Contracts	**18.661**	**11.171**	**478**	**478**	**1.673**	**4.662**	**18.462**
Total Life	**1.774.413**	**205.827**	**305.964**	**317.639**	**720.750**	**409.236**	**1.959.416**
Non Life insurance reserves							
Unearned Premium Reserves	25.444	4.332	4.383	1.087	2.006	-	**11.809**
Outstanding claims Reserves	64.815	28.914	15.867	11.114	8.465	-	**64.359**
Total Non Life	**90.259**	**33.246**	**20.250**	**12.201**	**10.471**	**-**	**76.168**

31 December 2015	Carrying amount	0-1 year	1-3 years	3-5 years	5-10 years	>10 years	Total
(amounts in € thousand)							
Life insurance reserves							
Outstanding claims reserves	59.192	42.320	9.655	7.029	122	98	59.224
Unearned premiums reserves	8.558	8.162	(11)	-	-	-	8.151
Technical Reserves – Life and other reserves	1.100.742	114.510	221.267	261.581	429.648	283.633	1.310.638
Technical Reserves – Pensions (D.A.F.)	68.343	(9.167)	(18.026)	(13.914)	(14.327)	236.212	180.777
Unit Linked	315.978	51.711	175.855	19.941	69.428	53	316.988
Total Life Insurance Reserves	**1.552.814**	**207.536**	**388.740**	**274.635**	**484.871**	**519.996**	**1.875.778**
Investment Contracts							
Unit Linked	105.156	57.447	43.064	1.171	4.078	4	**105.764**
Total Investment Contracts	**105.156**	**57.447**	**43.064**	**1.171**	**4.078**	**4**	**105.764**
Total Life	**1.657.969**	**264.983**	**431.804**	**275.808**	**488.949**	**520.000**	**1.981.544**
Non Life insurance reserves							
Unearned Premium reserves	24.597	3.012	4.265	845	1.530	-	**9.652**
Outstanding claims reserves	62.993	30.181	13.704	11.072	7.711	-	**62.668**
Total Non Life	**87.589**	**33.194**	**17.969**	**11.917**	**9.240**	**-**	**72.320**

(b) Asset Liabilities Matching (ALM)

The Group's risk management framework for the monitoring and management of the future cash flows and liquidity has been developed to achieve long-term investment returns in excess of its obligations for the insurance and investment contracts.

On a regular basis, numerous reports for the investment assets portfolios mix, classes of assets and liabilities at group and entity level are produced and circulated to the Group’s key management personnel including the Risk Management, Asset-Liability and Investments Committee.

The principal technique of the Group for management of the risks arising from the assets and liabilities positions is to continuously monitor the maturities and expected cash flows of assets and liabilities and to take the appropriate investment decisions to confront any risks arising from potential positions mismatching.

For unit-linked products, the Group matches the valuation of these liabilities with the prices of the underlying assets of these portfolios. As a consequence, there is no price, currency, credit or interest risk for these contracts.

The following table summarizes the estimated amount and timing of cash flows arising from the Group's financial assets and insurance reserves, excluding the underlying assets and the liabilities arising from the Unit Linked products:

31 December 2016 Financial assets	Carrying amount	Life Contractual cash flows (undiscounted) 0-5 years	5-10 years	10-15 years	15-20 years	>20 years	Total
Carrying value and cash flows arising from assets:							*(amounts in € thousand)*
Trading portfolio:							
Listed equity securities	843	843	-	-	-	-	**843**
Listed debt securities:							
– Fixed rate	559.888	559.888	-	-	-	-	**559.888**
Available for sale:							
Listed equity securities	15.401	15.401	-	-	-	-	**15.401**
Unlisted equity securities	456	456	-	-	-	-	**456**
Listed debt securities:							
– Fixed rate	1.127.307	296.270	515.944	495.379	488.436	529.905	**2.325.934**
Unlisted debt securities:							
– Fixed rate	33.326	8.542	8.542	8.542	8.542	28.368	**62.536**
Held to maturity:							
Listed debt securities:							
– Fixed rate	19.446	19.446	-	-	-	-	**19.446**
Derivative financial instruments	1	-	-	-	-	1	**1**
Cash and cash equivalents	50.239	50.239	–	–	–	–	**50.239**
Total	**1.806.907**	**951.085**	**524.486**	**503.921**	**496.978**	**558.274**	**3.034.745**

Insurance Reserves	Carrying amount	0-5 years	5-10 years	10-15 years	15-20 years	>20 years	Total
		Expected cash flows (undiscounted)					
Insurance reserves	1.541.695	692.668	656.897	108.380	99.980	201.705	**1.759.629**

31 December 2015 Financial assets	Carrying amount	Life Contractual cash flows (undiscounted) 0-5 years	5-10 years	10-15 years	15-20 years	>20 years	Total
Carrying value and cash flows arising from assets:							*(amounts in € thousand)*
Trading portfolio:							
Listed equity securities	11.373	11.373	-	-	-	-	**11.373**
Listed debt securities:							
– Fixed rate	109.802	111.893	-	-	-	-	**111.893**
Available for sale:							
Listed equity securities	133.438	133.438	-	-	-	-	**133.438**
Unlisted equity securities	372	372	-	-	-	-	**372**
Listed debt securities:							
– Fixed rate	1.209.007	442.673	373.279	394.231	305.347	162.061	**1.677.591**
Held to maturity:							
Listed debt securities:							
– Fixed rate	19.295	22.705	-	-	-	-	**22.705**
Loans and receivables							
Listed debt securities:							
– Floating rate	13.488	5.029	5.027	15.752	-	-	**25.808**
Unlisted debt securities:							
– Floating rate	9.877	10.549	-	-	-	-	**10.549**
Cash and cash equivalents	25.004	25.004	-	-	-	-	**25.004**
Total	**1.531.656**	**763.036**	**378.306**	**409.983**	**305.347**	**162.061**	**2.018.733**

Insurance Reserves	Carrying amount	0-5 years	5-10 years	10-15 years	15-20 years	>20 years	Total
		Expected cash flows (undiscounted)					

Insurance reserves	1.236.836	623.405	415.443	110.034	110.105	299.803	**1.272.444**

31 December 2016	**Non Life Contractual cash flows (undiscounted)**						
Financial assets	**Carrying amount**	**0-1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**>4 years**	**Total**
Carrying value and cash flows arising from assets:							*(amounts in € thousand)*
Trading portfolio							
Listed equity securities	153	153	-	-	-	-	**153**
Listed debt securities:							
– Fixed rate	15.135	12.428	3.128	-	-	-	**15.556**
Available for sale:							
Listed equity securities	1.237	1.237	-	-	-	-	**1.237**
Unlisted equity securities	333	333	-	-	-	-	**333**
Listed debt securities:							
– Fixed rate	107.910	11.311	4.589	19.680	5.207	150.175	**190.961**
Unlisted debt securities							
– Fixed rate	14.283	732	732	732	732	23.872	**26.800**
Cash and cash equivalents	2.773	2.773	-	-	-	-	**2.773**
Total	**141.824**	**28.967**	**8.449**	**20.412**	**5.939**	**174.047**	**237.813**

Insurance Reserves	**Carrying amount**	**0-1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**>4 years**	**Total**
	Expected cash flows (undiscounted)						
Insurance Reserves	90.259	33.241	11.161	9.089	6.046	16.625	**76.162**

31 December 2015	**Non Life Contractual cash flows (undiscounted)**						
Financial assets	**Carrying amount**	**0-1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**>4 years**	**Total**
Carrying value and cash flows arising from assets:							*(amounts in € thousand)*
Trading portfolio:							
Listed equity securities	147	147	-	-	-	-	147
Listed debt securities:							
– Fixed rate	27.608	25.128	128	3.128			**28.383**
Available for sale:							
Listed equity securities	22.257	22.257	-	-	-	-	22.257
Unlisted equity securities	292	292	-	-	-	-	**292**
Listed debt securities:							
– Fixed rate	86.674	21.888	7.905	2.902	22.075	51.019	**105.788**
Cash and cash equivalents	5.589	5.589	-	-	-	-	**5.589**
Total	**142.773**	**75.506**	**8.033**	**6.029**	**22.075**	**51.019**	**162.662**

Insurance Reserves	**Carrying amount**	**0-1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**>4 years**	**Total**
	Expected cash flows (undiscounted)						
Insurance Reserves	87.589	33.193	10.306	7.664	6.603	14.554	**72.320**

On the above tables the hypothesis of reinvesting financial assets cash flows at their maturity has not been taken into consideration. Additionally, the cash flows of the equity shares have been included in the first group of maturity since the shares that are listed can be realized in any time.

4.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems and/or external events. It is inherent in every function and business activity and therefore an effective Operational Risk Management System should ensure that this risk can be identified wherever it may occur, measured and, if necessary, to be reduced to the tolerable limits.

The Group, considering the nature, scale and complexity of its activities has established a Comprehensive Operational Risk Framework of principles and procedures, allowing for the effective identification, assessment, management, monitoring and reporting of operational risks (to which it is or may be exposed to). The framework is embedded in the decision making processes and in the corporate culture (Operational risk awareness).

The Group's Operational Risk Management Methodology consists of the Risk and Control Self-Assessment methodology (RCSA), the Fraud Risk-Assessment methodology (FRA), the Incident Management methodology (operational losses collection) and the relevant processes.

4.5 Capital adequacy

The main target of the capital management strategy of the Group is on the one hand to ensure that the Group and the insurance subsidiaries have adequate capitalization on an ongoing basis according to the regulatory framework Solvency II, and on the other hand to maximize shareholders' return without exceeding the total risk tolerance limits of the Company as well as risk appetite.

Solvency II, effective from 1st January 2016, is the new operational and supervisory framework of insurance and reinsurance undertakings active in the European Union (EU) and the European Economic Area (EEA). Solvency II framework's requirements are based on the Directive 2009/138/EC of the European Parliament and the Council, as amended by the Directive 2014/51/EU (Omnibus II). In Greece, the Directive 2009/138/EC was integrated into the Greek legislation by Law 4364/05.02.2016.

The Group is an early adopter of the Solvency II Pillar I calculations for internal and regulatory stress tests, and completed the implementation of a specialized IT infrastructure covering all three pillars of the Solvency II framework for full compliance with the supervisory regulation.

The level of capital adequacy of the Group and its insurance subsidiaries is regularly monitored based on the current regulatory framework and also on the internal policies and procedures which have been approved in relation to the risk management, the own risk and solvency assessment (ORSA) and the capital management. In the context of monitoring the solvency capital framework of the Group, Management has determined the desired relationship between the own funds and the solvency capital requirement (SCR), as it arises from its risk appetite, which is defined as the maximum acceptable risk tolerance level for the accomplishment of Group's goals.

The calculation of the Solvency Capital Requirement (SCR), the Minimum Capital Requirement (MCR) as well as the eligible own funds of the Group and its insurance subsidiaries are being performed on a quarterly basis and the results of those calculations are submitted to the Supervisor Authority.

Furthermore, the Group implements stress tests with alternative scenarios which depict the negative impact from unexpected changes in the macroeconomic and internal environment, in order to estimate the tolerance levels of future available own funds. The results of the stress tests are compared to internal or regulatory capital solvency levels in order to examine if corrective actions should be designed.

It is noted that as of 31 December 2016 and 31 December 2015, the eligible own funds of the Group exceeded the Solvency Capital Required (SCR).

4.6 Fair values of financial assets and liabilities

(a) Financial instruments carried at fair value:

Trading assets, derivatives and other transactions undertaken for trading purposes, as well as available-for sale securities and assets and liabilities designated at fair-value-through profit-or-loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, the fair values are estimated using valuation techniques (see notes 2.8 and 3.d).

All financial instruments carried at fair value are categorized according to the fair value hierarchy levels of IFRS 13 at the end of each reporting period based on whether the inputs to the fair values are observable or unobservable.

Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

I. Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments. These prices should be readily and regularly available from an exchange or active index / market and should represent actual and regularly occurring market transactions on an arm's length basis. This level includes listed equity shares and debt securities on exchange markets and exchange traded derivative financial instruments.

II. Level 2: Financial instruments measured using valuation techniques with the following inputs: 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) may also include other unobservable inputs which are insignificant to the entire fair value measurement.

These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. There has been no change in valuation techniques from previous years. Level 2 financial instruments mainly include over the counter (OTC) derivatives and less-liquid debt instruments.

III. Level 3: Financial instruments measured using valuation techniques with significant unobservable inputs. This level includes participation in non-listed equities.

The following table presents the Group's financial assets and liabilities carried at fair value and their classification according to the fair value hierarchy levels of IFRS 13.

31 December 2016	**GROUP**			
(amounts in € thousand)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial Assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk	226.584	6.368	-	232.952
- Financial asset held for trading	566.417	9.601	-	576.018
Available for sale financial assets	1.250.308	49.188	758	1.300.253
Total Financial Assets	**2.043.309**	**65.158**	**758**	**2.109.225**
Financial Liabilities				
- Derivative financial instruments	-	67	-	67
- Investment contract liabilities	18.661	-	-	18.661
Total Financial Liabilities	**18.661**	**67**	**-**	**18.728**

31 December 2015	**GROUP**			
(amounts in € thousand)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial Assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk	330.263	91.153	-	421.416
- Financial asset held for trading	139.721	9.209	-	148.930
Available for sale financial assets	1.449.752	1.624	664	1.452.039
Total Financial Assets	**1.919.736**	**101.986**	**664**	**2.022.385**
Financial Liabilities				
- Derivative financial instruments	-	6	-	6
- Investment contract liabilities	105.156	-	-	105.156
Total Financial Liabilities	**105.156**	**6**	**-**	**105.162**

No transfers between levels 1 and 2 occurred during financial years ended 31 December 2016 and 2015 respectively.

(b) Financial assets and liabilities not carried at fair value:

The following table presents the carrying amounts and fair values of the financial assets not carried at fair value.

The assumptions and methodologies used in the calculation of the fair value of financial instruments not carried at fair value are consistent with those used in the calculation of fair values of those financial instruments measured at fair value. Fair value for held to maturity investments securities and loans and receivables is estimated using quoted market prices in active markets. Where this information is not available, fair value has been estimated using the prices of securities with similar credit, maturity and yield characteristics, or by discounting cash flows.

Classification of assets measured at amortized cost, according to the fair value hierarchy levels of IFRS 13, is presented in the table below:

31 December 2016	**GROUP**				
(amounts in € thousand)	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Total Book Value**
Financial assets					
Held to maturity financial assets	20.886	-	-	20.886	19.446
Total Financial Assets	**20.886**	**-**	**-**	**20.886**	**19.446**

31 December 2015	**GROUP**				
(amounts in € thousand)	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Total Book Value**
Financial assets					
Loans and receivables financial assets	-	25.670	-	25.670	23.365
Held to maturity financial assets	22.468	-	-	22.468	19.295
Total Financial Assets	**22.468**	**25.670**	**-**	**48.137**	**42.661**

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

(amounts in € thousand	**GROUP**					
	Land	**Buildings**	**Leasehold improvements**	**Vehicles**	**Other Equipment**	**Total**
Cost:						
Balance at 1 January 2016	**7.840**	**7.416**	**112**	**34**	**2.520**	**17.923**
Additions	-	751	-	-	596	1.347
Balance at 31 December 2016	**7.840**	**8.167**	**112**	**34**	**3.115**	**19.269**
Accumulated Depreciation:						
Balance at 1 January 2016	**-**	**(286)**	**(40)**	**(23)**	**(1.818)**	**(2.167)**
Depreciation charge	-	(268)	(9)	(6)	(318)	(600)
Balance at 31 December 2016	**-**	**(554)**	**(49)**	**(29)**	**(2.135)**	**(2.767)**
Net Book Value at 31 December 2016	**7.840**	**7.613**	**63**	**6**	**980**	**16.502**

(*amounts in € thousand*)	GROUP					
	Land	**Buildings**	**Leasehold improvements**	**Vehicles**	**Other Equipment**	**Total**
Cost:						
Balance at 1 January 2015	**300**	**735**	**493**	**29**	**2.391**	**3.948**
Foreign Exchange differences	-	-	-	-	(1)	(1)
Additions	7.540	6.681	-	5	251	14.478
Disposals and Write-offs	-	-	(381)	-	(121)	(502)
Balance at 31 December 2015	**7.840**	**7.416**	**112**	**34**	**2.520**	**17.923**
Accumulated Depreciation:						
Balance at 1 January 2015	**-**	**(156)**	**(320)**	**(26)**	**(1.757)**	**(2.259)**
Foreign Exchange differences	-	-	-	-	1	1
Disposals and Write-offs	-	-	330	4	107	440
Depreciation charge	-	(130)	(50)	(1)	(168)	(349)
Balance at 31 December 2015	**-**	**(286)**	**(40)**	**(23)**	**(1.818)**	**(2.167)**
Net Book Value at 31 December 2015	**7.840**	**7.130**	**72**	**11**	**702**	**15.756**

On May 2015, the subsidiary Eurolife ERB Life Insurance S.A. purchased one building located on 33-35 Panepistimiou Street and Korai Street for own use through acquisition of 100% of shares of Diethnis Ktimatiki SA (836.105 equity shares, 100% participation in the shareholders equity). The total consideration for the purchase of shares amounted to €12.626 thousand.

In the consolidated financial statements, the assets acquired and liabilities assumed were recognized in accordance with relevant IFRS (IAS 16, IAS 37). In accordance with IFRS 3, when the acquisition involves an asset or a group of assets that does not constitute a business, the acquirer must allocate the cost of the transaction to the assets acquired and liabilities assumed based on their relative fair values at the date of purchase. No goodwill arose on the transaction.

As at 31 December 2016 and 2015 there were no capital commitments for property, plant and equipment.

As at 31 December 2016 and 2015, the fair value of Group's properties for own use, as determined by independent certified valuer, is as follows:

Property Description	**Area**	**Carrying amount**	**Carrying amount**	**Fair value**	**Fair value**
		31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
(*amounts in € thousand*)					
Commercial property 8.732 sq.m	Athens, Panepistimiou 35 & Korai	14.648	14.127	14.650	14.000
Commercial property 558 sq.m	Athens,Sina 2-4	806	843	850	870
Total		**15.454**	**14.970**	**15.500**	**14.870**

The key methods used for the fair value measurement of the investment properties is the income approach (income capitalisation/discounted cash flow method) and the market approach (comparable transactions), which can also be used together, depending on the category of the property under valuation.

The discounted cash flow method is used for the fair value measurement of commercial investment properties. The fair value is calculated through an estimate of the future cash flows, using specific assumptions for risks and rewards associated to the properties (operating income and expenses, vacancy rates, income growth), including the residual value that the property is expected to have at the end of the discount period. For the calculation of the present value of these cash flows, an appropriate discount rate is used.

According to the income capitalisation approach, which is also used for commercial investment properties, the fair value of the property is the result of dividing net operating income produced by the respective property with the discount rate (yield rate).

The market approach is used for residential, commercial properties and land. The fair value is estimated based on data of comparable transactions, either by analyzing the transactions of similar properties, or by using prices following appropriate adjustments.

The fair values of own-used properties of the Group are classified in Level 3 of fair value hierarchy.

NOTE 6: INVESTMENT PROPERTIES

	GROUP		
(amounts in € thousand)	Investment properties-Land	Investment properties-Buildings	Total
Cost:			
Balance at 1 January 2016	**74**	**111**	**185**
Impairments	(37)	-	(37)
Balance at 31 December 2016	**37**	**111**	**148**
Accumulated Depreciation:			
Balance at 1 January 2016	**-**	**(26)**	**(26)**
Depreciation charge	-	(3)	(3)
Balance at 31 December 2016	**-**	**(29)**	**(29)**
Net Book value at 31 December 2016	**37**	**82**	**119**

	GROUP		
(amounts in € thousand)	Investment properties-Land	Investment properties-Buildings	Total
Balance at 1 January 2015	**74**	**111**	**185**
Balance at 31 December 2015	**74**	**111**	**185**
Accumulated Depreciation:			
Balance at 1 January 2015	**-**	**(24)**	**(24)**
Depreciation charge	-	(3)	(3)
Balance at 31 December 2015	-	**(26)**	**(26)**
Net Book value at 31 December 2015	**74**	**85**	**159**

On 31 December 2016 and 2015 a valuation of investment properties was carried out by an independent certified valuer.

During the year ended 31 December 2016, rental income in terms of rent from investment in property amounting to €11 thousand (31 December 2015: €9 thousand) was recognized in the Income Statement. As at 31 December 2016 and 2015, there were no capital commitments for investment properties.

The fair value for each investment property category as at 31 December 2016 is presented in the table below. The main categories of investment properties have been determined based on the nature, characteristics and risks associated with these properties. The fair values of investment properties of the Group are classified in Level 3 of fair value hierarchy.

Property Description	Area	Carrying amount 31/12/2016	Carrying amount 31/12/2015	Fair value 31/12/2016	Fair value 31/12/2015
(amounts in € thousand)					
Residential property 99,47 sq.m	Thessaloniki,Kritis 47	62	87	65	70
Commercial property 111,68 sq.m	Thessaloniki,Tantalou 7	57	71	60	65
Total		**119**	**158**	**125**	**135**

The key methods used for the fair value measurement of the investment properties are described in detail in note 5.

NOTE 7: INTANGIBLE ASSETS

(amounts in € thousand)	Software	Goodwill	Other	Total
Cost:				
Balance at 1 January 2016	**6.077**	**22.056**	**11**	**28.144**
Additions	1.086	-	-	1.086
Disposals and write-offs	(3)	-	-	(3)
Balance at 31 December 2016	**7.160**	**22.056**	**10**	**29.227**
Accumulated depreciation:				
Balance at 1 January 2016	**(4.137)**	**-**	**-**	**(4.137)**
Disposals and write-offs	1	-	-	1
Amortisation charge	(728)	-	(1)	(729)
Balance at 31 December 2016	**(4.864)**	-	**(1)**	**(4.865)**
Net Book value at 31 December 2016	**2.297**	**22.056**	**9**	**24.362**

(amounts in € thousand)	Software	Goodwill	Other	Total
Cost:				
Balance at 1 January 2015	5.482	22.056	2	27.541
Additions	595	-	8	604
Balance at 31 December 2015	**6.077**	**22.056**	**11**	**28.144**
Accumulated depreciation:				
Balance at 1 January 2015	(3.327)	-	-	(3.327)
Amortisation charge	(810)	-	(0)	(810)
Balance at 31 December 2015	**(4.137)**	**-**	**(0)**	**(4.137)**
Net Book value at 31 December 2015	**1.941**	**22.056**	**10**	**24.007**

Goodwill represents the difference between the acquisition cost and the fair value of the net assets acquired during the acquisition and merger of the company Activa Insurance S.A. by the subsidiary Eurolife ERB General Insurance S.A..

Impairment Test

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The Group tests whether there is an indication of impairment as described in accounting policy 2.6 (a). The recoverable amounts of the CGUs are determined from value-in-use calculations. These calculations use cash flow projections based on business plans approved by Management covering a 5-year period. Cash flow projections for years six to ten have been projected based on operational and market specific assumptions. Cash flows beyond the ten-year period (the period in perpetuity) have been extrapolated using the estimated growth rates stated below.

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and cash flow projections based on gross written premium growth. Management determines cash flow projections based on past experience, actual performance, and expectations about market growth. The individual components of the calculation (risk-free interest rate, market risk premium, country-specific risk and beta factor) are based on external sources of information. The growth rates are based on respective internal or external market growth forecasts and do not exceed the average long-term growth rate for the relevant markets

The key assumptions used for the value-in-use calculations in 2016 and 2015 are as follows:

	2016	2015
Discount factor (before tax)	21%	19%
Growth rate	3%	3%

NOTE 8: DEFFERED ACQUISITION COSTS (DAC)

(amounts in € thousand)	GROUP	
	31/12/2016	31/12/2015
Deferred Acquisition costs – Life	19.083	18.247
Deferred Acquisition costs - Non Life	2.085	1.785
	21.168	**20.032**

The movement of the deferred acquisition costs of the Life insurance business is presented in the following table:

	GROUP					
(amounts in € thousand)	31/12/2016			31/12/2015		
	Technical Reserve	Acquisition Costs	Total DAC	Technical Reserve	Acquisition Costs	Total DAC
Cost:						
Balance at 1 January	**16.318**	**1.929**	**18.247**	**18.081**	**1.748**	**19.829**
Capitalization (+)	2.076	316	**2.392**	1.056	400	**1.456**
Amortization (-)	(1.368)	(187)	**(1.556)**	(2.819)	(219)	**(3.037)**
Balance for the period/year ended	**17.026**	**2.058**	**19.083**	**16.318**	**1.929**	**18.247**

NOTE 9: INVESTMENTS IN SUBSIDIARIES

The following table is a listing of the Holdings' subsidiaries at 31 December 2016:

Name	Note	Percentage holding	Country of incorporation	Line of business
ERB Insurance Services S.A.		100,0	Greece	Insurance Brokerage
Eurolife ERB General Insurance S.A.		100,0	Greece	Insurance Services
Eurolife ERB Life Insurance S.A.		100,0	Greece	Insurance Services
Diethnis Ktimatiki S.A.		100,0	Greece	Real Estate
Eurolife ERB Asigurali De Viata S.A.	**a**	100,0	Romania	Insurance Services
Eurolife ERB Asigurali Generale S.A.	**b**	100,0	Romania	Insurance Services

a. This is an indirect held shareholding of the Company, as Eurolife ERB Life Insurance S.A. participates in Eurolife ERB Asigurari de Viata with a percentage of 95,0% and Eurolife ERB General Insurance S.A. participates with a percentage of 5,0%.

b. This is an indirect held shareholding of the Company, as Eurolife ERB General Insurance S.A. participates in Eurolife ERB Asigurari Generale with a percentage of 95,3% and Eurolife ERB Life Insurance S.A. participates with a percentage of 4,7%.

NOTE 10: DEFERRED TAX

	GROUP			
(amounts in € thousand)	**Opening Balance 01/01/2016**	**Changes in Income Statement**	**Changes in OCI**	**Closing Balance 31/12/2016**
Valuation of Investments				
Changes in fair value of financial assets available for sale	(29.806)	-	23.683	(6.123)
Impairment of financial assets available for sale	588	(38)	-	549
Changes in fair value of financial assets held for trading	309	(333)	-	(24)
Miscallaneous Provisions				
Provision for staff leaving indemnities	219	18	28	265
Provision for unused personnel leave	30	(29)	-	1
Provision for other doubtful and disputed receivables	1.364	(115)	-	1.249
Provision for technical reserves and other insurance provisions	(89)	111	-	22
Other temporary differences	854	1.464	-	2.318
Recoverable tax losses				
Deferred tax on recoverable tax losses	13	(8)	-	5
Foreign exchange differences of Investments				
Foreign exchange differences	(1.848)	1.713	-	(135)
Property, plant and equipment				
Depreciation of property, plant and equipment and investment properties	(134)	(52)	-	(186)
Deferred tax in OCI				
Deferred tax in OCI	89	-	(10)	79
Total Deferred Tax Assets / (Liabilities)	**(28.411)**	**2.730**	**23.701**	**(1.980)**

(amounts in € thousand)	GROUP Opening Balance 01/01/2015	Changes in Income Statement	Changes in OCI	Closing Balance 31/12/2015
Valuation of Investments				
Changes in fair value of financial assets available for sale	(20.117)	-	(9.689)	(29.806)
Impairment of financial assets available for sale	539	49	-	588
Changes in fair value of financial assets held for trading	293	16	-	309
Miscallaneous Provisions				
Provision for staff leaving indemnities	253	15	(49)	219
Provision for unused personnel leave	138	(108)	-	30
Provision for other doubtful and disputed receivables	1.285	79	-	1.364
Provision for technical reserves and other insurance provisions	(78)	(11)	-	(89)
Other temporary differences	1	853	-	854
Recoverable tax losses				
Deferred tax on recoverable tax losses	64	(52)	-	13
Foreign exchange differences of Investments				
Foreign exchange differences	(760)	(1.088)	-	(1.848)
Property, plant and equipment				
Depreciation of property, plant and equipment and investment properties	55	(189)	-	(134)
Deferred tax in OCI				
Deferred tax in OCI	-	-	89	89
Total Deferred Tax Assets / (Liabilities)	**(18.326)**	**(436)**	**(9.649)**	**(28.411)**

The deferred tax is analysed as follows :

	GROUP 31/12/2016	31/12/2015
Deferred tax assets	1.291	526
Deferred tax liabilities	(3.271)	(28.936)
Total Deferred Taxes assets / liabilities	**(1.980)**	**(28.411)**

(amounts in € thousand)	COMPANY Opening Balance 01/01/2016	Changes in Income Statement	Changes in OCI	Closing Balance 31/12/2016
Deferred tax on recoverable tax losses	13	(8)	-	5
Deferred tax in OCI	89	-	(10)	79
Total Deferred Tax Assets / (Liabilities)	**101**	**(8)**	**(10)**	**83**

(amounts in € thousand)	COMPANY Opening Balance 01/01/2015	Changes in Income Statement	Changes in OCI	Closing Balance 31/12/2015
Deferred tax on recoverable tax losses	64	(52)	-	13
Deferred tax in OCI	-	-	89	89
Total Deferred Tax Assets / (Liabilities)	**64**	**(52)**	**89**	**101**

Note 11: FINANCIAL ASSETS HELD ON BEHALF OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK *(Unit Linked)*

(amounts in € thousand)	GROUP	
	31/12/2016	**31/12/2015**
Government securities:		
Greek government	1.174	200
Subtotal	**1.174**	**200**
Other issuers' securities:		
Banks	45.384	238.592
Other	185.766	181.944
Subtotal	**231.150**	**420.536**
Total	**232.324**	**420.735**
Listed securities	232.324	420.735
Subtotal	**232.324**	**420.735**
Bonds	7.542	91.352
Time deposits	42.084	147.439
Equity shares	5.853	1.822
Mutual funds	176.844	180.122
Subtotal	**232.324**	**420.735**
plus		
Accrued interest	205	94
Cash and cash equivalents	423	586
Subtotal	**629**	**680**
Total	**232.952**	**421.416**

The movement in securities is as follows:

	2016	**2015**
Balance at 1 January	**420.735**	**494.098**
Additions	13.510	377.720
Sales / Liquidations	(218.620)	(370.889)
Changes in fair value	16.722	(80.004)
Other	(23)	(190)
Balance at 31 December	**232.324**	**420.735**

NOTE 12: FINANCIAL ASSETS HELD FOR TRADING

(amounts in € thousand)

	GROUP	
	31/12/2016	**31/12/2015**
Government securities:		
Greek government	565.421	128.200
Subtotal	**565.421**	**128.200**
Other issuers' securities:		
Banks	9.383	8.991
Other	996	11.520
Subtotal	**10.378**	**20.511**
Total	**575.799**	**148.712**
Listed securities	575.799	148.712
Subtotal	**575.799**	**148.712**
Bonds	9.383	8.991
Treasury bills	565.421	128.200
Equity shares	996	4.444
Mutual funds	-	7.077
Subtotal	**575.799**	**148.712**
Plus		
Accrued interest	219	218
Subtotal	**219**	**218**
Total	**576.018**	**148.930**

The movement in securities is as follows:

	2016	**2015**
Balance at 1 January	**148.712**	**43.475**
Additions	2.254.292	1.128.136
Sales / Liquidations	(1.841.217)	(1.023.744)
Bonds amortization	12.616	297
Changes in fair value of debt securities	821	314
Changes in fair value of equity securities	576	232
Balance at 31 December	**575.799**	**148.712**

NOTE 13: AVAILABLE FOR SALE FINANCIAL ASSETS

(amounts in € thousand)

	GROUP	
	31/12/2016	**31/12/2015**
Government securities:		
Greek Government	924.874	380.045
Foreign Government	305.457	881.442
Subtotal	**1.230.332**	**1.261.487**
Other issuers' securities:		
Banks	1.547	8.298
Other	28.279	159.719
Subtotal	**29.826**	**168.017**
Total	**1.260.158**	**1.429.504**
Listed securities	1.245.239	1.428.840
Unlisted securities	14.918	664
Subtotal	**1.260.158**	**1.429.504**

Bonds	1.238.928	1.125.166
Treasury bills	3.802	147.979
Equity shares	16.670	5.449
ETFs	-	754
Mutual funds	758	150.156
Subtotal	**1.260.158**	**1.429.504**
Plus:		
Accrued interest	40.095	22.536
Subtotal	**40.095**	**22.536**
Total	**1.300.253**	**1.452.039**

The movement in securities is as follows:

	2016	2015
Balance at 1 January	**1.429.504**	**1.454.713**
Additions	1.420.492	1.012.602
Sales / Liquidations	(1.508.144)	(1.067.207)
Bonds amortization	10.995	(914)
Foreign Exchange Differences	(5.914)	3.454
Changes in fair value of debt securities	(85.162)	17.457
Changes in fair value of equity securities	(3.001)	9.635
Impairment losses on equity securities	1.435	(127)
Other changes	(47)	(109)
Balance at 31 December	**1.260.158**	**1.429.504**

In 2008, in accordance with the amendments to IAS 39, the Company reclassified debt securities from the "Available for-sale" portfolio to "Loans and Receivables" portfolio and "Held to Maturity" Portfolio which are carried at amortised cost.
Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method. As at 31 December 2016, the carrying amount of the reclassified securities to the "Held to maturity" portfolio was €17.886 thousand . If the financial assets had not been reclassified, changes in the fair value for the period from the reclassification date until 31 December 2016 would have resulted in €2.269 thousand gains net of tax, which would have been recognized in the available for sale revaluation reserve.

NOTE 14: HELD TO MATURITY FINANCIAL ASSETS

(amounts in € thousand)	GROUP	
	31/12/2016	**31/12/2015**
Government securities:		
Foreign governments	18.783	18.634
Subtotal	**18.783**	**18.634**
Listed securities	18.783	18.634
Subtotal	**18.783**	**18.634**
Bonds	18.783	18.634
Subtotal	**18.783**	**18.634**
Plus		
Accrued interest	663	661
Subtotal	**663**	**661**
Total	**19.446**	**19.295**

The movement in securities is as follows:

	2016	2015
Balance at 1 January	**18.634**	**18.486**
Bonds amortization	82	82
Revaluation reserve amortization of reclassified securities	66	66
Balance at 1 December	**18.783**	**18.634**

NOTE 15: LOANS AND RECEIVABLES FINANCIAL ASSETS

(amounts in € thousand)	GROUP	
	31/12/2016	31/12/2015
Other issuers' securities:		
Banks	-	23.131
Subtotal	**-**	**23.131**
Total	**-**	**23.131**
Listed	-	13.254
Non Listed	-	9.877
Subtotal	**-**	**23.131**
Bonds	-	23.131
Subtotal	**-**	**23.131**
plus		
Accrued interest	-	234
Subtotal	**-**	**234**
Total	**-**	**23.365**

The listed securities disclosed in the above table as of 31 December 2015 were foreign corporate bonds, which although listed, had been classified as "loans and receivables financial assets" since they were not quoted in an active market and due to their low marketability.

The movement in securities is as follows:

	2016	2015
Balance at 1 January	**23.131**	**22.879**
Sales / Liquidations	(24.980)	-
Bonds amortization	1	15
Revaluation reserve amortization of reclassified securities	1.847	238
Balance at 31 December	**-**	**23.131**

NOTE 16: INSURANCE RECEIVABLES

(amounts in € thousand)	GROUP	
	31/12/2016	31/12/2015
Insurance receivables up to 30 days	7.507	6.707
Insurance receivables between 30 to 90 days	988	1.088
Insurance receivables beyond 90 days	4.543	4.766
Provision for doubtful receivables	(4.056)	(4.218)
Minus: premium prepayments	(858)	(447)
Total	**8.125**	**7.895**

Insurance receivables from related parties represent 39,4% (2015:19,3%) of total receivables. The management does not expect impairment losses from parent company and related parties due to inability of payments.

NOTE 17: OTHER RECEIVABLES

(amounts in € thousand)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Prepaid expenses	1.060	873	23	-
Receivables-interest income	5	4	2	3
Receivables from ceding insurers	576	279	-	-
Reinsurance receivables (current accounts)	2.635	502	-	-
Advances to agents and brokers	1.277	1.213	-	-
Brokerage commissions from insurance companies	410	380	-	-
Loans to personnel	202	212	-	-
Other receivables	2.066	2.276	60	5
Provision for doubtful other receivables	(1.153)	(1.210)	-	-
Total	**7.077**	**4.529**	**85**	**8**

NOTE 18: REINSURANCE RECEIVABLES

31 December 2016	GROUP		
(amounts in € thousand)	LIFE	NON LIFE	TOTAL
Receivables from unearned premiums reserves (U.P.R.)	138	1.366	1.504
Receivables from outstanding claims reserves (O.C.R.)	19.361	6.091	25.451
Total	**19.498**	**7.457**	**26.955**

31 December 2015	GROUP		
(amounts in € thousand)	LIFE	NON LIFE	TOTAL
Receivables from unearned premiums reserves (U.P.R.)	497	1.043	1.540
Receivables from outstanding claims reserves (O.C.R.)	20.758	5.839	26.597
Total	**21.255**	**6.883**	**28.137**

The credit risk with respect to the reinsurance receivables is limited due to the high creditworthiness of the reinsurers (note 4.3.1).

NOTE 19: CASH AND CASH EQUIVALENTS

(amounts in € thousand)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Cash in hand	140	147	-	-
Deposits on demand	5.171	4.821	53	10
Time deposits	97.204	70.773	46.200	41.500
Current accounts	-	7	-	-
Restricted deposits	160	4	-	-
Total	**102.674**	**75.753**	**46.253**	**41.510**

Time deposits have a maturity of less than 90 days. During 2016, the weighted average effective interest rate on time deposits was 0,8% for the Greek subsidiaries (2015: 1,4%), 0,2% for the Romanian subsidiaries (2015: 0,5%) and 0,9% for the Company (2015: 1,9%). There is a significant concentration of credit risk with respect to cash balances of the Company which have been deposited in the accounts of the Eurobank Group (refer to note 4.3.1).

NOTE 20: SHARE CAPITAL

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Number of Ordinary Shares	100.000.000	100.000.000	100.000.000	100.000.000
Paid in *(amounts in € thousand)*	350.000	350.000	350.000	350.000
Share capital	**350.000**	**350.000**	**350.000**	**350.000**

The share capital amounts to €350.000 thousand divided into 100.000.000 registered ordinary shares of a nominal value of €3,50 each.

NOTE 21: RESERVES

(amounts in € thousand)	GROUP						
	Statutory Reserve	Special Reserves	AFS investments revaluation Reserve	Currency translation Reserve	Reserve for post-employment benefit obligations	Other reserves and Retained Earnings	Total
At 1 January 2016	**50.512**	**23.103**	**77.430**	**(2.200)**	**(140)**	**115.961**	**264.664**
Profit of prior year	6.093	3.450	-	-	-	38.779	**48.323**
Deferred tax	-	-	-	-	-	(10)	**(10)**
Difference in prior year's reserves	-	-	-	-	-	(41)	**(41)**
Dividend distribution to shareholders	-	-	-	-	-	(34.000)	**(34.000)**
Currency translation differences	-	-	-	(45)	-	-	**(45)**
Remeasurement of defined benefit obligation, net of tax	-	-	-	-	(67)	-	**(67)**
Change in AFS financial assets	-	-	(86.263)	-	-	-	**(86.263)**
Deferred tax on change in AFS financial assets	-	-	23.684	-	-	-	**23.684**
At 31 December 2016	**56.605**	**26.554**	**14.851**	**(2.246)**	**(208)**	**120.688**	**216.245**

(amounts in € thousand)	GROUP						
	Statutory Reserve	Special Reserves	AFS Investments Revaluation Reserve	Currency translation Reserve	Reserve for post-employment benefit obligations	Other reserves and Retained Earnings	Total
At 1 January 2015	44.456	(3.531)	59.731	(2.075)	(303)	128.125	**226.403**
Share issue costs	-	-	-	-	-	(30)	**(30)**
Profit of prior year	6.056	26.635	-	-	-	25.461	**58.152**
Deferred tax	-	-	-	-	-	89	**89**
Difference in prior year's reserves	-	-	-	-	-	15	**15**
Dividend distribution to shareholders	-	-	-	-	-	(37.700)	**(37.700)**
Currency translation differences	-	-	-	(125)	-	-	**(125)**
Remeasurement of defined benefit obligation, net of tax	-	-	-	-	162	-	**162**
Change in AFS financial assets	-	-	27.386	-	-	-	**27.386**
Deferred tax on change in AFS financial assets	-	-	(9.688)	-	-	-	**(9.688)**
At 31 December 2015	**50.512**	**23.103**	**77.430**	**(2.200)**	**(140)**	**115.961**	**264.664**

For fair presentation purposes, during the reporting period, a reserve amounting to €1.771 thousand was reclassified from Available for Sale Investment Revaluation Reserve to Extraordinary Reserves. This reserve resulted from the merger of Activa Insurance S.A. during the fiscal year of 2009 and relates to the valuation of available for sale financial assets. Furthermore, a reserve of €692 thousand was transferred from Special Reserves to Extraordinary Reserves. For comparison purposes, previous years financial statements figures were restated respectively.

(amounts in € thousand)	COMPANY			
	Statutory Reserve	**Special Reserves**	**Extraordinary reserves**	**Total**
Balance at 1 January, 2016	**1.991**	**73**	**(215)**	**1.849**
Transfer between reserves	1.804	(17)	34.296	**36.083**
Deferred tax	-	-	(10)	**(10)**
Dividend distribution	-	**-**	(34.000)	**(34.000)**
At 31 December 2016	**3.795**	**56**	**71**	**3.922**

(amounts in € thousand)	COMPANY			
	Statutory Reserve	**Special Reserves**	**Extraordinary reserves**	**Total**
Balance at 1 January, 2015	**-**	**-**	**(350)**	**(350)**
Transfer between reserves	1.991	73	37.746	**39.810**
Deferred tax	-	-	89	**89**
Dividend distribution	-	-	(37.700)	**(37.700)**
At 31 December 2015	**1.991**	**73**	**(215)**	**1.849**

"Statutory reserve" include legal reserves that cannot be distributed to the shareholders.

"AFS investments revaluation reserve" includes revaluation reserves of available for sale investments that are recycled to income statement upon disposal or impairment of investments. This reserve also includes the associated deferred taxes.

"Reserve for post-employment benefit obligations" include reserves from the remeasurement of the defined benefit obligation, along with the relevant deferred tax. This reserve is in accordance with the provisions of the revised IAS 19 and cannot be distributed.

"Currency translation reserve" arise on the consolidation of the Romanian subsidiaries.

"Extraordinary Reserves" arises from previous years profits after General Shareholders' Meeting decisions. These reserves arising from profits of previous years can be distributed to shareholders upon decision of General Shareholders' Meeting without additional tax charge.

"Special Reserves" are reserves under special laws that either are not distributable or will be taxed in case of distribution according to the applicable income tax rate at the date of distribution.

Consolidation difference

The Consolidation difference was recognized at the date of the formation of the Company, at the initial consolidation under the common control method. Specifically, the cost of investment in subsidiaries, Eurolife ERB Life Insurance S.A. and Eurolife ERB General Insurance S.A. was eliminated against the subsidiaries' share capital and share premium and any difference between the cost of investment and the carrying amount of the share capital and share premium acquired is recognized in equity. On 30 September 2014, the total cost of investment in subsidiaries (direct and indirect) amounted to €355,0 mil., while the subsidiaries' share capital and share premium amounted to €40,9 mil. and €79,0 mil. respectively and as a result a consolidation difference of the amount of €235,1 mil. was recognized in Group's equity.

NOTE 22: TECHNICAL RESERVES AND OTHER INSURANCE PROVISIONS

(amounts in € thousand)	GROUP					
	31/12/2016			31/12/2015		
	Group	Reinsurers	Total	Group	Reinsurers	Total
Life insurance reserves						
Technical reserves - Life Individual	1.373.355	-	**1.373.355**	1.072.916	-	**1.072.916**
Technical reserves - (DAF)	80.510	-	**80.510**	68.343	-	**68.343**
Provisions for profit participation	19.420	-	**19.420**	18.851	-	**18.851**
Unearned premiums reserves (UPR)	8.759	138	**8.897**	8.061	497	**8.558**
Outstanding claims reserves	35.047	19.361	**54.408**	38.434	20.758	**59.192**
Other insurance provisions	5.105	-	**5.105**	8.975	-	**8.975**
Insurance provisions for life insurance contracts where the policyholders bear the investment risk (Unit Linked)	214.057	-	**214.057**	**315.978**	-	**315.978**
Total Life insurance reserves	**1.736.253**	**19.498**	**1.755.752**	**1.531.559**	**21.255**	**1.552.814**
Non Life insurance reserves						
Unearned premiums reserves (UPR)	23.940	1.366	**25.306**	23.554	1.043	**24.597**
Outstanding claims reserves	58.724	6.091	**64.815**	57.153	5.839	**62.993**
Unexpired Risk Reserve (URR)	138	-	**138**	-	-	**-**
Total Non Life insurance reserves	**82.803**	**7.457**	**90.259**	**80.707**	**6.883**	**87.589**
Total technical reserves and other insurance provisions	**1.819.056**	**26.955**	**1.846.011**	**1.612.266**	**28.137**	**1.640.403**

The above Life technical reserves and other insurance provisions include additional reserves as at 31 December 2016 and 2015 as follows:

(amounts in € thousand)	GROUP	
	31/12/2016	31/12/2015
LAT on traditional life insurance contracts	52.903	-
LAT on technical reserves Life (health riders)	4.730	7.402
LAT on technical reserves (DAF)	2.093	7.192
LAT on Outstanding claims reserves Life (triangles method)	7.905	8.691
LAT on Outstanding claims reserves Non Life (triangles method)	3.693	4.026
Total additional reserves	**71.324**	**27.311**

Life technical reserves amounts to €1.373,4 mil as at 31 December 2016 compared to €1.072,9 mil as at 31 December 2015, presenting an increase of €300,4 mil. The increase in life technical reserves derives mainly from the increased new life insurance premiums production of €364,7 mil, the acquisition and expiration of life insurance contracts of €117,2 mil and the increase in additional reserves of €52,9 mil. The increase in additional reserves is mainly the result of the new methodology applied in relation to the interest rate yield curve used for the portfolio of traditional life insurance reserves. More specifically, yield curves are created using the expected yield of the investment portfolio that is in force at the valuation date, taking into consideration the mismatches between the future cash flows of the investment portfolio and the respective liabilities, the credit risk of the selected investments and the elimination of the market fluctuation.

The insurance provisions for the insurance contracts where the policyholder bears the investment risk (Unit Linked) amount to €214,1 mil on 31 December 2016 in comparison to €316,0 mil for the previous fiscal year, presenting a decrease of €101,9 mil mainly due to the expiration of certain Unit Linked insurance products (Profit Lock Gold).

The following table presents the change in Life technical reserves and other insurance provisions (excluding outstanding claim reserves) for the years ended 31 December 2016 and 2015:

(amounts in € thousand)	**GROUP**						
	Life	**Pensions (DAF)**	**Profit Partic/tion**	**Other provisions**	**Unit Linked**	**U.P.R.**	**TOTAL**
At 1 January 2016	**1.072.916**	**68.343**	**18.851**	**8.975**	**315.978**	**8.558**	**1.493.621**
New production, renewals	364.720	15.594	513	578	8.514	1.480	**391.399**
Surrenders, lapses, maturities, deaths etc.	(117.150)	(5.556)	(6.311)	-	(127.227)	(778)	**(257.022)**
Additional reserves (LAT)	52.903	(5.098)	-	(2.672)	-	-	**45.132**
Return on investments	-	-	-	-	17.068	-	**17.068**
Excess investment return on technical reserves	-	7.228	6.368	-	-	-	**13.596**
Provisions' movement - Group's share	**300.473**	**12.167**	**570**	**(2.094)**	**(101.644)**	**702**	**210.173**
Provisions' movement - Reinsurers' share	-	-	-	-	-	(359)	**(359)**
Other payables	(34)	-	-	(1.776)	(277)	(4)	**(2.091)**
At 31 December 2016	**1.373.355**	**80.510**	**19.420**	**5.105**	**214.057**	**8.897**	**1.701.344**

(amounts in € thousand)	**GROUP**						
	Life	**Pensions (DAF)**	**Profit Partic/tion**	**Other provisions**	**Unit Linked**	**U.P.R.**	**Total**
At 1 January 2015	**1.023.982**	**55.544**	**23.537**	**9.460**	**316.153**	**8.909**	**1.437.585**
New production, renewals	151.387	13.842	496	1.573	8.020	591	**175.909**
Acquisitions, cancellations, maturities, deaths etc.	(102.444)	(2.212)	(5.186)	-	144	(527)	**(110.226)**
Additional reserves (LAT)	-	911	-	572	-	-	**1.483**
Return on investments	-	-	-	-	(8.199)	-	**(8.199)**
Excess investment return on technical reserves	-	258	3	-	-	-	**261**
Provisions' movement - Group's share	**8.942**	**12.799**	**(4.686)**	**2.145**	**(35)**	**59**	**59.230**
Provisions' movement - Reinsurers' share	-	-	-	-	-	(412)	**(412)**
Other payables	(8)	-	-	(2.630)	(141)	(3)	**(2.782)**
At 31 December 2015	**1.072.916**	**68.343**	**18.851**	**8.975**	**315.978**	**8.558**	**1.493.621**

The following table presents the change in outstanding claim reserves for the years ended 31 December 2016 and 2015:

(amounts in € thousand)	**2016**			**2015**		
	Group	**Reinsurers**	**Total**	**Group**	**Reinsurers**	**Total**
Movement of Life outstanding claim reserves						
Outstanding claims	27.957	20.758	48.715	21.509	21.205	42.715
Additional reserves (LAT / IBNR)	10.478	-	10.478	9.937	-	9.937
At 1 January	**38.434**	**20.758**	**59.192**	**31.446**	**21.205**	**52.652**
Decrease from paid claims	(7.064)	(3.346)	(10.411)	(1.065)	(6.119)	(7.184)
Increase/ (Decrease) from claims of the year	9.073	7.072	16.145	9.169	7.750	16.919
Increase/ (Decrease) from prior year claims	(4.839)	(5.123)	(9.963)	(1.657)	(2.078)	(3.736)
Additional reserves (LAT / IBNR)	(556)	-	(556)	540	-	540
Movement - Outstanding claims	**(3.387)**	**(1.397)**	**(4.784)**	**6.988**	**(447)**	**6.540**
Outstanding claims	25.126	19.361	44.487	27.957	20.758	48.715
Additional reserves (LAT / IBNR)	9.921	-	9.921	10.478	-	10.478
At 31 December	**35.047**	**19.361**	**54.408**	**38.434**	**20.758**	**59.192**

(amounts in € thousand)	2016			2015		
	Group	Reinsurers	Total	Group	Reinsurers	Total
Movement of Non Life outstanding claim reserves						
Outstanding claims reserves	50.871	5.839	56.710	51.308	6.282	57.590
Additional reserves (LAT / IBNR)	6.282	-	6.282	7.394	-	7.394
At 1 January	**57.153**	**5.839**	**62.993**	**58.702**	**6.282**	**64.984**
Decrease from paid claims	(4.529)	(8)	(4.538)	(4.910)	(313)	(5.223)
Increase/ (Decrease) from claims of the year	10.545	168	10.713	7.242	114	7.357
Increase/ (Decrease) from prior year claims	(4.052)	92	(3.960)	(2.769)	(244)	(3.013)
Additional reserves (LAT / IBNR)	(393)	-	(393)	(1.111)	-	(1.111)
Movement - Outstanding claims	**1.571**	**251**	**1.822**	**(1.549)**	**(443)**	**(1.991)**
Outstanding claims	52.835	6.091	58.925	50.871	5.839	56.710
Additional reserves (LAT / IBNR)	5.890	-	5.890	6.282	-	6.282
At 31 December	**58.724**	**6.091**	**64.815**	**57.153**	**5.839**	**62.993**

Table of non life claims development

Year of Incident	< 2007	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Estimate of ultimate cost:												
Year of Loss		12.813	21.062	14.355	18.086	14.232	19.757	19.132	22.377	10.833	15.496	225.792
At end of reporting year		11.369	21.031	14.050	17.243	13.533	19.682	19.710	23.024	10.904		
One year later		11.193	20.961	13.186	16.599	13.598	20.395	19.441	22.925			
Two years later		11.284	20.624	13.047	16.413	13.980	20.441	19.301				
Three years later		11.343	20.540	12.951	16.002	13.828	20.339					
Four years later		11.197	20.287	10.819	13.694	11.415						
Five years later		10.770	18.833	10.473	12.338							
Six years later		10.421	18.722	10.263								
Seven years later		10.382	18.646									
Eight years later		10.131										
Current estimate for ultimate cost	46.962	10.131	18.646	10.263	12.338	11.415	20.339	19.301	22.925	10.904	15.496	198.720
Cumulative payments	45.676	9.644	16.987	9.847	11.626	9.268	10.218	10.360	10.967	5.444	4.790	144.826
Amount of reserves	**1.286**	**487**	**1.659**	**416**	**712**	**2.147**	**10.121**	**8.942**	**11.958**	**5.460**	**10.706**	**53.894**
Reserve for previous years												**788**
Reserve for reinsurance accepted-Motor												**4.207**
Additional reserve with statistical method												**5.141**
Unallocated Loss Adjustment Expenses												**736**
Greek Reserve for Outstanding Claims	**1.286**	**487**	**1.659**	**416**	**712**	**2.147**	**10.121**	**8.942**	**11.958**	**5.460**	**10.706**	**64.767**
Romanian Reserve for Outstanding Claims												**48**
Total Reserve for Outstanding Claims - GROUP												**64.815**

NOTE 23: INVESTMENT CONTRACT LIABILITIES

(amounts in € thousand)	GROUP	
	2016	**2015**
Balance at 1 January	**105.156**	**178.040**
Additions	1.690	1.122
Liquidations	(89.124)	(70.984)
Realized gains/(losses) from disposals	(13)	35.365
Interest Income	241	81
Administrative Expenses	(1)	(220)
Management Fees	(128)	(1.611)
Fair value gains/(losses)	839	(36.636)
Balance at 31 December	**18.661**	**105.156**

NOTE 24: EMPLOYEE BENEFITS

The Group provides for staff retirement indemnity obligation for its employees in Greece (there is no requirement for such provision in Romania), who are entitled to a lump sum payment based on the number of years of service and the level of remuneration at the date of retirement, if they remain in the employment of the Group until normal retirement age, in accordance with the local Labour legislation. The above retirement indemnity obligations typically expose the Group to actuarial risks such as interest rate risk and salary risk. Therefore, a decrease in the discount rate used to calculate the present value of the estimated future cash outflows or an increase in future salaries will increase the staff retirement indemnity obligations of the Group.

	GROUP	
(amounts in € thousand)	**2016**	**2015**
Movement of provision for staff leaving indemnities		
Balance at 1 January	**756**	**974**
Benefits paid by the employer	(109)	(389)
Total expense recognized in the income statement	172	382
Actuarial Losses / (gains)	95	(211)
Balance at 31 December	**913**	**756**

	GROUP	
(amounts in € thousand)	**01/01-31/12/2016**	**01/01-31/12/2015**
Amounts recognized in the income statement		
Current service cost	73	87
Net interest	17	24
Curtailments / settlements / terminations	82	271
Total expense / (income) in income statement	**172**	**382**

The present value of retirement benefit obligations depends on factors determined on an actuarial basis using a number of assumptions as presented in the below table.

The key assumptions used to determine the net cost for pension obligations include the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate that should be used to calculate the present value of the estimated retirement obligations at the end of each year. In determining the appropriate discount rate, the Group uses interest rates of highly rated corporate bonds. The currency and maturity terms of the Group used are consistent with the currency and estimated duration of the retirement benefit obligations. The assumption about the percentage of salary increase is determined by reviewing the Group’s wage increases each year.

The other assumptions for pension obligations, such as changes in inflation rate, are based in part on prevailing market conditions.

	GROUP	
Actuarial assumptions	**31/12/2016**	**31/12/2015**
Discount rate	1,75%	2,58%
Future salary increases	0,0% to 4,0%	0,25% to 2,6%
Inflation	1,4%	1,6%
Expected remaining working life (years)	16,6	16,1

A quantitative sensitivity analysis based on reasonable changes to significant actuarial assumptions as at 31 December 2016 is as follows:

- An increase/(decrease) of the discount rate assumed by 0,5% / (0,5%) would result in a (decrease)/increase of the standard legal staff retirement obligations by €(68,5) thousand / €75,8 thousand.
- An increase/(decrease) of the future salary growth assumed by 0,5% / (0,5%) would result in a (decrease)/increase of the standard legal staff retirement obligations by €68,5 thousand / €(75,8) thousand.

NOTE 25: INSURANCE AND OTHER LIABILITIES

(amounts in € thousand)	GROUP		COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Reinsurers – current accounts	2.186	9.034	-	-
Ceding companies – current accounts	34	235	-	-
Agents and insurance brokers	8.538	5.516	-	-
Liabilities to policyholders from brokerage activities	133	-	-	-
Taxes	7.852	5.100	6	2
Social security	2.726	987	-	-
Other Creditors	2.747	2.889	107	53
Payable surrenders and claims settlement	9.506	5.768	-	-
Other liabilities	12.847	8.460	-	-
Total	**46.570**	**37.989**	**113**	**55**

As at 31 December 2016, other liabilities amounting to €12.847 thousand (2015: €8.460 thousand) mainly include: i) provision of €8.547 thousand for social contributions and surcharges and fines on late payment to Insurance Industry Employees Social Security Fund ("TEA-EAPAE") and ii) provision for unaudited tax years and for other sundry accrued expenses.

It is noted that according to the decision of Board of Directors meeting No 103 of TEA-EAPAE (Occupational Insurance Fund of the Insurance Companies), that took place on 16 May 2016, TEA-EAPAE imposed to the insurance subsidiary of the Group, Eurolife ERB Life Insurance S.A., a liability amounting to €8.474 thousand for non-paid social contributions for the period of 1 January 2007 to 31 December 2013 plus surcharges and fines on late payment. As of 31 December 2016, taking into consideration the notice of assessment of TEA-EAPAE, the Group has fully provide for the TEA-EAPAE case by recognizing an amount of €8.547 thousand, including any surcharges on late payment accrued until the end of the reporting period.

NOTE 26: NET EARNED PREMIUMS

From 1 January until 31 December 2016	GROUP			
(amounts in € thousand)	Life	Motor	Property & Other	Total
Gross written premiums - Direct				
Gross Written premiums	434.913	12.033	37.665	484.611
Policy fees	129	3.009	7.444	10.581
	435.042	**15.042**	**45.108**	**495.192**
Gross written premiums – Inward Reinsurance				
Gross Written premiums	-	-	730	730
	-	**-**	**730**	**730**
Total Gross Written Premiums	**435.042**	**15.042**	**45.839**	**495.922**
Change in unearned premium reserve	(343)	(1.055)	214	(1.184)
Total Gross Earned Premiums	**434.699**	**13.987**	**46.053**	**494.738**
Premium Ceded to Reinsurers	(12.844)	(167)	(8.970)	(21.981)
Change in unearned premium reserve - reinsurance share	(359)	-	323	(36)
Total Earned Premiums ceded	**(13.203)**	**(167)**	**(8.647)**	**(22.017)**
Total Net Earned Premiums	**421.496**	**13.820**	**37.406**	**472.721**

From 1 January until 31 December 2015	GROUP			
(amounts in € thousand)	Life	Motor	Property & Other	Total
Gross written premiums - Direct				
Gross Written premiums	246.339	10.357	38.539	295.235
Policy fees	98	2.589	7.470	10.157
	246.438	**12.946**	**46.009**	**305.392**
Gross written premiums – Inward Reinsurance				
Gross Written premiums	-	1	1.146	1.147
	-	**1**	**1.146**	**1.147**
Total Gross Written premiums	**246.438**	**12.947**	**47.155**	**306.540**
Change in unearned premium reserve	346	2.249	1.169	3.764
Total Gross Earned premiums	**246.783**	**15.196**	**48.324**	**310.303**
Premium Ceded to Reinsurers	(16.002)	(178)	(8.851)	(25.032)
Change in unearned premium reserve - reinsurance share	(412)	-	138	(274)
Total Earned Premiums ceded	**(16.414)**	**(178)**	**(8.713)**	**(25.305)**
Total Net Earned Premiums	**230.369**	**15.018**	**39.611**	**284.998**

NOTE 27: OTHER INSURANCE RELATED INCOME

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2016	From 01/01 to 31/12/2015
Commission income from reinsurers	5.835	4.447
Management fees-Insurance Unit Linked contracts	1.934	3.208
Lapse and exit fees-Insurance Unit Linked contracts	6	140
Management fees-Investment Unit Linked contracts	131	1.640
Lapse and exit fees-Investment Unit Linked contracts	-	82
Commission income from insurance brokerage	1.381	1.391
Total other income related to insurance activities	**9.287**	**10.907**

NOTE 28: INVESTMENT INCOME

(amounts in € thousand)	GROUP		COMPANY	
	From 01/01 to 31/12/2016	From 01/01 to 31/12/2015	From 01/01 to 31/12/2016	From 01/01 to 31/12/2015
Trading Portfolio & Deposits				
Dividend income on equities	41	44	-	-
Dividend income on ETFs	-	-	-	-
Interest income on debt securities	13.041	968	-	-
Interest income on deposits	791	2.486	339	416
Subtotal	**13.874**	**3.498**	**339**	**416**
Financial assets held on behalf of policyholders who bear the investment risk (Unit Linked)				
Interest income on bonds	102	-	-	-
Interest income on deposits	506	92	-	-
	608	**92**	-	-
Available for sale financial assets				
Dividend income on equities	160	1.207	-	-
Interest income on debt securities	52.211	39.990	-	-
Dividend income on ETFs	-	21	-	-
Subtotal	**52.370**	**41.219**	-	-
Held to maturity financial assets				
Interest income on debt securities	1.319	1.315	-	-
Subtotal	**1.319**	**1.315**	-	-
Loans and receivables financial assets				
Interest income on debt securities	520	1.401	-	-
Subtotal	**520**	**1.401**	-	-
Other investment income				
Rental income	11	9	-	-
Interest income on reserve of reinsurance accepted	16	22	-	-
Other	17	-	-	-
Subtotal	**44**	**31**	-	-
Total Investment Income	**68.735**	**47.556**	**339**	**416**

NOTE 29: INCOME FROM SUBSIDIARIES

On 30 June 2016 the ordinary Shareholders' General Meeting of Eurolife ERB Life Insurance S.A., Eurolife ERB General Insurance S.A. and ERB Insurance Services S.A. approved dividend distribution amounting to €12,8 mil., €18,2 mil and €0,5 mil respectively. The dividends distribution derived from the profits of financial year 2015. The dividends were paid to the Company on 15 July 2016.

Moreover, on 17 August 2016, the extraordinary Shareholders' General Meeting of Eurolife ERB Life Insurance S.A., Eurolife ERB General Insurance S.A. and ERB Insurance Services S.A. approved dividend distribution amounting to €4.781 thousand, €1.949 thousand and €486 thousand respectively. The dividends distribution derived from taxed reserves and retained earnings established before the year 2015. The dividends were paid to the Company on 23 August 2016.

In the consolidated financial statements any intra-group dividends are eliminated.

NOTE 30: REALISED GAINS / (LOSSES) ON FINANCIAL ASSETS

(*amounts in € thousand*)	GROUP	
	From 01/01 to 31/12/2016	**From 01/01 to 31/12/2015**
Trading Portfolio		
Losses from equities disposal	(1.957)	(706)
Gains/(Losses) from bonds disposal	(15)	209
Losses from mutual funds disposal	(384)	-
Losses from ETFs disposal	(1)	-
Subtotal	**(2.357)**	**(496)**
Financial assets held on behalf of policyholders who bear the investment risk (Unit Linked)		
Gains from bonds disposal	-	36.713
Subtotal	**-**	**36.713**
Available for sale financial assets		
Gains/(Losses) from equities disposal	156	(6.038)
Gains from bonds disposal	132.875	9.286
Gains/(Losses) from mutual funds disposal	(10.428)	7.081
Losses from ETFs disposal	(62)	(34)
Subtotal	**122.541**	**10.294**
Loans and receivables financial assets		
Losses from bonds disposal	(55)	-
Subtotal	(55)	-
Total realized gains / (losses) on financial assets	**120.130**	**46.511**

NOTE 31: FAIR VALUE GAINS / (LOSSES) ON FINANCIAL ASSETS

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2016	**From 01/01 to 31/12/2015**
Trading Portfolio & Deposits		
Gains/(Losses) from equities valuation	453	(244)
Gains from bonds valuation	821	305
Gains from mutual funds valuation	123	486
Subtotal	**1.397**	**547**
Financial assets held on behalf of policyholders who bear the investment risk (Unit Linked)		
Unrealized fair value gains / (losses) on Unit Linked contracts	16.740	(43.514)
Subtotal	**16.740**	**(43.514)**
Financial assets available for sale		
Impairment of equities	-	(4.265)
Impairment of mutual funds	-	(23)
Gains/(Losses) from foreign exchange differences	(5.936)	3.529
Subtotal	**(5.936)**	**(759)**
Other investments		
Impairment loss on investment property	(37)	-
Total fair value gains / (losses) on financial assets	**12.164**	**(43.727)**

NOTE 32: GAINS / (LOSSES) ON DERIVATIVES

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2016	**From 01/01 to 31/12/2015**
Losses from derivative forward contracts	(3.222)	(23)
Losses from derivative options	(12.737)	-
Losses from derivative valuation	(69)	(10)
Derivatives Gains/(Losses)	**(16.028)**	**(33)**

On 23 June 2016 a call option agreement for the purchase of bonds was reached at a predetermined future price between the Group and Fairfax Holdings Limited (the "Buyer"). Based on the agreement, the Buyer has the right to buy specific bonds at a predetermined future price during the period beginning from 23 June 2016 to 2 September 2016, by paying a predetermined commission (premium) of €3,5 mil. Respectively, the Group, who was the owner of possession these specific bonds, has the obligation to sell these bonds to the buyer, in case of exercise of his option. These bonds, which were the underlying item of the agreement, were European Government Bonds. On 5 August 2016, the Buyer exercised the call option and consequently the Group recognised a gain from the disposal of the European Government Bonds that amounted to €74,8 mil (included in note 30) and net losses from the exercise of the derivative that amounted to €12,7 mil.

NOTE 33: MOVEMENT IN TECHNICAL RESERVES AND OTHER INSURANCE PROVISIONS

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2016	From 01/01 to 31/12/2015
Change in technical reserves – Life	(300.473)	(48.935)
Change in technical reserves - pensions (DAF)	(12.173)	(12.799)
Change in insurance provisions for profit participation	(563)	4.686
Change in other insurance provisions	2.094	(2.144)
Plus: Taxes	(1.730)	(36)
Other movements	-	200
Change in insurance provisions for life insurance contracts where the policyholders bear the investment risk (Unit Linked)	101.644	(175)
Total movement in technical reserves and other insurance provisions	**(211.201)**	**(59.203)**

NOTE 34: CLAIMS AND INSURANCE BENEFITS INCURRED

From 1 January until 31 December 2016	GROUP			
(amounts in € thousand)	Life	Motor	Property & Other	Total
Surrenders-Life insurance contracts	(124.087)	-	-	(124.087)
Surrenders-Unit Linked contracts	(127.129)	-	-	(127.129)
Claims paid	(37.496)	(6.242)	(3.100)	(46.838)
Change in outstanding claims	4.781	(2.430)	600	2.951
Claims and insurance benefits incurred - Total	**(283.930)**	**(8.672)**	**(2.500)**	**(295.102)**
Reinsurance share				
Claims paid	7.038	2	27	7.067
Change in outstanding claims	(1.396)	(2)	256	(1.142)
Claims and insurance benefits incurred - Reinsurance Share	**5.643**	**(1)**	**283**	**5.925**
Claims and insurance benefits incurred – Group Share	**(278.287)**	**(8.673)**	**(2.217)**	**(289.177)**

From 1 January until 31 December 2015	GROUP			
(amounts in € thousand)	Life	Motor	Property & Other	Total
Group Share				
Surrenders-Life Individual / Group	(105.574)	-	-	(105.574)
Surrenders-Unit Linked contracts	(26.742)	-	-	(26.742)
Claims paid	(31.050)	(6.725)	(2.601)	(40.376)
Change in outstanding claims	(6.540)	923	1.054	(4.563)
Claims and insurance benefits incurred - Group Share	**(169.906)**	**(5.802)**	**(1.547)**	**(177.255)**
Reinsurance share				
Claims paid	10.473	13	323	10.809
Portfolio transfer	2.516	510	78	3.104
Change in outstanding claims	(447)	(105)	(349)	(901)
Claims and insurance benefits incurred - Reinsurance Share	**12.542**	**418**	**53**	**13.013**
Total claims and insurance benefits incurred	**(157.364)**	**(5.385)**	**(1.494)**	**(164.242)**

NOTE 35: ACQUISITION EXPENSES

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2016	From 01/01 to 31/12/2015
Commission and overcommission fees on premium production	(16.629)	(14.181)
Other commission fees and production expenses	(7.697)	(3.666)
Commissions to cedents	(169)	(259)
	(24.496)	**(18.107)**
Amortization of acquisition costs	**2.019**	**(1.802)**
Mandatory contributions on premium production	(5.386)	(3.799)
Direct costs on insurance brokerage	(1.193)	(1.332)
Increase/(Decrease) of provision of doubtful debt	10	39
Interest expenses on Reinsurers' reserves	(37)	(313)
	(6.605)	**(5.404)**
Total Acquisition Expenses	**(29.082)**	**(25.313)**

NOTE 36: ADMINISTRATIVE EXPENSES

(amounts in € thousand)	GROUP		COMPANY	
	From 01/01 to 31/12/2016	From 01/01 to 31/12/2015	From 01/01 to 31/12/2016	From 01/01 to 31/12/2015
Personnel expenses	(15.136)	(13.095)	(88)	(25)
Administrative expenses	(9.021)	(8.321)	(65)	(82)
Taxes	(218)	(208)	(1)	(1)
Depreciation expense	(1.318)	(1.046)	(2)	(1)
Provisions	(3.691)	(3.446)	-	-
Interest and other related expenses	(1.529)	(2.435)	(123)	(71)
Other expenses	(521)	(685)	(0)	-
Total Administrative Expenses	**(31.433)**	**(29.235)**	**(279)**	**(181)**
Salaries and other benefits	(10.734)	(10.546)	-	-
Other benefits	(1.435)	(124)	-	-
Social security contributions	(2.183)	(2.119)	-	-
Other provisions related to personnel	(57)	14	-	-
Pension costs - Defined benefit plans and other costs	(727)	(320)	(88)	(25)
Total Personnel expenses	**(15.136)**	**(13.095)**	**(88)**	**(25)**
Average Number of Personnel	342	331	-	-

The Group as an employer trying to smooth the transition of its employees' living standards in retirement offers certain defined contribution plans to its employees. Defined contribution plans aim to create Pension Fund which is achieved through the systematic payment of fixed contributions on behalf of the employer's side and effective long-term investment. At the same time, the employee is able through voluntary contributions plans to strengthen further the pension amounts for defined contribution plans. The final benefits are paid when the employee retires.

NOTE 37: INCOME TAX EXPENSE

(amounts in € thousand)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Current income tax				
Current tax on profits for the year	(39.533)	(19.326)	-	-
Adjustment on previous years' income tax	(253)	(199)	-	-
Total current income tax	**(39.786)**	**(19.525)**	**-**	**-**
Deferred tax				
Increase/(Decrease) in deferred tax assets	836	656	(8)	(52)
Decrease/(Increase) in deferred tax liabilities	1.894	(1.093)	-	-
Total deferred tax	**2.730**	**(437)**	**(8)**	**(52)**
Total income tax benefit/ (expense)	**(37.056)**	**(19.963)**	**(8)**	**(52)**

According to Law 4334/2015 ,which has been effected since 16 July 2015 and modified tax law 4172/2013, imposed an increase in the tax rate for legal entities in Greece from 26% to 29% for income generated in accounting years 2015 and onwards. This change resulted in an increase of net deferred tax liability increase by €(2.095,2) thousand as at 31 December 2015, out of which €203,3 thousand have been recorded in the income statement and €(2.298,5) thousand directly to equity.

Moreover, the dividends distributed are subject to 15% withholding tax other than intragroup dividends which under preconditions are relieved from tax, in accordance with the Law 4387/2016 and 4389/2016 ,which increased the respective withholding tax irate from 10% to 15% for dividend distributions that take place from 1 January 2017.

In Romania, according to the tax Law no. 573/2003 the standard corporate income tax rate is 16,0%.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable income tax rates, as analysed below:

(amounts in € thousand)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Profit before tax	106.176	68.285	38.776	36.135
	106.176	**68.285**	38.776	36.135
Income tax at applicable tax rate 29% (2015:29%)	(30.791)	(19.803)	(11.245)	(10.479)
Tax effect of amounts which are not deductible in calculating taxable income:				
Provisions for valuation of securities	452	104	-	-
Provisions	(553)	(241)	-	-
Non tax deductible expenses	(1.032)	(272)	10	16
Income not subject to tax	85	249	11.227	10.411
Non deductible losses from transfer of securities	(5.287)	-	-	-
Other	(253)	(199)	-	-
Different tax rates in different countries	324	200	-	-
Total income tax	**(37.056)**	**(19.963)**	**(8)**	**(52)**

NOTE 38: RELATED PARTY TRANSACTIONS

Eurobank Ergasias S.A. Bank (a company domiciled in Athens and listed in Athens Stock Exchange) was the parent of the Company until 4 of August 2016, which owned the 100% of its share capital.

In November 2015, after the completion of Eurobank's share capital increase, which was made exclusively from other private institutional investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 35,41% to 2,38%. Despite the material decrease in the percentage of ordinary shares held by HFSF, it is still considered to have significant influence on Eurobank.

On 4 August 2016, the disposal of 80% of the share capital of the Company was completed and control was transferred to Costa Luxembourg Holding S.à r.l, while Eurobank retained the rest 20% of the share capital of the Company and consequently has significant influence. The new parent company is domiciled in Luxembourg and is under common control from Colonnade Finance S.à r.l, member of Fairfax Group, and OPG Commercial Holdings (Lux) S.à r.l.

All transactions with related parties are conducted in the normal course of business and on arm's length basis. The volume of the transactions with the related parties and the balances at year end are shown in the tables below, in which, due to materiality, transactions with Eurobank are shown separately:

GROUP *(amounts in € thousand)*	**31/12/2016**			
Eurobank	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand & Time Deposits	93.097	-	722	127
Insurance operations	2.856	6.082	38.469	19.980
Investment operations	-	-	5.392	-
Other transactions	1.714	1	58	681
Total	**97.667**	**6.083**	**44.641**	**20.788**

GROUP *(amounts in € thousand)*	**31/12/2016**			
Other related parties	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand & Time Deposits	1.036	-	1	1
Insurance operations	343	68	4.695	1.957
Investment operations	13.382	-	5.292	14
Other transactions	744	250	1	754
Total	**15.505**	**318**	**9.989**	**2.275**
Key management transactions	**1**	**143**	**93**	**181**
Key management remuneration and employee benefits				**4.079**

GROUP *(amounts in € thousand)*	**31/12/2015**			
Eurobank	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand & Time Deposits	213.347	-	1.738	3
Insurance operations	1.572	3.025	39.397	13.892
Investment operations	177	-	-	15
Other transactions	4	5	28	682
Total	**215.101**	**3.030**	**41.163**	**14.592**

GROUP *(amounts in € thousand)*	**31/12/2015**			
Other related parties	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand & Time Deposits	3.358	-	37	-
Insurance operations	53	52	4.567	1.769
Investment operations	103.791	73	2.205	703
Other transactions	487	279	-	656
Total	**107.690**	**403**	**6.809**	**3.129**
Key management transactions	**-**	**297**	**111**	**122**
Key management remuneration and employee benefits				**2.458**

COMPANY *(amounts in € thousand)*	31/12/2016			
Eurobank	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand & Time Deposits	46.253	-	339	123
Total	**46.253**	**-**	**339**	**123**

COMPANY *(amounts in € thousand)*	31/12/2016			
Other related parties	**Receivables**	**Payables**	**Revenue**	**Expenses**
Other transactions (Other related parties)	-	54	-	54
Total	**-**	**54**	**-**	**54**

COMPANY *(amounts in € thousand)*	31/12/2015			
Eurobank	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand and Time Deposits	41.513	-	416	-
Other transactions (Other related parties)	-	-	-	71
Total	**41.513**	**-**	**416**	**71**

On 31 December 2016 loans to key management personnel amounted to €53 thousand (31 December 2015: €24 thousand)

The impact from the exercise of the call option agreement with Fairfax Financial Holdings Limited is not presented in the table above, which is analytically described to Note 32 "Gains/(Losses) on Derivatives".

NOTE 39: COMMITMENTS AND CONTINGENT LIABILITIES

There are no pending lawsuits against the Company and the Group or other contingent liabilities and commitments on 31 December 2016 which may affect significantly the financial position of the Company and the Group.

The Group's subsidiaries have been subject to tax audit up to the fiscal years disclosed in the table below:

Name	Tax audited until
ERB Insurance Services S.A.	2009
Eurolife ERB General Insurance S.A.	2008
Eurolife ERB Life Insurance S.A.	2009
Diethnis Ktimatiki	2010
Eurolife ERB Asigurali De Viata S.A.	-
Eurolife ERB Asigurali Generale S.A.	-

For the years 2011-2013 the Greek subsidiaries (except Diethnis Ktimatiki) have been subject to tax audits by the Statutory Auditor in accordance with the provisions of Article 82 of L.2238/1994 (the Article 65a of Law 4174/2013 currently stands for the current year). For the years 2014 to 2016 the Company has been subject to tax audits by the Statutory Auditor, while for the year 2015 and 2016 Diethnis Ktimatiki has been subject to tax audit. The tax compliance reports issued for the years 2011 to 2015 were unqualified while the tax audit for the fiscal year 2016 is in progress.

According to a Ministerial Circular POL 1006/2016 issued by the Greek Ministry of Finance, accepting a relevant opinion of the State's Legal Counsel (256/2015), additional taxes and penalties may be imposed 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.

For years beginning from 1.1.2014 and onwards L.4174/2013 defines a five year prescription period as from the end of the fiscal year within which the relevant tax return should have been submitted.

As at 31 December 2015, the Group has issued letters of guarantee amounting €18.170 thousand in favour of the Greek State, out of which €4.000 thousand have been issued by the subsidiaries and €14.170 thousand by the Company, in order to be exempted from withholding tax for payments of dividends in accordance with the provision of L.4172/2013 regarding intra-group dividends. The above mentioned letters of guarantee expired on 26 September 2016, after 2 years from Company's formation. On 31 December 2016 there were no letters of guarantee, in favor of Greek State, issued by the Group.

As at 31 December 2016 and 2015 , future minimum lease payments payable for operating leases of non - cancellable leases amounted to:

(amounts in € thousand)	GROUP			
31 December 2016	**Buildings**	**Vehicles**	**Equipment**	**Total**
Up to 1 year	366	90	72	527
Total	**366**	**90**	**72**	**527**

(amounts in € thousand)	GROUP			
31 December 2015	**Buildings**	**Vehicles**	**Equipment**	**Total**
Up to 1 year	366	78	76	520
Total	**366**	**78**	**76**	**520**

NOTE 40: DIVIDENDS

Dividends are accounted for after they have been ratified by the Annual Shareholders' General Meeting.

On 27 May 2016 (before the Transaction Date), the Annual Shareholders' General Meeting of the Company approved dividend distribution of the amount €34,0 mil to the shareholder Eurobank. The dividends distribution derived from profit for the year 2015. The dividend was paid to the shareholder in 7 June 2016.

NOTE 41: POST BALANCE SHEET EVENTS

On 7 February 2017, the extraordinary general meeting of the shareholders of the insurance subsidiary Eurolife ERB General Insurance S.A, decided the dividend distribution to the company of €13,943mil. The dividend distribution derived from retained earnings established before the year 2014. The dividends were paid to the Company on 13 February 2017.

On 19 February 2017, the Group, through the insurance subsidiary Eurolife ERB Life Insurance S.A., participated as strategic investor in the share capital increase of Grivalia Hospitality S.A («GH»), headquartered in Luxemburg. More specifically, the share capital of GH increased by €58mil, €30mil out of which were paid by the Group while the remaining €28mil were paid by Grivalia Properties REIC («Grivalia»). Following the completion of the share capital increase, the share capital of GH amounted to €60 mil with an equivalent participation of the Group and Grivalia. It is noted that GH was established from Grivalia on 26 June 2015 with initial paid capital of €2mil.

On 19 January Hellenic Association of Insurance companies and the Federation of Insurance Societies of Greece, reached a consensus according to which TEA-EAPAE and the insurance companies concluded to an out of court agreement regarding the payment of social contributions of previous years. Eurolife ERB Life Insurance S.A is included on the entities affected by this out of court agreement.

Thereinafter, on 25 January 2017, the Board of directors of TEA-EAPAE accepted the agreement between the Hellenic Association of Insurance companies and the Federation of Insurance Societies of Greece dated on 19 January 2017. On 2 February 2017 the General meeting of TEA-EAPAE approved the above mentioned Board of director's decision. As of the date of the financial statements publication, the issuing and publication on the Greek Official Gazette of the decision of the Minister of Labour, Social Security and social solidarity that will approve the amendment of the article of incorporation's provisions of TEA-EAPAE, is still pending.

There are no other significant subsequent events that need to be reported.