Bank of Cyprus

Interim Condensed Consolidated Financial Statements
for the three months ended

31 March 2016

BANK OF CYPRUS GROUP
Interim Condensed Consolidated Financial Statements
for the three months ended 31 March 2016

Contents

		Three months ended 31 March	
		2016	2015 (represented)
	Notes	**€000**	€000
Continuing operations			
Turnover		**319.340**	377.435
Interest income		**240.013**	305.085
Interest expense		**(55.220)**	(78.290)
Net interest income		**184.793**	226.795
Fee and commission income		**37.798**	44.959
Fee and commission expense		**(1.832)**	(1.660)
Net foreign exchange gains/(losses)		**7.429**	(2.248)
Net losses on financial instrument transactions	*8*	**(655)**	(1.248)
Insurance income net of claims and commissions		**13.593**	11.887
Gains/(losses) from revaluation and disposal of investment properties		**3.692**	(7.589)
(Losses)/gains on disposal of stock of property		**(2.422)**	208
Other income		**1.846**	2.684
		244.242	273.788
Staff costs	*9*	**(64.083)**	(59.115)
Other operating expenses	*9*	**(51.950)**	(51.148)
		128.209	163.525
(Loss)/gain on derecognition of loans and advances to customers and changes in expected cash flows	*10*	**(15.441)**	43.006
Provisions for impairment of loans and advances to customers and other customer credit losses	*10*	**(46.892)**	(153.445)
Impairment of other financial instruments	*10*	**(976)**	(813)
Impairment of non-financial instruments	*10*	**(7.003)**	-
Profit before share of profit from associates and joint ventures		**57.897**	52.273
Share of profit from associates and joint ventures		**801**	1.840
Profit before tax from continuing operations		**58.698**	54.113
Income tax	*11*	**(8.136)**	(7.974)
Profit after tax from continuing operations		**50.562**	46.139
Discontinued operations			
Loss after tax from discontinued operations	*7*	**-**	(22.493)
Profit for the period		**50.562**	23.646

Attributable to:			
Owners of the Company – continuing operations	*7*	**50.225**	46.443
Owners of the Company – discontinued operations	*7*	**-**	(17.919)
Total profit attributable to the owners of the Company		**50.225**	28.524
Non-controlling interests – continuing operations	*7*	**337**	(304)
Non-controlling interests – discontinued operations	*7*	**-**	(4.574)
Total profit/(loss) attributable to non-controlling interests		**337**	(4.878)
Profit for the period		**50.562**	23.646

Basic and diluted earnings per share (cent) attributable to the owners of the Company - continuing operations	*12*	**0,6**	0,5
Basic and diluted earnings per share (cent) attributable to the owners of the Company	*12*	**0,6**	0,3

	Three months ended 31 March	
	2016	2015
	€000	€000
Profit for the period	**50.562**	23.646
Other comprehensive income (OCI)		
OCI to be reclassified in the consolidated income statement in subsequent periods		
Foreign currency translation reserve		
Loss on translation of net investment in foreign branches and subsidiaries	**(18.996)**	(13.463)
Profit on hedging of net investments in foreign branches and subsidiaries	**19.326**	13.030
Transfer to the consolidated income statement on dissolution of foreign operations	**678**	-
	1.008	(433)
Available-for-sale investments		
Net (losses)/gains from fair value changes before tax	**(1.198)**	3.046
Share of net losses from fair value changes of associates	**(174)**	-
Transfer to the consolidated income statement on impairment	**502**	322
Transfer to the consolidated income statement on sale	**-**	(435)
	(870)	2.933
	138	2.500
OCI not to be reclassified in the consolidated income statement in subsequent periods		
Actuarial loss for the defined benefit plans		
Remeasurement losses on defined benefit plans	**(3.701)**	-
Other comprehensive (loss)/income after tax	**(3.563)**	2.500
Total comprehensive income for the period	**46.999**	26.146

Attributable to:		
Owners of the Company	**46.667**	35.718
Non-controlling interests	**332**	(9.572)
Total comprehensive income for the period	**46.999**	26.146

		31 March 2016	31 December 2015
Assets	*Notes*	**€000**	€000
Cash and balances with central banks	*24*	**1.141.275**	1.422.602
Loans and advances to banks	*24*	**1.272.704**	1.314.380
Derivative financial assets	*14*	**3.498**	14.023
Investments	*13*	**520.218**	588.255
Investments pledged as collateral	*13*	**393.442**	421.032
Loans and advances to customers	*16*	**16.820.668**	17.191.632
Life insurance business assets attributable to policyholders		**475.885**	475.403
Prepayments, accrued income and other assets	*19*	**258.218**	281.780
Stock of property	*17*	**745.610**	515.858
Investment properties		**35.391**	34.628
Property and equipment		**263.556**	264.333
Intangible assets		**140.645**	133.788
Investments in associates and joint ventures	*33*	**108.367**	107.753
Deferred tax assets		**450.602**	456.531
Non-current assets and disposal group held for sale	*18*	**39.461**	48.503
Total assets		**22.669.540**	23.270.501
Liabilities			
Deposits by banks		**313.117**	242.137
Funding from central banks	*20*	**3.802.700**	4.452.850
Repurchase agreements		**339.091**	368.151
Derivative financial liabilities	*14*	**76.804**	54.399
Customer deposits	*21*	**14.127.589**	14.180.681
Insurance liabilities		**558.296**	566.925
Accruals, deferred income and other liabilities	*22*	**281.639**	282.831
Debt securities in issue		**661**	712
Deferred tax liabilities		**41.636**	40.807
Non-current liabilities and disposal group held for sale	*18*	**3.677**	3.677
Total liabilities		**19.545.210**	20.193.170
Equity			
Share capital	*23*	**892.294**	892.294
Share premium	*23*	**552.618**	552.618
Capital reduction reserve	*23*	**1.952.486**	1.952.486
Revaluation and other reserves		**263.052**	258.709
Accumulated losses		**(558.828)**	(601.152)
Equity attributable to the owners of the Company		**3.101.622**	3.054.955
Non-controlling interests		**22.708**	22.376
Total equity		**3.124.330**	3.077.331
Total liabilities and equity		**22.669.540**	23.270.501

Prof. Dr. J. Ackermann	Chairman	**Mr. J. P. Hourican**	Chief Executive Officer
Mr. I. Zographakis	Director	**Mrs. E. Livadiotou**	Finance Director

	Attributable to the owners of the Company												Non-controlling interests	Total equity
	Share capital (Note 23)	Share premium (Note 23)	Capital reduction reserve (Note 23)	Accumulated losses	Property revaluation reserve	Revaluation reserve of available-for-sale investments	Other reserves	Life insurance in-force business reserve	Foreign currency translation reserve	Treasury shares (Note 23)	Reserve of disposal group and assets held for sale (Note 18)	**Total**		
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**	€000	**€000**
1 January 2016	**892.294**	**552.618**	**1.952.486**	**(601.152)**	**99.218**	**47.125**	**6.059**	**99.050**	**30.939**	**(41.301)**	**17.619**	**3.054.955**	**22.376**	**3.077.331**
Profit for the period	-	-	-	50.225	-	-	-	-	-	-	-	**50.225**	337	**50.562**
Other comprehensive (loss)/income after tax for the period	-	-	-	(3.701)	-	(865)	-	-	1.008	-	-	**(3.558)**	(5)	**(3.563)**
Total comprehensive income/(loss) for the period	-	-	-	46.524	-	(865)	-	-	1.008	-	-	**46.667**	332	**46.999**
Increase in value of in-force life insurance business	-	-	-	(4.802)	-	-	-	4.802	-	-	-	**-**	-	**-**
Tax on increase in value of in-force life insurance business	-	-	-	602	-	-	-	(602)	-	-	-	**-**	-	**-**
31 March 2016	**892.294**	**552.618**	**1.952.486**	**(558.828)**	**99.218**	**46.260**	**6.059**	**103.250**	**31.947**	**(41.301)**	**17.619**	**3.101.622**	**22.708**	**3.124.330**

	Attributable to the owners of the Company													Non-controlling interests	Total equity
	Share capital (Note 23)	Share premium (Note 23)	Capital reduction reserve (Note 23)	Shares subject to interim orders (Note 23)	Accumulated losses	Property revaluation reserve	Revaluation reserve of available-for-sale investments	Other reserves	Life insurance in-force business reserve	Foreign currency translation reserve	Treasury shares (Note 23)	Reserve of disposal group and assets held for sale (Note 18)	**Total**		
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**	€000	**€000**
1 January 2015	**892.238**	**552.539**	**1.952.486**	**441**	**(79.021)**	**98.211**	**2.226**	**6.059**	**97.698**	**22.929**	**(88.051)**	**7.737**	**3.465.492**	**15.555**	**3.481.047**
Profit/(loss) for the period	-	-	-	-	28.524	-	-	-	-	-	-	-	**28.524**	(4.878)	**23.646**
Other comprehensive income/(loss) after tax for the period	-	-	-	-	-	-	2.846	-	-	(2.690)	-	7.038	**7.194**	(4.694)	**2.500**
Total comprehensive income/(loss) for the period	-	-	-	-	28.524	-	2.846	-	-	(2.690)	-	7.038	**35.718**	(9.572)	**26.146**
Issue of shares	56	79	-	-	-	-	-	-	-	-	-	-	**135**	-	**135**
Transfer of realised profits on sale of property	-	-	-	-	73	-	-	-	-	-	-	(73)	**-**	-	**-**
Acquisition of non-controlling interest	-	-	-	-	(68)	-	-	-	-	-	-	-	**(68)**	68	**-**
Increase in value of in-force life insurance business	-	-	-	-	(2.724)	-	-	-	2.724	-	-	-	**-**	-	**-**
Tax on increase in value of in-force life insurance business	-	-	-	-	324	-	-	-	(324)	-	-	-	**-**	-	**-**
Disposals of treasury shares	-	-	-	-	(1.910)	-	-	-	-	-	2.375	-	**465**	-	**465**
31 March 2015	**892.294**	**552.618**	**1.952.486**	**441**	**(54.802)**	**98.211**	**5.072**	**6.059**	**100.098**	**20.239**	**(85.676)**	**14.702**	**3.501.742**	**6.051**	**3.507.793**

		Three months ended 31 March	
		2016	2015 (represented)
	Note	**€000**	€000
Net cash flows from operating activities			
Profit before tax from continuing operations	*7*	**58.698**	54.113
Loss before tax from discontinued operations	*7*	**-**	(22.515)
Profit for the period before tax		**58.698**	31.598
Share of profit from associates and joint ventures		**(801)**	(1.840)
Loss on derecognition, changes in expected cash flows and provisions for impairment of loans and advances to customer and other credit losses		**62.333**	128.263
Depreciation of property and equipment and amortisation of intangible assets		**4.382**	4.765
Increase in value of in-force life insurance policies		**(4.802)**	(2.724)
Impairment of assets held for sale	*7*	**-**	1.320
Impairment of other financial instruments		**976**	813
Amortisation of discounts/premiums of debt securities and interest on debt securities		**(7.141)**	(36.009)
Interest on funding from central banks		**11.779**	23.797
Impairment of non-financial instruments	*10*	**7.003**	-
Loss on dissolution of subsidiaries		**678**	-
(Income)/losses from investments and disposals of investment properties, equipment and intangible assets		**(5.934)**	8.918
		127.171	158.901
Net decrease/(increase) in loans and advances to customers and other accounts		**111.475**	(264.259)
Net increase in customer deposits and other accounts		**4.420**	447.953
		243.066	342.595
Tax (paid)/received		**(795)**	724
Net cash flow from operating activities		**242.271**	343.319
Cash flows from investing activities			
Purchases of debt securities, treasury bills and equity securities		**(10.435)**	-
Proceeds on disposal/redemption of investments		**95.004**	63.004
Interest received from debt securities and treasury bills		**3.600**	6.290
Dividend income from equity securities		**27**	128
Purchases of property and equipment		**(2.903)**	(2.402)
Proceeds on disposal of property and equipment		**116**	249
Purchases of intangible assets		**(3.932)**	(1.935)
Proceeds on disposal of intangible assets		**78**	-
Proceeds on disposal of investment property		**12.228**	7.388
Net cash flow from investing activities		**93.783**	72.722
Cash flows from financing activities			
Proceeds from the issue of shares		**-**	135
Net repayment of funding from central banks		**(650.150)**	(580.312)
Interest on subordinated loan stock		**-**	(11)
Proceeds from disposal of treasury shares		**-**	465
Interest on funding from central banks		**(11.779)**	(23.797)
Net cash flow used in financing activities		**(661.929)**	(603.520)
Net decrease in cash and cash equivalents for the period		**(325.875)**	(187.479)
Cash and cash equivalents			
1 January		**2.406.344**	2.238.601
Foreign exchange adjustments		**3.816**	4.555
Net decrease in cash and cash equivalents for the period		**(325.875)**	(187.479)
31 March	*24*	**2.084.285**	2.055.677

1. Corporate information

Bank of Cyprus Public Company Ltd (the 'Company') is the holding company of the Bank of Cyprus Group (the 'Group'). The principal activities of the Company and its subsidiary companies during the period continued to be the provision of banking, financial, insurance services and management and disposal of property.

The Company is a limited liability company incorporated in 1930 under the Cyprus Companies Law. The Company has a primary listing on the Cyprus Stock Exchange and a secondary listing on the Athens Exchange. It is also a public company for the purposes of the Cyprus Income Tax Laws.

Interim Condensed Consolidated Financial Statements

The Interim Condensed Consolidated Financial Statements include the financial statements of the Company and its subsidiaries. They were approved and authorised for issue by a resolution of the Board of Directors on 31 May 2016.

2. Operating environment in Cyprus

Cyprus exited its economic adjustment programme at the end of March 2016 after a successful return to markets and having utilised only about 70% of the €10 billion funding resources made available by the European Union (EU) and the International Monetary Fund (IMF). In the area of public finances the government carried out a strong fiscal adjustment and the budget returned to near balance. Public spending was reduced and tax collection was made more efficient.

The unemployment rate, seasonally adjusted, dropped to 12,4% in the first quarter of 2016 according to data from the Eurostat website. Additionally consumer prices continued to decline in the early part of 2016.

Prospects for the medium term remain positive. Real Gross Domestic Product (GDP) increased by 2,7% in the first quarter of 2016 when seasonally adjusted and the unemployment rate continued to drop. Official forecasts by the IMF and the European Commission anticipate growth of 1,6% in 2016 and about 2% in the years that will follow through to the end of the decade. More recent forecasts by the Ministry of Finance of the Republic of Cyprus anticipate growth of 2,2% in 2016 and 2,5% in 2017.

Downside risks to the growth projections are associated with high levels of non-performing loans, prolonged uncertainties in property markets, loss of momentum in structural reforms with associated risks for public finances, the credibility of the government and market borrowing costs. Downside risks may also be associated with a deterioration of the external environment for Cyprus. This would involve a continuation of the recession in Russia in conditions of protracted declines in oil prices; weaker than expected growth in the euro area as a result of worsening global economic conditions and slower growth in the UK with a weakening of the pound as a result of uncertainty regarding the Brexit referendum. Political uncertainty in Europe triggered by a British exit or by the refugee crisis could also lead to increased economic uncertainty and undermine economic confidence.

Upside risks to the outlook relate to a longer period of low oil prices, better growth performance in the EU and investment decisions in tourism and energy and in public projects.

The international credit ratings have improved the rating of the Company (Fitch Ratings upgrade of Long-term Issuer Default Rating from 'CCC' to '-B' in April 2016 with stable outlook). Additionally, Fitch Ratings upgraded the rating of the Republic of Cyprus by two notches to B+ with a positive outlook in October 2015, S&P's by one notch to BB- with a positive outlook in September 2015 and Moody's Investors Service by two notches to B1 with a stable outlook in November 2015. In February 2016 and March 2016 Moody's Investors Service and S&P's respectively affirmed their long and short-term ratings on the Republic of Cyprus with a positive outlook.

3. Unaudited financial statements

The Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2016 have not been audited by the Group's external auditors.

The Group's external auditors have conducted a review in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'.

4. Basis of preparation

The Interim Condensed Consolidated Financial Statements are presented in Euro (€) and all amounts are rounded to the nearest thousand, except where otherwise indicated.

4.1 Statement of compliance

The Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2016 have been prepared in accordance with the International Accounting Standard (IAS) applicable to interim financial reporting as adopted by the EU ('IAS 34').

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the annual Consolidated Financial Statements for the year ended 31 December 2015.

4.2 Comparative information

Comparatives have been reclassified to reflect the change in presentation of 'Gains/(losses) from revaluation and disposal of investment properties', '(Losses)/gains on disposal of stock of properties' and the change in presentation of '(Loss)/gain on derecognition of loans and advances to customers and changes in expected cash flows' within the consolidated income statement.

In addition, comparatives have been represented for the results of the Russian loan portfolio not disposed of together with the Russian operations disposed in September 2015 from discontinued operations to continued operations.

These changes in presentation did not have an impact on the results of the period.

5. Accounting policies

New and amended standards and interpretations

The accounting policies adopted for the preparation of the Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2016 are consistent with those followed for the preparation of the annual Consolidated Financial Statements for the year ended 31 December 2015. In addition, the Group has adopted the following new standards, amendments and interpretations, which did not have a material impact on the Interim Condensed Consolidated Financial Statements:
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortisation
- IFRS 11 Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations
- IAS 27 Separate Financial Statements
- IAS 1: Disclosure Initiative (Amendment)
- Annual Improvements 2012-2014 Cycle issued by the International Accounting Standards Board (IASB) which is a collection of amendments to International Financial Reporting Standards (IFRS). These improvements are effective from 1 January 2016 and include:
  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Amendments
  - IFRS 7 Financial Instruments: Disclosures – Amendments
  - IAS 19 Employee Benefits – Amendments
  - IAS 34 Interim Financial Reporting – Amendments

6. Significant judgements, estimates and assumptions

The preparation of the consolidated financial statements requires the Company's Board of Directors and management to make judgements, estimates and assumptions that can have a material impact on the amounts recognised in the consolidated financial statements and the accompanying disclosures, as well as the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are described in the annual Consolidated Financial Statements for the year ended 31 December 2015.

The critical judgements, estimates and assumptions are set out below.

6. Significant judgements, estimates and assumptions (continued)

6.1 Going concern

The management has made an assessment of the Company's and Group's ability to continue as a going concern.

The conditions that existed during the three months ended 31 March 2016 and the developments up to the date of approval of these Interim Condensed Consolidated Financial Statements that have been considered in management's going concern assessment include, amongst others, the macroeconomic environment in Cyprus and the following considerations.

6.1.1 Regulatory capital ratios

The Common Equity Tier 1 (CET1) ratio of the Group at 31 March 2016 stands at 14,3% (transitional).

The minimum CET1 ratio under the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV) was set by the Central Bank of Cyprus (CBC) at 8% on a transitional basis (Pillar I capital requirement). The Group is also subject to additional capital requirements for risks which are not covered by the Pillar I capital requirements (Pillar II add-ons). The Pillar II CET1 capital requirement was determined by the European Central Bank (ECB) to be at 3,75%, resulting in a total minimum CET1 of 11,75%. The Group's capital position at 31 March 2016 exceeds its Pillar I and its Pillar II add-on capital requirements, providing a loss–absorbing buffer to the Group. However, the Group's Pillar II add-on capital requirements are a point-in-time assessment and therefore are subject to change over time.

6.1.2 Supervisory Review and Evaluation Process (SREP)

The Group is currently participating in the Single Supervisory Mechanism (SSM) SREP stress test, which is performed at the highest level of consolidation. The exercise is based on the methodology of the European Banking Authority (EBA) EU-wide exercise, amended to duly respect the principle of proportionality. This is facilitated by an extensive use of materiality thresholds. The exercise, which started in February of 2016, is expected to conclude early in the third quarter of 2016 and the results will be factored into the SSM's overall SREP assessment of the Group for 2016.

6.1.3 Asset quality

The Group's loans that are impaired or past due for more than 90 days (90+ DPD) have decreased by 9% during the first quarter of 2016 and totalled €10.289 million at 31 March 2016, representing 47% of gross loans (Note 26). The provisioning coverage ratio improved to 49% (compared to 48% at 31 December 2015), while taking into account tangible collateral at fair value 90+ DPD loans are fully covered. The Group's non-performing exposures (NPEs) as defined by the EBA totalled €13.327 million at 31 March 2016 and accounted for 61% of gross loans. The provisioning coverage ratio of NPEs totalled 38% at 31 March 2016.

The Group's strategy is to address the asset quality through the operation of independent, centralised and specialised restructuring and recovery units to manage large or distressed exposures. The Group's more effective interaction with borrowers and the improving fundamentals of the Cypriot economy, are playing a significant role in helping the Group to arrest and reverse the trend in problem loans.

The enactment of the foreclosure and insolvency framework and the law governing the sale of loans provide the Group with additional tools and power to address its asset quality challenges.

6.1.4 Liquidity

The Group has limited access to interbank and wholesale markets which, combined with a reduction in deposits in Cyprus in 2013, the deposit bail-in and the acquisition of certain operations of Cyprus Popular Bank Public Co Ltd (Laiki Bank) in March 2013 had resulted in reliance on Emergency Liquidity Assistance (ELA).

The Company is currently not in compliance with its regulatory liquidity requirements with respect to its operations in Cyprus. Additional information on liquidity and details on certain regulatory liquidity ratios are disclosed in Note 28.

6. Significant judgements, estimates and assumptions (continued)

6.1 Going concern (continued)

6.1.4 Liquidity (continued)

Group's funding position continues to improve with customer deposits increasing to 62% of total assets (compared to 61% at 31 December 2015 and a low of 48% at 31 March 2014).

The level of ELA funding at 31 March 2016 amounted to €3,3 billion (Note 20), down from €3,8 billion at 31 December 2015. As at 31 May 2016, the level of ELA funding has been further reduced by €500 million to €2,8 billion. The Group intends to continue with further ELA repayments, the pace of which will be dependent on both the pace of increase in customer deposits and the prevailing market conditions which affect the Company's ability to raise wholesale funding. In this context, the Company successfully accessed the international markets for financing in May 2016 for the first time since the events of March 2013, completing a secured financing transaction (in the form of a repurchase agreement transaction) with a major international bank.

The Group also intends to resume issuing debt instruments in the capital markets as part of its funding strategy going forward, subject to market conditions and investor appetite.

Group customer deposits totalled €14.128 million at 31 March 2016 compared to €14.181 million at 31 December 2015. Customer deposits in Cyprus reached €12.691 at 31 March 2016 and 31 December 2015. The Group also notes that given the significant reduction in ELA funding since the high of €11,4 billion in April 2013 and the fact that there was no significant release of assets pledged as collateral by the CBC, it is expected that the Company would be able to draw additional funding from the CBC, should the need arise.

Cyprus exited its economic adjustment programme in March 2016. The credit ratings of the Republic of Cyprus by the main credit rating agencies continue to be below investment grade, albeit on a rising trend. As a result, the ECB is no longer able to include Cypriot Government Bonds in its asset purchase programme, or as eligible collateral for Eurosystem monetary operations, as was the case when the waiver for collateral eligibility due to the country being under an economic adjustment programme existed. This resulted in the repayment of ECB funding which was collateralised by Cyprus Government bonds and materially reduced the available ECB buffer (this buffer represents the amount that could be drawn from the ECB based on the collateral pledged). Any Cyprus Government bonds that remain unencumbered can be considered as ELA eligible collateral. This disruption may also lead to higher borrowing costs for the Group. In addition, any weakening of the commitment to fiscal discipline and reform in the future might add to market pressures.

The Council of Ministers and the Committee on Financial and Budgetary Affairs of the House of Representatives have approved in January 2016 the issuance of €2,9 billion of guarantees for bonds/loans issued by credit institutions under the 'Granting of Government Guarantees for Loans and/or issuance of Bonds by Credit Institutions Law of 2012'. It is expected that the Group will be able to make use of the above guarantees if the need arises, subject to the approval of the Ministry of Finance.

Furthermore, in November 2014 the maturity of the Group's existing €1 billion government guaranteed bonds was extended for a further three years, until November 2017. It is further noted that the Group's approved Restructuring Plan included ELA funding throughout the Restructuring Plan period.

6.1.5 Pending litigation and claims

The management has also considered the impact of litigation, claims and investigations against the Group, which include the bail-in of depositors and the absorption of losses by the holders of equity and debt instruments of the Company. The Group has obtained legal advice in respect of these claims.

Despite the novelty of the said claims and the uncertainties inherent in a unique situation, on the information available at present and on the basis of the law as it currently stands, the management considers that the said claims seem unlikely to have a material adverse impact on the financial position and capital adequacy of the Group (Note 22).

6. Significant judgements, estimates and assumptions (continued)

6.1 Going concern (continued)

6.1.6 Going concern assessment

The Group's management believes that the Group is taking all necessary measures to maintain its viability and the development of its business in the current economic environment.

The Group's management, taking into consideration the factors and uncertainties that existed at the reporting date as described above, is satisfied that the Group has the resources to continue in business for the foreseeable future and, therefore, the going concern principle is appropriate for the following reasons:

- The Group's CET1 ratio at 31 March 2016 stands at 14,3% (transitional), higher than the minimum required ratio of 11,75% relating to the Pillar II capital requirement.
- The liquidity position of the Group and the continuing positive customer flows in Cyprus until the date of issue of these consolidated financial statements.
- The sharp decrease of its reliance on ELA funding, which on 31 May 2016 stands at €2,8 billion, compared to €3,8 billion at 31 December 2015 and its peak level of €11,4 billion in April 2013. The intention of the Group is to resume issuing debt instruments in the capital markets as part of its funding strategy going forward, provided market conditions permit it.
- The improved ratings of both the Company (Fitch upgrade of Long-term Issuer Default Rating from 'CCC' to 'B-' in April 2016 with stable outlook) and the Republic of Cyprus (Fitch upgrade by two notches to B+ with a positive outlook in October 2015, S&P's by one notch to BB- with a positive outlook in September 2015 and Moody's Investors Service by two notches to B1 with a stable outlook in November 2015). In February 2016 and March 2016 Moody's Investors Service and S&P's respectively affirmed their long and short-term ratings on the Republic of Cyprus with a positive outlook.

6.2 Provision for impairment of loans and advances to customers

The Group reviews its loans and advances to customers to assess whether a provision for impairment should be recorded in the consolidated income statement. In particular, management is required to estimate the amount and timing of future cash flows in order to determine the amount of provision required and the calculation of the impairment allowance involves the use of judgement. Such estimates are based on assumptions about a number of factors and therefore actual impairment losses may differ.

The carrying amount of the loan is reduced through the use of a provision account and the amount of the loss is recognised in the consolidated income statement. Loans together with the associated provisions are written off when there is no realistic prospect of future recovery. Partial write-offs, including non contractual write-offs, may also occur when it is considered that there is no realistic prospect for the recovery of the contractual cash flows. In addition, write-offs may reflect restructuring activity with customers and are part of the terms of the agreement and subject to satisfactory performance.

A very important factor for the estimation of provisions is the timing and net recoverable amount from repossession of collaterals which mainly comprise land and buildings. The Group may change certain estimates from period to period, however it is impracticable to estimate the effect of such individual estimates due to interdependencies between estimates and as the profile of the population of loans changes from period to period.

Assumptions have been made about the future changes in property values, as well as the timing for the realisation of the collateral and for taxes and expenses on the repossession and subsequent sale of the collateral. Indexation has been used to estimate updated market values of properties, while assumptions were made on the basis of a macroeconomic scenario for future changes in property values. The timing of recovery from real estate collaterals has been estimated to be on average 3 years, with the exception of specific cases where a different period has been used, based on specific facts and circumstances and for customers in Debt Recovery where a 6 year period has been used. In accordance with the Loan Impairment and Provisioning Procedures Directives of 2014 and 2015 of the CBC, the cumulative average future change in property values during the year has been capped to zero. On average, the realisable value of the collateral is estimated to be 10% lower than the projected open market value of the collateral.

Any changes in these assumptions or difference between assumptions made and actual results could result in significant changes in the amount of required provisions for impairment of loans and advances.

6. Significant judgements, estimates and assumptions (continued)

6.2 Provision for impairment of loans and advances to customers (continued)

For individually significant assets, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account (for example, the business prospects for the customer, the realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process). The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate) and its carrying amount. Subjective judgements are made in the calculation of future cash flows. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge.

In addition to provisions for impairment on an individual basis, the Group also makes collective impairment provisions. The Group adopts a formulaic approach for collective provisions, which includes assigning probabilities of default and loss given default for portfolios of loans. This methodology is subject to estimation uncertainty, partly because it is not practicable to identify losses on an individual loan basis because of the large number of loans in each portfolio. In addition, the use of historical information for probabilities of default and loss rates is supplemented with significant management judgement to assess whether current economic and credit conditions are such that the actual level of incurred losses is likely to be greater or less than that suggested by historical experience.

Impairment assessment also includes off-balance sheet credit exposures represented by guarantees given and by irrevocable commitments to disburse funds. Off-balance sheet credit exposures of the individually assessed assets require assumptions on the probability, timing and amount of cash outflows; otherwise the provision is calculated on a collective basis, taking into account the probability of loss for the portfolio in which the customer is included for on-balance sheet exposures impairment assessment. The Group may change certain estimates from period to period, however it is impracticable to estimate the effect of such individual estimates due to interdependencies between estimates and as the profile of the population of off-balance sheet exposure changes from period to period.

In normal circumstances, historical experience provides the most objective and relevant information from which to assess inherent loss within each portfolio. In certain circumstances, historical loss experience provides less relevant information about the incurred loss in a given portfolio at the reporting date, for example, where there have been changes in economic, regulatory or behavioural conditions such that the most recent trends in the portfolio risk factors are not fully reflected. In these circumstances, such risk factors are taken into account when calculating the appropriate levels of impairment allowances, by adjusting the provision for impairment derived solely from historical loss experience.

The total amount of the Group's provision for impairment of loans and advances is inherently uncertain because it is highly sensitive to changes in economic and credit conditions across a number of geographical areas. Economic and credit conditions within geographical areas are influenced by many factors with a high degree of interdependency so that there is no one single factor to which the Group's loan impairment provisions as a whole are particularly sensitive. Different factors are applied in each country to reflect the local economic conditions, laws and regulations and the assumptions underlying this judgement are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly. It is possible that the actual results within the next financial year could be different from the assumptions made, resulting in a material adjustment to the carrying amount of loans and advances.

Further details on impairment allowances and related credit information are set out in Note 26.

6.3 Tax

The Group operates and is therefore subject to tax in various countries. Estimates are required in determining the provision for taxes at the reporting date. The Group recognises income tax liabilities for transactions and assessments whose tax treatment is uncertain. Where the final tax is different from the amounts initially recognised in the consolidated income statement, such differences will impact the income tax expense, the tax liabilities and deferred tax assets or liabilities of the period in which the final tax is agreed with the relevant tax authorities.

6. Significant judgements, estimates and assumptions (continued)

6.3 Tax (continued)

Deferred tax assets are recognised by the Group in respect of tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. These variables have been established on the basis of significant management judgement and are subject to uncertainty. It is possible that the actual future events could be different from the assumptions made, resulting in a material adjustment to the carrying amount of deferred tax assets.

6.4 Classification of property

The Group determines whether a property is classified as investment property or stock of property as follows:
- Investment property comprises land and buildings that are not occupied for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.
- Stock of property comprises land and buildings held with an intention to be disposed of. This principally relates to repossessed properties and properties acquired through the acquisition of certain operations of Laiki Bank in 2013, which as a result of the formation of the Real Estate Management Unit (REMU) by the Group in 2015, are being managed with an intention to be disposed of.

6.5 Stock of property – estimation of net realisable value

Stock of property is measured at the lower of cost and net realisable value. The estimated sales price is determined with reference to the fair value of properties adjusted for any impact of specific circumstances on the sale process of each property. Depending on the value of the underlying asset and available market information, the determination of costs to sell may require professional judgement which involves a large degree of uncertainly due to the relatively low level of market activity.

More details on the stock of property are presented in Note 17.

6.6 Provisions

The accounting policy for provisions is described in Note 3.30 in the annual Consolidated Financial Statements for the year ended 31 December 2015. Judgement is involved in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. Provisions for pending litigations, claims or regulatory matters require a higher degree of judgement than other types of provisions.

For a detailed description of the nature of uncertainties and assumptions and the effect on the amount and timing of pending litigation and claims refer to Note 22.

6.7 Exercise of significant influence

The Group determines whether it exercises significant influence on companies in which it has shareholdings of less 20% if other factors exist that demonstrate significant influence. In performing this assessment it considers its representation in the Board of Directors which gives rise to voting rights of more than 20% and participation in policy-making processes, including participation in decisions about dividends and other distributions.

7. Segmental analysis

The Group is organised into operating segments based on the geographic location of each unit.

In addition, the Cyprus segment is further organised into operating segments based on the line of business.

The disposal of the majority of the Russian operations was completed in September 2015 and the results of the Russian operations which have been disposed of are presented as discontinued operations in the comparative period.

The results of the remaining Russian operations, being the management of a distressed loan portfolio, are presented within continuing operations of the 'Other countries' segment.

7. **Segmental analysis** (continued)

In September 2015 the Group completed the disposal of 65% of the shares of Aphrodite group. The results of the Aphrodite group acquired in November 2014 and disposed of in September 2015 are presented as discontinued operations in the comparative period.

The remaining Group's activities in Greece, United Kingdom, Romania and Russia are separate operating segments for which information is provided to management but, due to their size, have been grouped for disclosure purposes into one segment, namely 'Other countries'.

The Group's activities in Cyprus include the provision of banking, financial and insurance services, as well as property either held as stock or as investment property and hotel business. In the other countries, the Group provides banking services, financial and insurance services, as well as management of properties either held as stock or as investment property.

Management monitors the operating results of each business segment separately for the purposes of performance assessment and resource allocation. Segment performance is evaluated based on profit after tax and non-controlling interests. Inter-segment transactions and balances are eliminated on consolidation and are made on an arm's length basis.

Operating segment disclosures are provided as presented to the Group Executive Committee.

The loans and advances to customers, the customer deposits and the related income and expense are generally included in the segment where the business is originated, instead of the segment where the transaction is recorded.

Continuing operations

	Cyprus	Other countries	**Total continuing operations**
Three months ended 31 March 2016	€000	€000	**€000**
Net interest income	172.526	12.267	**184.793**
Net fee and commission income	34.229	1.737	**35.966**
Net foreign exchange gains	593	6.836	**7.429**
Net losses on financial instrument transactions	(115)	(540)	**(655)**
Insurance income net of claims and commissions	13.319	274	**13.593**
Gains/(losses) from revaluation and disposal of investment properties	4.033	(341)	**3.692**
Losses on disposal of stock of property	(2.422)	-	**(2.422)**
Other income	1.342	504	**1.846**
	223.505	20.737	**244.242**
Staff costs	(54.399)	(3.881)	**(58.280)**
Other operating expenses	(34.286)	(6.044)	**(40.330)**
Restructuring costs (Note 9)	(16.987)	(436)	**(17.423)**
	117.833	**10.376**	**128.209**
(Loss)/gain on derecognition of loans and advances to customers and changes in expected cash flows	(15.463)	22	**(15.441)**
Provisions for impairment of loans and advances to customers and other customer credit losses	(39.252)	(7.640)	**(46.892)**
(Impairment)/reversal of impairment of other financial instruments	(1.024)	48	**(976)**
Impairment of non-financial instruments	(3.667)	(3.336)	**(7.003)**
Share of profit from associates and joint ventures	801	-	**801**
Profit/(loss) before tax	**59.228**	**(530)**	**58.698**
Income tax	(7.526)	(610)	**(8.136)**
Profit/(loss) after tax	**51.702**	**(1.140)**	**50.562**
Non-controlling interests - profit	(337)	-	**(337)**
Profit/(loss) after tax attributable to the owners of the Company	**51.365**	**(1.140)**	**50.225**

7. **Segmental analysis** (continued)

Continuing operations

	Cyprus	Other countries	**Total continuing operations**
Three months ended 31 March 2015 (represented)	€000	€000	**€000**
Net interest income	211.377	15.418	**226.795**
Net fee and commission income	42.059	1.240	**43.299**
Net foreign exchange losses	(2.022)	(226)	**(2.248)**
Net (losses)/gains on financial instrument transactions	(2.672)	1.424	**(1.248)**
Insurance income net of claims and commissions	11.660	227	**11.887**
Losses from revaluation and disposal of investment properties	(289)	(7.300)	**(7.589)**
Gains on disposal of stock of property	208	-	**208**
Other income	1.909	775	**2.684**
	262.230	11.558	**273.788**
Staff costs	(54.902)	(4.213)	**(59.115)**
Other operating expenses	(36.632)	(6.296)	**(42.928)**
Restructuring costs (Note 9)	(6.395)	(1.825)	**(8.220)**
	164.301	**(776)**	**163.525**
Gain on derecognition of loans and advances to customers and changes in expected cash flows	43.006	-	**43.006**
Provisions for impairment of loans and advances to customers and other customer credit losses	(121.880)	(31.565)	**(153.445)**
Impairment of other financial instruments	(813)	-	**(813)**
Share of profit from associates and joint ventures	1.840	-	**1.840**
Profit/(loss) before tax	**86.454**	**(32.341)**	**54.113**
Income tax	(8.455)	481	**(7.974)**
Profit/(loss) after tax	**77.999**	**(31.860)**	**46.139**
Non-controlling interests – (profit)/loss	(166)	470	**304**
Profit/(loss) after tax attributable to the owners of the Company	**77.833**	**(31.390)**	**46.443**

7. Segmental analysis (continued)

Discontinued operations

	Russia	Subsidiary acquired with the view to sale	**Total discontinued operations**
Three months ended 31 March 2015 (represented)	€000	€000	**€000**
Net interest income	4.347	-	**4.347**
Net fee and commission income	2.034	-	**2.034**
Net foreign exchange gains	2.109	-	**2.109**
Losses from revaluation and disposal of investment properties	(52)	-	**(52)**
Losses on disposal of stock of property	(17)	-	**(17)**
Other income	308	1.201	**1.509**
	8.729	1.201	**9.930**
Staff costs	(5.686)	(1.128)	**(6.814)**
Other operating expenses	(4.913)	(1.574)	**(6.487)**
	(1.870)	**(1.501)**	**(3.371)**
Provisions for impairment of loans and advances to customers and other customer credit losses	(17.824)	-	**(17.824)**
Impairment upon measurement of disposal group at fair value less costs to sell	(1.320)	-	**(1.320)**
Loss before tax	**(21.014)**	**(1.501)**	**(22.515)**
Income tax	22	-	**22**
Loss after tax	**(20.992)**	**(1.501)**	**(22.493)**
Non-controlling interests - loss	4.199	375	**4.574**
Loss after tax attributable to the owners of the Company	**(16.793)**	**(1.126)**	**(17.919)**

7. Segmental analysis (continued)

Analysis of total revenue

Total revenue includes net interest income, net fee and commission income, net foreign exchange gains/(losses), net losses on financial instrument transactions, insurance income net of claims and commissions, impact from revaluation and disposal of investment properties, (losses)/gains on disposal of stock of property and other income.

Continuing operations

	Cyprus	Other countries	**Total continuing operations**
Three months ended 31 March 2016	€000	€000	**€000**
Banking and financial services	207.296	24.120	**231.416**
Insurance services	12.673	304	**12.977**
Property and hotel business	(148)	(3)	**(151)**
Total revenue from third parties	219.821	24.421	**244.242**
Inter-segment revenue/(expense)	3.684	(3.684)	**-**
Total revenue	**223.505**	**20.737**	**244.242**

Continuing operations

	Cyprus	Other countries	**Total continuing operations**
Three months ended 31 March 2015 (represented)	€000	€000	**€000**
Banking and financial services	246.262	13.436	**259.698**
Insurance services	11.885	254	**12.139**
Property and hotel business	(126)	-	**(126)**
Total revenue from third parties	258.021	13.690	**271.711**
Inter-segment revenue/(expense)	4.209	(2.132)	**2.077**
Total revenue	**262.230**	**11.558**	**273.788**

7. Segmental analysis (continued)

Analysis of total revenue (continued)

Discontinued operations

	Russia	Subsidiary acquired with the view to sale	**Total discontinued operations**
Three months ended 31 March 2015 (represented)	€000	€000	**€000**
Banking and financial services	10.806	-	**10.806**
Property and hotel business	-	1.201	**1.201**
Total revenue from third parties	10.806	1.201	**12.007**
Inter-segment expenses	(2.077)	-	**(2.077)**
Total revenue	**8.729**	**1.201**	**9.930**

Analysis of assets

	Cyprus	Other countries	**Total**
31 March 2016	€000	€000	**€000**
Assets	21.157.981	2.660.561	**23.818.542**
Inter-segment assets			**(1.149.002)**
Total assets			**22.669.540**

31 December 2015			
Assets	21.666.656	2.746.202	**24.412.858**
Inter-segment assets			**(1.142.357)**
Total assets			**23.270.501**

Analysis of liabilities

	Cyprus	Other countries	**Total**
31 March 2016	€000	€000	**€000**
Liabilities	18.103.926	2.593.372	**20.697.298**
Inter-segment liabilities			**(1.152.088)**
Total liabilities			**19.545.210**

31 December 2015			
Liabilities	18.665.209	2.672.612	**21.337.821**
Inter-segment liabilities			**(1.144.651)**
Total liabilities			**20.193.170**

7. Segmental analysis (continued)

Analysis by business line

In addition to monitoring operations by geographical location, management also monitors the operating results of each business line for the Cyprus segment of the Group, and such disclosures are presented to the Group Executive Committee.

Income and expenses directly associated with each business line are included in determining the line’s performance. Transfer pricing methodologies are applied between the business lines to present their results on an arm’s length basis. Total other operating income/(expenses) includes net foreign exchange gains/(losses), net losses on financial instrument transactions, insurance income net of claims and commissions, gains/(losses) from revaluation and disposal of investment properties, (losses)/gains on disposal of stock of property and other income. Notional tax at the 12,5% Cyprus tax rate is charged/credited on profit or loss before tax of each business line.

The business line ‘Other’ includes group and head office functions such as treasury, finance, risk management, compliance, legal, corporate affairs and human resources. Head office functions provide services to the operating segments. From 2016 onwards, following the establishment of REMU in December 2015 (Note 17) real estate management results are presented as a separate business line as REMU is considered a separate operating segment and reported as such to management. No comparative information has been disclosed for the results of this new business line as this was only set up in December 2015.

7. Segmental analysis (continued)

Analysis by business line (continued)

	Corporate	Small and medium-sized enterprises	Retail	Restructuring and recoveries	International banking services	Wealth management	Real Estate Management	Insurance	Other	**Total Cyprus**
Three months ended 31 March 2016	€000	€000	€000	€000	€000	€000	€000	€000	€000	**€000**
Net interest income/(expenses)	19.196	15.930	62.889	61.565	16.054	1.693	(1.748)	98	(3.151)	**172.526**
Net fee and commission income/(expense)	2.427	2.095	10.502	3.447	12.102	530	-	(967)	4.093	**34.229**
Total other operating income/(expense)	74	134	963	114	1.682	957	(2.153)	13.542	1.437	**16.750**
	21.697	18.159	74.354	65.126	29.838	3.180	(3.901)	12.673	2.379	**223.505**
Staff costs and other operating expenses	(2.535)	(2.956)	(29.695)	(8.689)	(6.608)	(1.269)	(2.291)	(3.628)	(31.014)	**(88.685)**
Restructuring costs	(64)	(2)	(2.041)	(3.050)	(528)	-	(633)	(422)	(10.247)	**(16.987)**
	19.098	15.201	42.618	53.387	22.702	1.911	(6.825)	8.623	(38.882)	**117.833**
Gain/(loss) on derecognition of loans and advances to customers and changes in expected cash flows	2.619	1.654	2.771	(22.018)	294	875	-	-	(1.658)	**(15.463)**
Reversal of provisions/(provisions) for impairment of loans and advances to customers and other customer credit losses	6.955	(3.108)	8.726	(51.252)	(1.327)	218	-	-	536	**(39.252)**
Impairment of other financial instruments	-	-	-	-	-		-	-	(1.024)	**(1.024)**
Impairment of non-financial instruments	-	-	-	-	-	-	(3.593)	-	(74)	**(3.667)**
Share of profit from associates and joint ventures	-	-	-	-	-	-	-	-	801	**801**
Profit/(loss) before tax	28.672	13.747	54.115	(19.883)	21.669	3.004	(10.418)	8.623	(40.301)	**59.228**
Income tax	(3.584)	(1.718)	(6.764)	2.485	(2.709)	(375)	1.302	(1.248)	5.085	**(7.526)**
Profit/(loss) after tax	25.088	12.029	47.351	(17.398)	18.960	2.629	(9.116)	7.375	(35.216)	**51.702**
Non-controlling interests - profit	-	-	-	-	-	-	-	-	(337)	**(337)**
Profit/(loss) after tax attributable to the owners of the Company	**25.088**	**12.029**	**47.351**	**(17.398)**	**18.960**	**2.629**	**(9.116)**	**7.375**	**(35.553)**	**51.365**

In addition, loans and advances to customers, deposits and stock of property of the above business lines are reported to the Group Executive Committee. Such an analysis is disclosed in Notes 26, 21 and 17 respectively.

7. Segmental analysis (continued)

Analysis by business line (continued)

	Corporate	Small and medium-sized enterprises	Retail	Restructuring and recoveries	International banking services	Wealth management	Insurance	Other	**Total Cyprus**
Three months ended 31 March 2015 (represented)	€000	€000	€000	€000	€000	€000	€000	€000	**€000**
Net interest income	17.302	18.039	54.095	82.085	14.681	1.623	215	23.337	**211.377**
Net fee and commission income/(expense)	1.676	1.853	15.593	2.803	17.127	271	(162)	2.898	**42.059**
Total other operating income/(expense)	202	156	1.126	(22)	1.665	908	11.832	(7.073)	**8.794**
	19.180	20.048	70.814	84.866	33.473	2.802	11.885	19.162	**262.230**
Staff costs and other operating expenses	(2.508)	(3.051)	(29.036)	(7.862)	(6.915)	(1.291)	(3.672)	(37.199)	**(91.534)**
Restructuring costs	-	-	-	-	-	-	-	(6.395)	**(6.395)**
	16.672	16.997	41.778	77.004	26.558	1.511	8.213	(24.432)	**164.301**
Gain on derecognition of loans and advances to customers and changes in expected cash flows	10.073	4.900	14.971	7.424	675	215	-	4.748	**43.006**
(Provisions)/reversal of provisions for impairment of loans and advances to customers and other customer credit losses	(2.070)	(4.737)	(27.268)	(78.363)	(8.749)	(1.037)	-	344	**(121.880)**
Impairment of other financial instruments	-	-	-	-	-	-	-	(813)	**(813)**
Share of profit from associates and joint ventures	-	-	-	-	-	-	-	1.840	**1.840**
Profit/(loss) before tax	24.675	17.160	29.481	6.065	18.484	689	8.213	(18.313)	**86.454**
Income tax	(3.084)	(2.145)	(3.685)	(758)	(2.311)	(86)	(995)	4.609	**(8.455)**
Profit/(loss) after tax	21.591	15.015	25.796	5.307	16.173	603	7.218	(13.704)	**77.999**
Non-controlling interests - profit	-	-	-	-	-	-	-	(166)	**(166)**
Profit/(loss) after tax attributable to the owners of the Company	**21.591**	**15.015**	**25.796**	**5.307**	**16.173**	**603**	**7.218**	**(13.870)**	**77.833**

8. Net losses on financial instrument transactions

	Three months ended 31 March	
	2016	2015 (represented)
	€000	€000
Trading portfolio:		
- equity securities	**(369)**	827
- debt securities	**1**	8
- derivative financial instruments	**293**	(1.547)
Other investments at fair value through profit or loss:		
- debt securities	**(113)**	51
- equity securities	**390**	(50)
Net gains/(losses) on disposal of available-for-sale investments:		
- equity securities	**12**	-
- debt securities	**18**	(11)
Realised losses on disposal of loans	**(537)**	(99)
Revaluation of financial instruments designated as fair value hedges:		
- hedging instruments	**(3.162)**	1.710
- hedged items	**3.490**	(2.137)
Loss on dissolution of subsidiaries (Note 31)	**(678)**	-
	(655)	(1.248)

9. Staff costs and other operating expenses

Staff costs

	Three months ended 31 March	
	2016	2015 (represented)
	€000	€000
Salaries	**47.274**	46.719
Employer's contributions to state social insurance and pension funds	**7.104**	6.478
Retirement benefit plan costs	**3.902**	5.918
	58.280	59.115
Restructuring costs – voluntary exit plan	**5.803**	-
	64.083	59.115

The number of persons employed by the Group as at 31 March 2016 was 4.550 (31 December 2015: 4.605, 31 March 2015: 6.715). During the three months ended 31 March 2016, 73 employees left the Group under the voluntary exit plan. A new scheme is in progress in the second quarter of 2016, in the aim of further reducing staff costs.

9. Staff costs and other operating expenses (continued)

Other operating expenses

	Three months ended 31 March	
	2016	2015 (represented)
	€000	€000
Repairs and maintenance of property and equipment	**7.192**	6.078
Other property-related costs	**2.750**	2.325
Operating lease rentals for property and equipment	**2.402**	2.445
Special tax levy on deposits of credit institutions in Cyprus	**4.781**	4.254
Consultancy and other professional services fees	**1.841**	4.462
Insurance	**3.454**	3.423
Advertising and marketing	**3.398**	3.308
Depreciation of property and equipment	**2.645**	3.031
Amortisation of intangible assets	**1.737**	1.691
Communication	**1.846**	1.610
(Reversal of provisions)/provisions and settlements of litigations or claims (Note 22)	**(1.722)**	94
Printing and stationery	**838**	1.020
Local cash transfer expenses	**817**	667
Contribution to depositor protection scheme	**25**	104
Direct operating expenses relating to stock of property	**49**	-
Other operating expenses	**8.277**	8.416
	40.330	42.928
Advisory and other restructuring costs	**11.620**	8.220
	51.950	51.148

Advisory and other restructuring costs comprise mainly fees of external advisors in relation to: (i) disposal of operations, (ii) customer loan restructuring activities which are not part of the effective interest rate and (iii) the potential listing on a European stock exchange.

10. Impairment of financial and non-financial instruments and loss/(gain) on derecognition of loans and advances to customers and changes in expected cash flows

	Three months ended 31 March	
	2016	2015 (represented)
	€000	€000
Loss/(gain) on derecognition of loans and advances to customers and changes in expected cash flows	**15.441**	(43.006)

Net provisions for impairment of loans and advances to customers and other customer credit losses		
Loans and advances to customers (Note 26)	**44.043**	175.402
Financial guarantees and commitments	**2.849**	(21.957)
	46.892	153.445

Impairment /(reversal of impairment) of other financial instruments		
Available-for-sale equity securities	**509**	347
Available-for-sale mutual funds	**55**	498
Loans and receivables debt securities	**-**	(169)
Other receivables	**(35)**	137
Deposits by banks	**447**	-
	976	813

Impairment of non-financial instruments		
Stock of property (Note 17)	**7.003**	-

11. Income tax

	Three months ended 31 March	
	2016	2015 (represented)
	€000	€000
Current tax:		
- Cyprus	**761**	635
- overseas	**638**	721
Cyprus special defence contribution	**(21)**	15
Deferred tax	**6.512**	5.958
Prior year tax adjustments	**246**	645
	8.136	7.974

12. Earnings per share

	Three months ended 31 March	
	2016	2015 (represented)
Basic and diluted earnings per share attributable to the owners of the Company		
Profit for the period attributable to the owners of the Company (€ thousand)	**50.225**	28.524
Weighted average number of shares in issue during the period, excluding treasury shares (thousand)	**8.917.809**	8.904.458
Basic and diluted earnings per share (€ cent)	**0,6**	0,3

Basic and diluted earnings per share attributable to the owners of the Company – continuing operations		
Profit after tax attributable to the owners of the Company – continuing operations (€ thousand)	**50.225**	46.443
Weighted average number of shares in issue during the period, excluding treasury shares (thousand)	**8.917.809**	8.904.458
Basic and diluted earnings per share – continuing operations (€ cent)	**0,6**	0,5

Basic and diluted losses per share attributable to the owners of the Company – discontinued operations		
Loss after tax attributable to the owners of the Company – discontinued operations (€ thousand)	**-**	(17.919)
Weighted average number of shares in issue during the period, excluding treasury shares (thousand)	**8.917.809**	8.904.458
Basic and diluted losses per share – discontinued operations (€ cent)	**-**	(0,2)

13. Investments

	31 March 2016	31 December 2015
	€000	€000
Investments		
Investments at fair value through profit or loss	**50.125**	50.785
Investments available-for-sale	**98.814**	100.535
Investments classified as loans and receivables	**371.279**	436.935
	520.218	588.255

The amounts pledged as collateral under repurchase agreements with banks are shown below:

	31 March 2016	31 December 2015
	€000	€000
Investments pledged as collateral		
Investments available-for-sale	**393.442**	421.032

All investments pledged as collateral under repurchase agreements can be sold or repledged by the counterparty.

Loans and receivables at 31 March 2016 include €8.299 thousand (31 December 2015: €21.451 thousand) of debt securities issued by the Cyprus government and listed on the Cyprus Stock Exchange which have been determined to be individually impaired, in prior years.

There were no reclassifications of investments between categories in the current period or in 2015.

13. Investments (continued)

Reclassification of investments

The table below presents the debt securities reclassified by the Group, by date of reclassification.

	Reclassification date	Carrying and fair value on reclassification date	31 March 2016		31 December 2015		Three months ended 31 March 2016		Effective interest rate on reclassification date
			Carrying value	Fair value	Carrying value	Fair value	Additional profit in the income statement had the debt securities not been reclassified	Additional gain/(loss) in other comprehensive income had the debt securities not been reclassified	
		€000	€000	€000	€000	€000	€000	€000	
Reclassification of available-for-sale investments to:									
- loans and receivables	1 October 2008	129.497	122.425	125.894	119.683	126.913	-	3.469	4,6%-4,7%
- loans and receivables	30 June 2011	59.130	70.173	65.722	69.813	66.447	-	(4.451)	2,8%-6,3%
Reclassification of held-to-maturity investments to:									
- available-for-sale	1 November 2012	42.151	41.555	41.555	41.763	41.763	-	-	0,4%-3,1%

13. Investments (continued)

Reclassification of investments (continued)

The table below presents the debt securities reclassified by the Group, by date of reclassification.

	Reclassification date	Carrying and fair value on reclassification date	31 March 2015		31 December 2014		Three months ended 31 March 2015		Effective interest rate on reclassification date
			Carrying value	Fair value	Carrying value	Fair value	Additional loss in the income statement had the debt securities not been reclassified	Additional gain/(loss) in other comprehensive income had the debt securities not been reclassified	
		€000	€000	€000	€000	€000	€000	€000	
Reclassification of trading investments to:									
- loans and receivables	1 April 2010	34.810	36.051	34.661	36.722	35.056	(395)	-	1,2%-4,4%
Reclassification of available-for-sale investments to:									
- loans and receivables	1 October 2008	129.497	132.119	137.327	130.500	130.520	-	5.208	4,6%-4,7%
- loans and receivables	30 June 2011	155.090	175.211	163.748	174.701	165.884	-	(11.463)	2,8%-6,3%
Reclassification of held-to-maturity investments to:									
- available-for-sale	1 November 2012	62.378	63.604	63.604	63.609	63.609	-	-	0,4%-3,1%

14. Derivative financial instruments

The contract amount and fair value of the derivative financial instruments is set out below:

	31 March 2016			31 December 2015		
	Contract amount	**Fair value**		Contract amount	Fair value	
		Assets	**Liabilities**		Assets	Liabilities
	€000	**€000**	**€000**	€000	€000	€000
Trading derivatives						
Forward exchange rate contracts	**59.415**	**1.082**	**474**	90.870	1.113	2.103
Currency swaps	**1.206.707**	**418**	**29.612**	1.484.763	12.235	5.720
Interest rate swaps	**234.762**	**218**	**2.371**	34.511	141	2.305
Currency options	**12.950**	**40**	**274**	175	8	167
Equity options	**1.324**	**372**	**371**	1.515	477	441
Interest rate caps/floors	**5.996**	**-**	**19**	6.562	-	53
	1.521.154	**2.130**	**33.121**	1.618.396	13.974	10.789
Derivatives qualifying for hedge accounting						
Fair value hedges - interest rate swaps	**370.900**	**-**	**43.602**	425.900	45	39.570
Net investments – forward exchange rate contracts	**164.563**	**1.368**	**81**	151.246	4	4.040
	535.463	**1.368**	**43.683**	577.146	49	43.610
Total	**2.056.617**	**3.498**	**76.804**	2.195.542	14.023	54.399

Hedge accounting

Hedges of net investments

The Group's consolidated balance sheet is affected by foreign exchange differences between the Euro and all non-Euro functional currencies of overseas subsidiaries and branches and other foreign operations. The Group hedges its structural currency risk when it considers that the cost of such hedging is within an acceptable range (in relation to the underlying risk). This hedging is effected by financing with borrowings in the same currency as the functional currency of the overseas subsidiaries and branches, as well as overseas associates and joint ventures and forward exchange rate contracts.

As at 31 March 2016, deposits and forward exchange rate contracts amounting to €173.145 thousand and €164.563 thousand respectively (31 December 2015: €178.101 thousand and €151.246 thousand respectively) have been designated as hedging instruments and have given rise to a profit of €19.326 thousand during the period (corresponding period of 2015: gain of €13.030 thousand; year ended 31 December 2015: loss of €22.860 thousand) which was recognised in the 'Foreign currency translation reserve' in the consolidated statement of comprehensive income, against the profit or loss from the retranslation of the net assets of the overseas subsidiaries and branches.

15. Fair value measurement

The following table presents the carrying value and fair value of the Group's financial assets and liabilities.

	31 March 2016		31 December 2015	
	Carrying value	**Fair value**	Carrying value	Fair value
	€000	**€000**	€000	€000
Financial assets				
Cash and balances with central banks	**1.141.275**	**1.141.275**	1.422.602	1.422.602
Loans and advances to banks	**1.272.704**	**1.245.654**	1.314.380	1.303.414
Investments at fair value through profit or loss	**50.125**	**50.125**	50.785	50.785
Investments available-for-sale	**492.256**	**492.256**	521.567	521.567
Investments classified as loans and receivables	**371.279**	**372.827**	436.935	445.521
Derivative financial assets	**3.498**	**3.498**	14.023	14.023
Loans and advances to customers	**16.820.668**	**18.089.032**	17.191.632	18.150.401
Life insurance business assets attributable to policyholders	**462.875**	**462.875**	462.613	462.613
Other assets	**169.008**	**169.008**	179.661	179.661
	20.783.688	**22.026.550**	21.594.198	22.550.587
Financial liabilities				
Obligations to central banks and deposits by banks	**4.115.817**	**4.115.817**	4.694.987	4.694.987
Repurchase agreements	**339.091**	**378.590**	368.151	406.014
Derivative financial liabilities	**76.804**	**76.804**	54.399	54.399
Customer deposits	**14.127.589**	**14.124.562**	14.180.681	14.185.996
Debt securities in issue	**661**	**661**	712	712
Other liabilities	**111.454**	**111.454**	141.357	141.357
	18.771.416	**18.807.888**	19.440.287	19.483.465

The fair value of financial assets and liabilities in the above table is as at the reporting date and does not represent any expectations about their future value.

The Group uses the following hierarchy for determining and disclosing fair value:

Level 1: investments valued using quoted prices in active markets.

Level 2: investments valued using models for which all inputs that have a significant effect on fair value are market observable.

Level 3: investments valued using models for which inputs that have a significant effect on fair value are not based on observable market data.

15. Fair value measurement (continued)

The following is a description of the determination of fair value for financial instruments and non-financial assets which are recorded at fair value on a recurring and on a non-recurring basis and for financial instruments and non-financial assets which are not measured at fair value but for which fair value is disclosed, using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Derivative financial instruments

Derivative financial instruments valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency swaps, currency rate options, forward foreign exchange rate contracts, equity options and interest rate collars. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Credit Valuation adjustments (CVA) and Debit Valuation adjustments (DVA)

The CVA and DVA are incorporated into derivative valuations to reflect the impact on fair value of counterparty risk and the Company's own credit quality respectively.

The Group calculates the CVA by applying the probability of default (PD) of the counterparty, conditional on the non-default of the Group, to the Group's expected positive exposure to the counterparty and multiplying the result by the loss expected in the event of default. Conversely, the Group calculates the DVA by applying its own PD, conditional on the non-default of the counterparty, to the expected positive exposure of the counterparty to Group and multiplying the result by the loss expected in the event of default. Both calculations are performed over the life of the potential exposure.

The expected exposure of derivatives is calculated as per the CRR and takes into account the netting agreements where they exist. A standard loss given default (LGD) assumption in line with industry norms is adopted. Alternative LGD assumptions may be adopted when both the nature of the exposure and the available data support this.

The Group does not hold any significant derivative instruments which are valued using a valuation technique with significant non-market observable inputs.

Investments available-for-sale and other investments at fair value through profit or loss

Available-for-sale investments and investments at fair value through profit or loss which are valued using a valuation technique or pricing models, primarily consist of unquoted equity securities and debt securities. These assets are valued using valuation models which sometimes only incorporate market observable data and at other times use both observable and non-observable data.

Loans and advances to customers

The fair value of loans and advances to customers is based on the present value of expected future cash flows. Future cash flows have been based on the future expected loss rate per loan portfolio, taking into account expectations for the credit quality of the borrowers. The discount rate includes components that capture the funding cost and the cost of capital.

Customer deposits

The fair value of customer deposits is determined by calculating the present value of future cash flows. The discount rate takes into account current market rates and the credit profile of the Company. The fair values of deposits repayable on demand and deposits protected by the Deposit Protection Guarantee Scheme are approximated by their carrying values.

Repurchase agreements

Repurchase agreements are collateralised bank takings. Given that the collateral provided by the Group is greater than the amount borrowed, the fair value calculation of these repurchase agreements only takes into account the time value of money.

15. Fair value measurement (continued)

Loans and advances to banks
Loans and advances to banks with maturity over one year are discounted using an appropriate risk free rate plus the credit spread of each counterparty. For short-term lending, the fair value is approximated by the carrying value.

Deposits by banks
Since almost all deposits by banks are very short-term, the fair value is an approximation of the carrying value.

Model inputs for valuation
Observable inputs to the models for the valuation of unquoted equity and debt securities include, where applicable, current and expected market interest rates, market expected default rates, market implied country and counterparty credit risk and market liquidity discounts.

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	**Total**
31 March 2016	€000	€000	€000	**€000**
Financial assets				
Trading derivatives				
Forward exchange rate contracts	-	1.082	-	**1.082**
Currency swaps	-	418	-	**418**
Interest rate swaps	-	218	-	**218**
Currency options	-	40	-	**40**
Equity options	-	372	-	**372**
	-	2.130	-	**2.130**
Derivatives qualifying for hedge accounting				
Net investments-forward exchange rate contracts	-	1.368	-	**1.368**
Investments at fair value through profit or loss				
Trading investments	11.685	-	817	**12.502**
Other investments at fair value through profit or loss	19.623	17.707	293	**37.623**
	31.308	17.707	1.110	**50.125**
Investments available-for-sale	438.388	41	53.827	**492.256**
	469.696	21.246	54.937	**545.879**

15. Fair value measurement (continued)

Model inputs for valuation (continued)

	Level 1	Level 2	Level 3	**Total**
31 March 2016	€000	€000	€000	**€000**
Financial liabilities				
Trading derivatives				
Forward exchange rate contracts	-	474	-	**474**
Currency swaps	-	29.612	-	**29.612**
Interest rate swaps	-	2.371	-	**2.371**
Currency options	-	274	-	**274**
Equity options	-	371	-	**371**
Interest rate caps/floors	-	19	-	**19**
	-	33.121	-	**33.121**
Derivatives qualifying for hedge accounting				
Fair value hedges-interest rate swaps	-	43.602	-	**43.602**
Net investments-forward exchange rate contracts	-	81	-	**81**
	-	43.683	-	**43.683**
	-	76.804	-	**76.804**

For available-for-sale equity securities categorised as Level 3, for an amount €51.263 thousand, a change in the conversion factor by 10% would result in a change in the value of the equity securities by €750 thousand.

	Level 1	Level 2	Level 3	**Total**
31 December 2015	€000	€000	€000	**€000**
Financial assets				
Trading derivatives				
Forward exchange rate contracts	-	1.113	-	**1.113**
Currency swaps	-	12.235	-	**12.235**
Interest rate swaps	-	141	-	**141**
Currency options	-	8	-	**8**
Equity options	-	477	-	**477**
	-	13.974	-	**13.974**
Derivatives qualifying for hedge accounting				
Fair value hedges-interest rate swaps	-	45	-	**45**
Net investments-forward exchange rate contracts	-	4	-	**4**
	-	49	-	**49**
Investments at fair value through profit or loss				
Trading investments	12.865	-	489	**13.354**
Other investments at fair value through profit or loss	19.293	17.905	233	**37.431**
	32.158	17.905	722	**50.785**
Investments available-for-sale	466.995	41	54.531	**521.567**
	499.153	31.969	55.253	**586.375**

15. Fair value measurement (continued)

Model inputs for valuation (continued)

	Level 1	Level 2	Level 3	**Total**
31 December 2015	€000	€000	€000	**€000**
Financial liabilities				
Trading derivatives				
Forward exchange rate contracts	-	2.103	-	**2.103**
Currency swaps	-	5.720	-	**5.720**
Interest rate swaps	-	2.305	-	**2.305**
Currency options	-	167	-	**167**
Equity options	-	441	-	**441**
Interest rate caps/floors	-	53	-	**53**
	-	10.789	-	**10.789**
Derivatives qualifying for hedge accounting				
Fair value hedges-interest rate swaps	-	39.570	-	**39.570**
Net investments-forward exchange rate contracts	-	4.040	-	**4.040**
	-	43.610	-	**43.610**
	-	54.399	-	**54.399**

During the three months ended 31 March 2016 and during the year 2015 there were no significant transfers between Level 1 and Level 2.

The movement in Level 3 financial instruments which are measured at fair value is presented below:

Financial instruments

	31 March 2016	31 December 2015
	€000	€000
1 January	**55.253**	3.688
Additions	**-**	339
Disposals and write offs	**(493)**	(45)
Transfers from Levels 1 and 2	**-**	321
Net gains from fair value changes recognised in the consolidated statement of other comprehensive income	**177**	50.695
Foreign exchange adjustments	**-**	255
	54.937	55.253

16. Loans and advances to customers

	31 March 2016	31 December 2015
	€000	€000
Gross loans and advances to customers	**20.719.288**	21.385.065
Provisions for impairment of loans and advances to customers (Note 26)	**(3.898.620)**	(4.193.433)
	16.820.668	17.191.632

Additional analysis and information regarding credit risk and analysis of the provisions for impairment of loans and advances to customers are set out in Note 26.

17. Stock of property

The carrying value of stock is determined as the lower of cost and net realisable value. Impairment is recognised if the net realisable value is below the cost of the stock of property. During the three months ended 31 March 2016 an impairment loss of €7.003 thousand was recognised in 'Impairment of non-financial instruments' in the consolidated income statement arising from measuring items at lower of cost and net realisable value. At 31 March 2016, stock of €560.773 thousand (31 December 2015: €496.594 thousand) is carried at net realisable value which is approximately the fair value less costs to sell.

The stock of property includes residential, offices and other commercial properties, manufacturing and industrial, hotels, land (fields and plots) and under construction properties. The stock of property pledged as collateral for central bank funding facilities under Eurosystem monetary policy operations and ELA amounts to €21.348 thousand (31 December 2015: €21.875 thousand).

The carrying value of the stock of property is analysed in the tables below:

	31 March 2016	31 December 2015
	€000	€000
Net book value at 1 January	**515.858**	12.662
Additions	**284.840**	32.216
Disposals	**(48.472)**	(4.298)
Transfer from investment properties (Note 7)	**-**	492.927
Transfer from own use properties	**-**	541
Transfer from disposal group held for sale	**-**	247
Impairment (Note 10)	**(7.003)**	(17.792)
Foreign exchange adjustments	**387**	(645)
Net book value	**745.610**	515.858

17. Stock of property (continued)

Analysis by type and country	**Cyprus**	**Greece**	**Romania**	**Total**
31 March 2016	**€000**	**€000**	**€000**	**€000**
Residential	42.549	38.831	13.171	**94.551**
Offices and other commercial properties	150.371	62.655	13.359	**226.385**
Manufacturing and industrial	24.224	58.093	519	**82.836**
Hotels	73.190	2.177	-	**75.367**
Land (fields and plots)	249.330	6.220	10.556	**266.106**
Properties under construction	365	-	-	**365**
Total	**540.029**	**167.976**	**37.605**	**745.610**
31 December 2015				
Residential	17.664	39.222	13.030	**69.916**
Offices and other commercial properties	122.885	63.934	13.553	**200.372**
Manufacturing and industrial	18.174	59.279	513	**77.966**
Hotels	73.630	2.221	-	**75.851**
Land (fields and plots)	75.494	6.347	9.547	**91.388**
Properties under construction	365	-	-	**365**
Total	**308.212**	**171.003**	**36.643**	**515.858**

18. Non-current assets and disposal group classified as held for sale

Non-current assets and disposal group classified as held for sale

	31 March 2016	31 December 2015
	€000	€000
Disposal group classified as held for sale	**26.174**	26.168
Investment properties classified as held for sale	**13.287**	22.335
	39.461	48.503

Non-current liabilities and disposal group classified as held for sale

	31 March 2016	31 December 2015
	€000	€000
Disposal group held for sale	**3.677**	3.677

18. Non-current assets and disposal group classified as held for sale (continued)

The following non-current assets and disposal group were classified as held for sale as at 31 March 2016 and 31 December 2015:

Non-current assets held for sale

Investment properties

The investment properties classified as held for sale are properties which management is committed to sell and has proceeded with an active programme to complete this plan. The disposals are expected to take place within 12 months from the date of classification. Investment properties classified as held for sale are measured at fair value. The results of the fair value changes are presented within 'Gains/(losses) from revaluation and disposal of investment properties' in the consolidated income statement and are within the Cyprus operating segment for investment properties in Cyprus and in the Other countries operating segment for Greek, UK and Romanian investment properties.

Disposal group classified as held for sale

As at 31 March 2016 and 31 December 2015, the disposal group classified as held for sale relates to the Kermia Hotel business of the Group. The Group has agreed to sell the disposal group and the sale is expected to be completed following relevant regulatory approvals.

The major classes of assets and liabilities of the disposal group classified as held for sale at 31 March 2016 and 31 December 2015 are set out below:

Kermia Hotel business	**31 March 2016**	31 December 2015
Assets	**€000**	€000
Property and equipment	**25.406**	25.400
Prepayments, accrued income and other assets	**768**	768
	26.174	26.168
Liabilities		
Deferred tax liability	**3.677**	3.677
	22.497	22.491

The results of the Kermia Hotel business are part of the continuing operations of the Group and are within the Cyprus operating segment (Note 7).

Cumulative amounts of the consolidated other comprehensive income items of the non-current assets and disposal group classified as held for sale are presented below:

	31 March 2016	31 December 2015
	€000	€000
Property revaluation reserve	**17.619**	17.619

19. Prepayments, accrued income and other assets

	31 March 2016	31 December 2015
	€000	€000
Receivable relating to disposals of operations	**97.772**	98.454
Reinsurers' share of insurance contract liabilities	**49.281**	56.763
Taxes refundable	**37.919**	38.204
Debtors	**21.340**	23.020
Prepaid expenses	**1.914**	1.411
Retirement benefit plan assets	**943**	1.203
Other assets	**49.049**	62.725
	258.218	281.780

As at 31 March 2016 and 31 December 2015, the receivables relating to the disposal of operations relate to the disposal of the Ukrainian and Russian operations.

20. Funding from central banks

Funding from central banks comprises funding from the ECB under Eurosystem monetary policy operations and ELA from the CBC, as set out in the table below:

	31 March 2016	31 December 2015
	€000	€000
Emergency Liquidity Assistance (ELA)	**3.301.719**	3.802.058
Main Refinancing Operations (MRO)	**-**	150.000
Targeted Long Term Refinancing Operations (TLTRO)	**500.981**	500.792
	3.802.700	4.452.850

The funding under the main refinancing operations bears interest at the ruling rate of the Eurosystem and it was fully repaid during the first quarter of 2016.

In 2014 the Group participated in the TLTRO of the ECB. The interest rate on the TLTRO is fixed over its life at 15 bps (being a fixed spread of 10 bps over the MRO level prevailing at the time of allotment). The TLTRO matures in 2018 but may be repaid earlier under certain conditions or at the discretion of the Group.

The Company's ELA funding bears interest at a rate equal to the ruling marginal lending facility rate (MLF rate) of the Eurosystem, plus a margin.

Details on encumbered assets related to the above funding facilities are disclosed in Note 28.

21. Customer deposits

	31 March 2016	31 December 2015
	€000	€000
By type of deposit		
Demand	**4.969.866**	4.987.078
Savings	**1.012.544**	1.033.991
Time or notice	**8.145.179**	8.159.612
	14.127.589	14.180.681
By geographical area		
Cyprus	**12.690.749**	12.691.090
United Kingdom	**1.431.907**	1.486.551
Romania	**4.933**	3.040
	14.127.589	14.180.681

By customer sector	Cyprus	United Kingdom	Romania	**Total**
31 March 2016	€000	€000	€000	**€000**
Corporate	899.549	35.857	4.246	**939.652**
SMEs	440.743	222.917	443	**664.103**
Retail	7.047.238	1.101.450	244	**8.148.932**
Restructuring				
– Corporate	193.929	-	-	**193.929**
– SMEs	34.173	-	-	**34.173**
Recoveries				
– Corporate	8.011	-	-	**8.011**
International banking services	3.674.612	-	-	**3.674.612**
Wealth management	392.494	71.683	-	**464.177**
	12.690.749	**1.431.907**	**4.933**	**14.127.589**
31 December 2015				
Corporate	978.672	40.425	2.242	**1.021.339**
SMEs	455.133	236.616	461	**692.210**
Retail	6.995.757	1.134.334	337	**8.130.428**
Restructuring				
– Corporate	189.196	-	-	**189.196**
– SMEs	35.363	-	-	**35.363**
Recoveries				
– Corporate	7.865	-	-	**7.865**
International banking services	3.710.742	-	-	**3.710.742**
Wealth management	318.362	75.176	-	**393.538**
	12.691.090	**1.486.551**	**3.040**	**14.180.681**

Deposits by geographical area are based on the originator country of the deposit.

22. Accruals, deferred income and other liabilities

Other liabilities at 31 March 2016 include retirement benefit plan liabilities of €14.723 thousand (31 December 2015: €12.588 thousand).

Pending litigation and claims

The movement in the provisions for pending litigation and claims is as follows:

	2016	2015
	€000	€000
1 January	**34.749**	27.329
Increase of provisions in the period/year – continuing operations (Note 9)	**3.002**	11.904
Utilisation of provisions	**(7.813)**	(225)
Release of provisions in the period/year – continuing operations (Note 9)	**(4.724)**	(4.300)
Foreign exchange adjustments	**(58)**	41
31 March/31 December	**25.156**	34.749

The recognition of provisions for litigation and claims is determined in accordance with the accounting policies set out in Note 3.30.1 of the annual Consolidated Financial Statements for the year ended 31 December 2015.

The Group faces legal and regulatory challenges, many of which are beyond its control. The extent of the impact of these matters, in which the Group is or may in the future become involved, cannot always be predicted with certainty but may materially impact its reputation, operations, financial results, condition and prospects. At the same time, most cases and matters relate to the period prior to the issue of the Resolution Decrees and to the problems brought about as a result of the said Decrees. In most cases, the Group believes that it has viable defences which it will advance in the course of the relevant proceedings.

Apart from what is described below, the Group considers that no other matters are material, either individually or in aggregate. Where an individual provision is material, the fact that a provision has been made is stated and quantified. Any provision recognised does not constitute an admission of wrongdoing or legal liability.

While the outcome of these matters is inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of legal proceedings and regulatory matters as at 31 March 2016 and hence it is not believed that such litigation, when concluded, will have a material impact upon the financial position of the Group. It is not practicable to provide an aggregate estimate of potential liability for the Company's legal procedures and regulatory matters as a class of contingent liabilities.

Investigations and litigation on securities issued by the Company

A number of customers have filed actions against the Company alleging that the Company is guilty of mis-selling in relation to securities issued by the Company and have claimed various remedies, including the return of the money they have paid. The Company is contesting these claims, which are pending before the courts in Cyprus and in Greece.

The bonds and capital securities in respect of which claims have been brought are the following: 2007 Capital Securities, 2008 Convertible Bonds, 2009 Convertible Capital Securities (CCS) and Convertible Enhanced Capital Securities (CECS).

The Company observes that such claims vary considerably between them. In many cases, the Company believes that it has a number of viable legal defences, which it will advance in the course of the proceedings, particularly with respect to institutional investors and those purchasers who had received investment advice from independent investment advisors before proceeding with the purchase. In the case of retail investors, particularly where it can be documented that the relevant Company officers 'persuaded' them to proceed with the purchase and/or purported to offer 'investment advice', the Company may face significant difficulties.

22. Accruals, deferred income and other liabilities (continued)

Pending litigation and claims (continued)

Investigations and litigation on securities issued by the Company (continued)
In any event, the resolution of the claims brought in the courts of Cyprus and Greece could take a number of years. Provision has been made based on management's best estimate of probable outflows.

In addition, the CBC has conducted an investigation into the Company's issue of capital securities and concluded that the Company breached certain regulatory requirements concerning the issue of 2009 Convertible Capital Securities, but not in relation to the CECS. The CBC imposed upon the Company a fine of €4 thousand in 2013. The Company has filed a recourse before the Supreme Court against the CBC's ruling and the fine. This recourse is still pending before the Administrative Court.

The Hellenic Capital Market Commission (HCMC) Investigation
In 2014, the Company was under investigation in Greece by the HCMC in relation to the issue of 2009 CCS and CECS; and more specifically, whether the Company had violated certain provisions of Greek law by providing investment advice without having entered into the required client agreements or having conducted the required fitness test pursuant to the Greek law which transposes the EU Directive on Markets in Financial Instruments and the implementing regulation.

The HCMC investigation was concluded at the end of 2014. According to its decision issued in February 2015, the Company provided accurate and sufficient information to potential investors through the prospectuses for the CCS and CECS regarding the characteristics and particularities of such securities and the risk factors for an investment thereof. However, the HCMC also held that the Company provided investment advice to potential investors when promoting such securities and omitted to comply with its obligation to perform a suitability assessment for such investors, according to the provisions of the law and related regulations. For this violation, a fine of €10 thousand was imposed upon the Company. In April 2015, the Company filed a petition before the competent Administrative Court challenging HCMC's decision. While the decision of the HCMC in this matter will not be binding on the Greek or Cypriot courts, it may be put before the court by the complainants in any proceedings against the Company. Overall, though much litigation may be expected, it is not believed that such litigation, when concluded, will have a material impact upon the financial position of the Group.

In addition to the above, the HCMC is currently in the process of investigating matters concerning the Group's investment in Greek government bonds, ELA disclosures and allegations of some Greek government bond investors regarding the Company's non-compliance with Markets in Financial Instruments Directive (MiFID).

A specific estimate of the outcome of the investigations on the amount of possible fines cannot be given at this stage.

The Cyprus Securities and Exchange Commission (CySEC) Investigations
On 2 August 2013, CySEC published its conclusions regarding an investigation for the failure by the Company in June 2012 to disclose material information to investors concerning the amount of a capital shortfall to meet the requirements of the EBA. CySEC came to the conclusion that the Company was in breach of the 'Insider Dealing and Market Manipulation (Market Abuse) Law of 2005' and on 27 November 2013 imposed an administrative fine on the Company of €70 thousand. On 27 November 2013, CySEC also imposed administrative fines on certain of the then members of the Board of Directors. The recourses that the Company has filed before the Supreme Court challenging CySEC's decision and fine are currently pending.

CySEC has also concluded during 2013 and 2014 an investigation in respect of the Group's exposure to Greek Government bonds, related non-disclosure of material information and other corporate governance deficiencies. In this respect, CySEC has issued two decisions, coming to the conclusion that the Company was in breach of certain laws regarding disclosure of information and has imposed administrative fines upon the Company of a total sum of €1.110 thousand. It has also imposed fines upon certain of the then members of the Board of Directors and management of the Company.

The Company has filed recourses before the Supreme Court regarding the decisions of CySEC and the fines imposed upon it. CySEC has meanwhile filed legal actions against the Company for the non-payment of these fines and the fine of €70 thousand referred to above.

22. Accruals, deferred income and other liabilities (continued)

Pending litigation and claims (continued)

The Cyprus Securities and Exchange Commission (CySEC) Investigations (continued)
CySEC has also conducted an investigation in relation to the level of goodwill of CB Uniastrum Bank LLC in the interim financial statements of the Group in 2012. The Company and certain of its former officers and members of the Board have submitted written addresses in respect of this investigation in late 2014. The matter is now before the CySEC Committee and the Attorney General.

Additionally, CySEC has terminated an investigation process on the non-disclosure of the Company's request to the Ministry of Finance for granting additional government guarantees of up to €3 billion, for bonds that the company could issue to enhance its liquidity position.

In addition to the above, CySEC is currently in the process of investigating:
- Matters concerning possible price manipulation for the period from 1 November 2009 to 30 June 2010 post the investment in Banca Transylvania.
- The adequacy of provisions for impairment of loans and advances in year 2013 in light of the results of the Asset Quality Review.

CySEC is additionally conducting an investigation into the adequacy of provisions for impairment of loans and advances in year 2011 and has requested written addresses from the Company and certain of its former officers and members of the Board on this matter, which will be submitted to CySEC within the set deadline. The matter is now before the CySEC Committee and the Attorney General.

CySEC has also completed an investigation on the reclassification of Greek Government bonds on 1 April 2010, which is now pending with the Attorney General and CySEC.

A decision of CySEC will not be binding on the courts. If a person wishes to claim damages or any other remedy against the Company, fresh proceedings must be brought against the Company before the competent Courts of the Republic of Cyprus.

The above investigations are in progress and therefore it is not practical at this stage for the Group to estimate reliably the possible consequences thereof, though it is not thought that any resulting liability or damages will have a material impact upon the Group.

Bail-in related litigation
Depositors
A number of the affected depositors filed claims against the Company and other parties (such as the CBC and the Ministry of Finance of Cyprus) on the grounds that, inter alia, the 'Resolution Law of 2013' and the Bail-in Decrees are in conflict with the Constitution of the Republic of Cyprus and the European Convention on Human Rights. Actions on the part of the affected depositors have been filed before the District Courts and their objective is to obtain damages for the loss allegedly sustained by them as a result of the bail-in of their deposits effected by the relevant Decrees. In a number of those actions, interim orders were issued prohibiting the Company from treating the deposits of the applicants in question as converted into shares of the Company. The Company took active steps and obtained the discharge and cancellation of the interim orders. In parallel, the Company is defending the actions of depositors vigorously.

Shareholders
There are also numerous claims filed by shareholders against the Government and the CBC before the Supreme Court in relation to the dilution of their shareholding as a result of the recapitalisation pursuant to the Resolution Law and the Bail-in Decrees issued thereunder. The objective of these proceedings before the Supreme Court was to obtain the annulment (i.e. cancellation and setting aside) of the Decrees as unconstitutional and/or unlawful and/or irregular. The Company appeared in these proceedings as an interested party and has supported the position that, as with depositors, the cases should be adjudicated upon in the context of private law. As of the present date, both the Resolution Law and the Bail-in Decrees have not been annulled by a court of law and thus remain legally valid and in effect. On 9 October 2014, the Supreme Court ruled that the proceedings fall within private and public law (before the District Courts), thus accepting the position of the Company and accordingly, all recourses instituted before the Supreme Court (in its revisional jurisdiction) were dismissed. It is expected that actions for damages will be instituted in due course before the District Courts.

22. Accruals, deferred income and other liabilities (continued)

Pending litigation and claims (continued)

Bail-in related litigation (continued)
Claims based on set-off
Certain claims have been filed by customers against the Company. These claims allege that the implementation of the bail-in under the Bail-in Decrees was not carried out correctly in relation to them and, in particular, that their rights of set-off were not properly respected.

Laiki Bank depositors and shareholders
The Company has been joined as a defendant with regards to certain claims which have been brought against Laiki Bank by its depositors, shareholders and holders of debt securities. These claims have been brought on grounds similar to the claims brought by the Company's bailed-in depositors and shareholders as described above.

Implementation of Decrees
Occasionally, other claims are brought against the Company in respect of the implementation of the Decrees issued following the adoption of the Resolution Law (as regards the way and methodology whereby such Decrees have been implemented).

Legal position of the Group
All above claims are being vigorously disputed by the Group, in close consultation with the appropriate state and governmental authorities. The position of the Group is that the Resolution Law and the Decrees take precedence over all other laws. As matters now stand, both the Resolution Law and the Decrees issued thereunder are constitutional and lawful, in that they were properly enacted and have not so far been annulled by any court.

Commission for the Protection of Competition Investigation
Following an investigation, which began in 2010, the Cypriot Commission for the Protection of Competition (the CPC) in April 2014 issued a statement of objections, alleging violations of Cypriot and EU competition law relating to the activities and/or omissions in respect of card payment transactions by, among others, the Company. The CPC has alleged that the market conduct of JCC Payment Systems Ltd (JCC), a card-processing business owned and controlled by its shareholder banks, which includes the Company (which owns 75% of the shares of JCC) together with the conduct of other banks, violates competition law in various respects.
There was also an allegation concerning the Company's arrangements with American Express, namely that such exclusive arrangements violated competition law. The Company vigorously defended the relevant proceedings but the CPC has concluded that the Company (in common with other banks and institutions, namely JCC) has breached in respect of both matters the relevant provisions of the applicable law for the protection of competition. The CPC has invited further representations regarding the size of the administrative penalty to be imposed upon the Company. The Company put before the CPC certain views and proposals, in an effort to mitigate the fine (though the CPC has the power to impose a fine as a percentage of the Company's turnover). For the time being, the proceedings before the CPC are not progressing owing to another Court decision holding that the composition of the CPC is contrary to law. In any event, the Company intends to file a recourse before the Administrative Court for the annulment of the CPC's decision upon the notification of the fine. At this stage it is not possible to predict the amount of the fine that may be imposed upon the Company, though the Company does not believe that such fine will have a material impact on the financial position of the Group.

CNP Arbitration
The French entity CNP Assurances S.A. had certain exclusive arrangements with Laiki Bank with respect to insurance products offered in, inter alia, Cyprus through the formation of a local company (CNP Cyprus Insurance Holdings Ltd (a company in which the Group now has a 49,9% shareholding, acquired as part of the acquisition of certain operations of Laiki Bank pursuant to Regulatory Administrative Act 104/2013)). CNP Assurances S.A. held 50,1% of the shares of CNP Cyprus Insurance Holdings Ltd and Laiki Bank held 49,9% of the shares. In the context of the total arrangement between the parties, two agreements were in place between CNP Assurances S.A. and Laiki Bank, a Shareholders' Agreement and a Distribution Agreement (to which Distribution Agreement CNP Cyprus Insurance Holdings Ltd was also a party).

22. Accruals, deferred income and other liabilities (continued)

Pending litigation and claims (continued)

CNP Arbitration (continued)

Following the resolution of Laiki Bank, CNP Assurances S.A. and CNP Cyprus Insurance Holdings Ltd have instituted arbitration proceedings in London under the rules of arbitration of the International Chamber of Commerce, alleging that the Company is a successor to Laiki Bank in respect of both the Shareholders' and Distribution Agreements and that the said Agreements have been violated by the Company. The claims of CNP Assurances S.A. and CNP Cyprus Insurance Holdings Ltd amount to approximately €240 million (including adjustments for taxes and pre-award interest as at March 2015). The Company considers that it has viable defences in respect of both proceedings which it intends to contest vigorously. One of the defences raised by the Company is that of frustration, namely that as a result of the very significant changes of March 2013, the Agreements as concluded between CNP Assurances S.A. and Laiki Bank could not possibly operate in the context of the new situation resulting from the events of March 2013. The hearing of the Arbitration is planned to take place in June 2016.

Other litigation

The Group is involved in a number of other litigation proceedings involving cases against the Group arising in the course of its normal operating activities, mainly in Cyprus and Greece.

Provident fund cases

Twenty three claims were pending before the Labour Disputes Tribunal by former employees with respect to their retirement benefits. These employees retired and/or departed in 1999 and claimed that the Company and/or the Company's provident fund did not calculate their benefits correctly. The cases were withdrawn unreservedly and dismissed by the court in April 2016.

In December 2015, the Bank of Cyprus Employees Provident Fund filed an action against the Company claiming €70 million allegedly owed as part of the Company's contribution by virtue of an agreement with the union dated 31 December 2011. The case is still at a very early stage. Based on facts currently known, it is not practicable at this time for the Company to predict the resolution of this matter, including the timing or any possible impact on the Company, however at this stage the Group does not expect a material impact.

Employment litigation

Former senior officers of the Company have instituted claims for unfair dismissal and for provident fund entitlements against the Company and Trustees of the Company's provident fund. The Company does not consider that these cases will have a material impact upon its financial position. Already one such case has been dismissed as filed out of time but the plaintiff has appealed against this ruling.

Greek case

For a legal dispute (one case by the Company against Themis and one by Themis against the Company) relating to the discontinued operations in Greece (Themis case), a provision was recognised in previous periods (30 September 2014: €38.950 thousand) following a court judgement of the Athens Court of Appeal (dismissing the Company's case and upholding the Themis case). This provision was reversed as at 31 December 2014 following the dismissal of the said judgement by the Supreme Court in March 2015. The Supreme Court further ruled that these claims (the Company's claim against Themis for approximately €25 million which had been transferred to Piraeus Bank SA in March 2013, as well as Themis' claim against the Company for a similar amount) be reconsidered by the Supreme Court on the merits at the instigation of the affected party. Both cases are fixed to be heard in December 2016. The Company has indemnified Piraeus Bank SA (the acquirer of its Greek operations in March 2013) through a letter of guarantee, for any claim brought against it in connection with this case, however the Group does not consider that this will have a material impact upon its financial position.

Swiss Francs loans litigation in Cyprus and UK

Some actions have been instituted against the Company by borrowers who obtained loans in foreign currency (mainly Swiss Francs). The central allegation in these cases is that the Company misled these borrowers and/or misrepresented matters, in violation of applicable Law. The Company intends to contest such proceedings vigorously.

22. Accruals, deferred income and other liabilities (continued)

Pending litigation and claims (continued)

Other litigation (continued)

UK cases

The Company is the defendant in certain proceedings alleging that the Company is legally responsible in respect of various alleged irregularities involving, inter alia, the advance and mis-selling of loans for the purchase by UK nationals of property in Cyprus. The Company's defence will vary depending on whether the purchasers can be categorised as consumers or investors. However, all the proceedings in the UK are currently stayed in order for the parties to have time to negotiate possible settlements.

Ukrainian case

In October 2015, a Ukrainian undertaking initiated legal proceedings against the Company and others before the High Court in London asking, inter alia, for a declaration that the Company has no title to or rights under a facility agreement entered into originally by Laiki Bank and later transferred to the Alfa group in the context of the sale by the Group of its Ukrainian operations. Also, local/ancillary proceedings before the District Court of Nicosia in aid of the London proceedings were instituted in November 2015. The Company vigorously contests the proceedings in both jurisdictions. The standstill agreement signed in December 2015 has been extended until June 2016. In any event, whatever their outcome, such proceedings are not expected to have a material impact on the financial position of the Group.

Private criminal prosecutions

Four private criminal prosecutions filed by certain customers against the Company and certain of its directors and officers advancing their own grievances and complaints are currently outstanding. These are proceedings instituted by individuals and not by the State. The Company has asked the Attorney General to discontinue the proceedings (nolle prosequi). Already, a number of the initially filed prosecutions have been discontinued by the Attorney General.

On the basis of legal advice, the Company considers these private criminal prosecutions to have been instituted for their 'nuisance value'. In any event, the said private criminal prosecutions are not expected to have a material bearing on the financial position of the Group.

General criminal investigations

As part of the investigations and inquiries following and relating to the financial crisis which culminated in March 2013, the Attorney General and the Police are conducting various investigations (confidentially). The Company is fully cooperating with the authorities of the Republic of Cyprus and is providing all information requested of it. Based on the currently available information, the Company is of the view that any further investigations or claims resulting from these investigations will not have a material impact on the financial position of the Group.

The Attorney General has filed a criminal case against the Company and five former members of the Board of Directors for alleged breach of Article 302 (conspiracy to defraud) of Cyprus' criminal code and Article 19 of the Manipulation of Insider Information and Market Manipulation (Market Abuse) Law. The alleged offence refers to the non-publication in a timely manner of the increased capital shortfall of the Company in 2012. The Company denies all allegations. The hearing has commenced and the maximum penalty on the Company, if found guilty, will be the imposition of a fine that is not expected to be significant.

The Attorney General has filed another criminal case against the Company and six former members of the Board of Directors for alleged breach of Article 19 of the Manipulation of Insider Information and Market Manipulation (Market Abuse) Law, with respect to the Greek Government Bonds. The alleged offence refers to the non-publication of the purchase and sale of the Greek Government Bonds during a specified period. The Company denies all allegations. The case is fixed for plea in June 2016 and the maximum penalty on the Company, if found guilty, will be the imposition of a fine that is not expected to be significant.

22. Accruals, deferred income and other liabilities (continued)

Other contingent liabilities

The Group, as part of its disposal process of certain of its operations, has provided various representations and warranties to the buyers. These relate to, among other things, the ownership of the loans, the validity of the liens and other matters agreed with the buyers. In the event of a breach of its representations and warranties, the Group may be obliged to repurchase the loans with identified defects and/or to indemnify the buyers.

A provision has been made, based on management's best estimate of probable outflows, where it was assessed that such an outflow is probable.

23. Share capital

	31 March 2016		31 December 2015	
	Shares (thousand)	**€000**	Shares (thousand)	€000
Authorised				
Ordinary shares of €0,10 each	**47.677.593**	**4.767.759**	47.677.593	4.767.759
Issued				
1 January	**8.922.945**	**892.294**	8.922.378	892.238
Issue of shares	**-**	**-**	567	56
31 March 2016/31 December 2015	**8.922.945**	**892.294**	8.922.945	892.294

Issued share capital

There were no changes to the issued share capital during the period ended 31 March 2016.

All issued ordinary shares carry the same rights.

Share premium reserve

The share premium reserve is maintained pursuant to the provisions of section 55 of the Companies Law, Cap. 113 and is not available for distribution to equity holders in the form of a dividend.

The share premium was created in 2014 and 2015 by the issuance of 4.167.234 thousand shares of a nominal value of €0,10 each of a subscription price of €0,24 each, and was reduced by the relevant transactions costs of €30.794 thousand.

Capital reduction reserve

The capital reduction reserve is maintained pursuant to the provisions of section 55 of the Companies Law, Cap. 113 and is not available for distribution to equity holders in the form of a dividend.

The capital reduction reserve was created upon the reduction of the nominal value of ordinary shares from €1,00 each to €0,10 each in 2014. The reduction in capital amounted to €4.280.140 thousand, of which an amount of €2.327.654 thousand was applied against accumulated losses and an amount of €1.952.486 thousand was credited to the capital reduction reserve.

Treasury shares of the Company

Shares of the Company held by entities controlled by the Group are deducted from equity on the purchase, sale, issue or cancellation of such shares. No gain or loss is recognised in the consolidated income statement. The number of these shares at 31 March 2016 was 5.136 thousand of a nominal value of €0,10 each (31 December 2015: 5.136 thousand of a nominal value of €0,10 each). The total cost of acquisition of treasury shares was €41.301 thousand (31 December 2015: €41.301 thousand).

Part of these shares held by entities controlled by the Group resulted from the bail-in of deposits that these entities maintained with the Company and shall be disposed of in the near future.

23. Share capital (continued)

Treasury shares of the Company (continued)

In addition, the life insurance subsidiary of the Group held, as at 31 March 2016, a total of 2.889 thousand (31 December 2015: 2.889 thousand) shares of the Company, as part of its financial assets which are invested for the benefit of insurance policyholders. The cost of acquisition of these shares was €25.333 thousand (31 December 2015: €25.333 thousand).

Share-based payments-share options

On 24 November 2015, the Annual General Meeting of the Company's shareholders authorised the Board to establish and implement a Long Term Incentive Plan and allowed the Company the flexibility to increase the ratio of variable remuneration relative to fixed remuneration up to a maximum of 100% of fixed remuneration for members of senior management ('Shareholder Resolution'). The authorised Long Term Incentive Plan involved the granting of options for the acquisition of shares to a defined group of employees of the Group and under the current terms of the Shareholder Resolution:

(i) the total amount of shares that may be issued and allotted under the Long Term Incentive Plan shall not exceed 178.458.891 ordinary shares of nominal value of €0,10 each,
(ii) the exercise price shall be set at €0,25 per share,
(iii) the vested share options will only be able to be exercised three years after the grant date, and
(iv) any share options not exercised by 31 March 2026 will lapse.

The options will be designed to vest only if certain key performance conditions are met, including amongst other things, the full repayment of ELA, the lifting of dividend restrictions, the cancellation of government guarantee and the performance of eligible employees.

The Long Term Incentive Plan is currently under regulatory review. Therefore, the original proposed grant date under the Shareholder Resolution of 31 March 2016 was postponed until such time that all relevant regulatory approvals are obtained for the Long Term Incentive Plan.

No share options were issued until the date of issuance of these Interim Condensed Consolidated Financial Statements.

24. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 March 2016	31 March 2015
	€000	€000
Cash and non-obligatory balances with central banks	**1.015.450**	536.248
Treasury bills repayable within three months	**8.299**	69.927
Loans and advances to banks with original maturity less than three months	**1.060.536**	1.320.166
Cash and balances with central banks and loans and advances to banks with original maturity less than three months classified as held for sale	**-**	129.336
	2.084.285	2.055.677

24. Cash and cash equivalents (continued)

Analysis of cash and balances with central banks and loans and advances to banks

	31 March 2016	31 December 2015
	€000	€000
Cash and non-obligatory balances with central banks	**1.015.450**	1.299.795
Obligatory balances with central banks	**125.825**	122.807
Total cash and balances with central banks	**1.141.275**	1.422.602

Loans and advances to banks with original maturity less than three months	**1.060.536**	1.085.098
Other restricted loans and advances to banks	**92.029**	82.123
Other loans and advances to banks	**120.139**	147.159
Total loans and advances to banks	**1.272.704**	1.314.380

Other restricted loans and advances to banks relate to collateral under derivative transactions of €92.029 thousand (31 December 2015: €82.123 thousand) which is not immediately available for use by the Group, but is released once the transactions are terminated.

25. Analysis of assets and liabilities by expected maturity

	31 March 2016			31 December 2015		
	Less than one year	**Over one year**	**Total**	Less than one year	Over one year	Total
Assets	**€000**	**€000**	**€000**	€000	€000	€000
Cash and balances with central banks	**1.016.616**	**124.659**	**1.141.275**	1.300.846	121.756	1.422.602
Loans and advances to banks	**1.133.017**	**139.687**	**1.272.704**	1.212.418	101.962	1.314.380
Derivative financial assets	**3.382**	**116**	**3.498**	13.939	84	14.023
Investments	**247.971**	**665.689**	**913.660**	348.596	660.691	1.009.287
Loans and advances to customers	**5.278.031**	**11.542.637**	**16.820.668**	5.147.878	12.043.754	17.191.632
Life insurance business assets attributable to policyholders	**15.706**	**460.179**	**475.885**	17.243	458.160	475.403
Prepayments, accrued income and other assets	**106.469**	**151.749**	**258.218**	87.690	194.090	281.780
Property, equipment and intangible assets	**329**	**403.872**	**404.201**	485	397.636	398.121
Investment properties	**-**	**35.391**	**35.391**	-	34.628	34.628
Investments in associates and joint ventures	**-**	**108.367**	**108.367**	-	107.753	107.753
Deferred tax assets	**10.554**	**440.048**	**450.602**	8.828	447.703	456.531
Stock of property	**90.638**	**654.972**	**745.610**	90.115	425.743	515.858
Non-current assets and disposal group held for sale	**39.461**	**-**	**39.461**	48.503	-	48.503
	7.942.174	**14.727.366**	**22.669.540**	8.276.541	14.993.960	23.270.501
Liabilities						
Deposits by banks	**266.507**	**46.610**	**313.117**	206.997	35.140	242.137
Funding from central banks	**2.301.638**	**1.501.062**	**3.802.700**	2.744.764	1.708.086	4.452.850
Repurchase agreements	**81.944**	**257.147**	**339.091**	111.605	256.546	368.151
Derivative financial liabilities	**32.868**	**43.936**	**76.804**	16.032	38.367	54.399
Customer deposits	**4.981.140**	**9.146.449**	**14.127.589**	4.981.609	9.199.072	14.180.681
Insurance liabilities	**71.004**	**487.292**	**558.296**	80.118	486.807	566.925
Accruals, deferred income and other liabilities	**223.638**	**58.001**	**281.639**	219.346	63.485	282.831
Debt securities in issue	**661**	**-**	**661**	712	-	712
Deferred tax liabilities	**-**	**41.636**	**41.636**	415	40.392	40.807
Non-current liabilities and disposal group held for sale	**3.677**	**-**	**3.677**	3.677	-	3.677
	7.963.077	**11.582.133**	**19.545.210**	8.365.275	11.827.895	20.193.170

The main assumptions used in determining the expected maturity of assets and liabilities are set out below.

Part of the funding from central banks has been included in the over one year time band, since it is expected that it will continue to be required and available. It is noted, however, that funding under ELA has a contractual maturity of less than one year whereas funding under TLTRO has a contractual maturity of more than one year.

The investments are classified in the relevant time band based on expectations as to their realisation. In most cases this is the maturity date, unless there is an indication that the maturity will be prolonged or there is an intention to sell, roll or replace the security with a similar one. The latter would be the case where there is secured borrowing, requiring the pledging of bonds and these bonds mature before the maturity of the secured borrowing. The maturity of bonds is then extended to cover the period of the secured borrowing.

25. Analysis of assets and liabilities by expected maturity (continued)

Performing loans and advances to customers in Cyprus are classified based on the contractual repayment schedule. Overdraft accounts are classified in the over one year time band. The impaired loans as defined in Note 26, net of specific and collective provisions, and the loans which are past due for more than 90 days, are classified in the over one year time band except from expected receipts which are included within time bands, according to historic amounts of receipts in the last months.

A percentage of customer deposits in Cyprus maturing within one year is transferred in the over one year time band, based on the observed behavioural analysis. In the United Kingdom, Romania and Channel Islands deposits are classified on the basis of contractual maturities.

Trading investments are classified in the less than one year column.

The expected maturity of all prepayments, accrued income and other assets and accruals, deferred income and other liabilities is the same as their contractual maturity. If they don't have a contractual maturity, the expected maturity is based on the timing the asset is expected to be realised and the liability is expected to be settled.

26. Risk management – Credit risk

In the ordinary course of its business the Group is exposed to credit risk which is monitored through various control mechanisms across all Group entities in order to prevent undue risk concentrations and to price credit facilities and products on a risk-adjusted basis.

Credit risk is the risk that arises from the possible failure of one or more customers to discharge their obligations towards the Group.

The Credit Risk department sets the Group's credit disbursement policies and monitors compliance with credit risk policy applicable to each business line and monitors the quality of the Group's loans and advances portfolio through the timely assessment of problematic customers. The credit exposures from related accounts are aggregated and monitored on a consolidated basis.

Credit Risk department, safeguards the effective management of credit risk at all stages of the credit cycle, monitors the quality of decisions and processes and ensures that credit sanctioning function is being properly managed.

The credit policies are combined with modern methods used for the assessment of the customers' creditworthiness (credit rating and credit scoring systems).

The loan portfolio is analysed on the basis of assessments about the customers' creditworthiness, their economic sector of activity and the country in which they operate.

The credit risk exposure of the Group is diversified both geographically and across the various sectors of the economy. The Credit Risk department determines the prohibitive/dangerous sectors of the economy and sets out stricter policy rules for these sectors, according to their degree of riskiness.

The Group's policy regarding the definition of impaired loans and advances and the determination of the Level of provisions for impairment is described in Note 5 'Summary of accounting policies' of the Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2016.

The Market Risk department assesses the credit risk relating to investments in liquid assets (mainly loans and advances to banks and debt securities) and submits its recommendations for limits to be set for banks and countries to the Assets and Liabilities Committee (ALCO) for approval.

Following the March 2013 events relating to the Group's recapitalisation and restructuring, the Group has applied stricter lending criteria and has significantly reduced the approval limits of the various credit authorities. Since then, lending criteria and approval limits are revised in a dynamic way to accommodate new market conditions and satisfy Group's Risk Appetite Statement.

26. Risk management – Credit risk (continued)

Maximum exposure to credit risk and collateral and other credit enhancements

The table below presents the maximum exposure to credit risk before taking into account the tangible and measurable collateral and other credit enhancements held.

	31 March 2016	31 December 2015
	€000	€000
Balances with central banks	**1.013.762**	1.268.585
Loans and advances to banks	**1.272.704**	1.314.380
Trading investments - debt securities	**316**	317
Debt securities at fair value through profit or loss	**17.232**	17.430
Debt securities classified as available-for-sale and loans and receivables	**804.103**	898.869
Derivative financial instruments (Note 14)	**3.498**	14.023
Loans and advances to customers (Note 16)	**16.820.668**	17.191.632
Debtors (Note 19)	**21.340**	23.020
Reinsurers' share of insurance contract liabilities (Note 19)	**49.281**	56.763
Other assets	**147.668**	156.641
On-balance sheet total	**20.150.572**	20.941.660
Contingent liabilities		
Acceptances and endorsements	**8.615**	8.385
Guarantees	**787.566**	793.111
Commitments		
Documentary credits	**16.684**	18.441
Undrawn formal stand-by facilities, credit lines and other commitments to lend	**2.013.396**	2.088.619
Off-balance sheet total	**2.826.261**	2.908.556
Total credit risk exposure	**22.976.833**	23.850.216

26. Risk management – Credit risk (continued)

Maximum exposure to credit risk and collateral and other credit enhancements (continued)

The Group's maximum exposure to credit risk is analysed by geographic area as follows:

	31 March 2016	31 December 2015
On-balance sheet	**€000**	€000
Cyprus	**18.161.408**	18.851.208
Greece	**56.979**	57.032
Russia	**98.033**	93.432
United Kingdom	**1.605.965**	1.673.293
Romania	**228.187**	266.695
	20.150.572	20.941.660

Off-balance sheet		
Cyprus	**2.662.144**	2.736.014
Greece	**121.875**	131.172
Russia	**20.000**	20.000
United Kingdom	**21.935**	21.063
Romania	**307**	307
	2.826.261	2.908.556

Total on and off-balance sheet		
Cyprus	**20.823.552**	21.587.222
Greece	**178.854**	188.204
Russia	**118.033**	113.432
United Kingdom	**1.627.900**	1.694.356
Romania	**228.494**	267.002
	22.976.833	23.850.216

26. Risk management – Credit risk (continued)

Maximum exposure to credit risk and collateral and other credit enhancements (continued)

The Group offers guarantee facilities to its customers under which the Group may be required to make payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs.

Letters of credit and guarantee (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Group to risks similar to those of loans and advances and are therefore monitored by the same policies and control processes.

Loans and advances to customers
The Credit Risk department determines the amount and type of collateral and other credit enhancements required for the granting of new loans to customers.

The main types of collateral obtained by the Group are mortgages on real estate, cash collateral/blocked deposits, bank guarantees, government guarantees, pledges of equity securities and debt instruments of public companies, fixed and floating charges over corporate assets, assignment of life insurance policies, assignment of rights on certain contracts and personal and corporate guarantees.

The Group's management regularly monitors the changes in the market value of the collateral and, where necessary, requests the pledging of additional collateral in accordance with the relevant agreement.

Other financial instruments
Collateral held as security for financial assets other than loans and advances is determined by the nature of the financial instrument. Debt securities and other eligible bills are generally unsecured with the exception of asset-backed securities and similar instruments, which are secured by pools of financial assets. In addition, some debt securities are government-guaranteed.

The Group has chosen the ISDA Master Agreement for documenting its derivatives activity. It provides the contractual framework within which dealing activity across a full range of over-the-counter (OTC) products is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement, if either party defaults. In most cases the parties execute a Credit Support Annex (CSA) in conjunction with the ISDA Master Agreement. Under a CSA, the collateral is passed between the parties in order to mitigate the market contingent counterparty risk inherent in their open positions.

Settlement risk arises in any situation where a payment in cash or securities is made in the expectation of a corresponding receipt in securities or cash. The Group sets daily settlement limits for each counterparty. Settlement risk is mitigated when transactions are effected via established payment systems or on a delivery upon payment basis.

Credit risk concentration of loans and advances to customers

There are restrictions on loan concentrations which are imposed by the Banking Law in Cyprus and the relevant CBC Directives. According to these restrictions, banks are prohibited from lending more than 25% of the capital base to a single customer group. The Group's risk appetite statement imposes stricter concentration limits and the Group is taking actions to run down those exposures which are in excess of these internal limits over time.

In addition to the above, the Group's overseas subsidiaries must comply with guidelines for large exposures as set by the regulatory authorities of the countries in which they operate.

Fair value adjustment on initial recognition
The fair value adjustment on initial recognition relates to the loans and advances to customers acquired as part of the acquisition of certain operations of Laiki Bank in 2013. In accordance with the provisions of IFRS 3, this adjustment has decreased the gross balance of loans and advances to customers. However, for IFRS 7 disclosure purposes as well as for credit risk monitoring, the aforementioned adjustment is not presented within the gross balances of loans and advances.

26. Risk management – Credit risk (continued)

Credit risk concentration of loans and advances to customers (continued)

Geographical and industry concentrations of Group loans and advances to customers are presented below:

	Cyprus	Greece	United Kingdom	Romania	Russia	**Total**	**Fair value adjustment on initial recognition**	**Gross loans after fair value adjustment on initial recognition**
31 March 2016	€000	€000	€000	€000	€000	**€000**	**€000**	**€000**
By economic activity								
Trade	2.173.077	-	15.457	12.383	59.203	**2.260.120**	**(113.316)**	**2.146.804**
Manufacturing	789.074	-	8.727	7.693	15.768	**821.262**	**(30.342)**	**790.920**
Hotels and catering	1.362.970	-	101.777	6.296	-	**1.471.043**	**(68.155)**	**1.402.888**
Construction	3.809.388	-	20.186	79.860	10.456	**3.919.890**	**(310.324)**	**3.609.566**
Real estate	2.067.680	19.702	918.537	241.822	68.361	**3.316.102**	**(138.542)**	**3.177.560**
Private individuals	7.206.424	216	35.585	3.383	-	**7.245.608**	**(253.661)**	**6.991.947**
Professional and other services	1.466.298	-	62.020	15.182	97.563	**1.641.063**	**(89.051)**	**1.552.012**
Other sectors	1.109.080	24.967	11.540	28.575	-	**1.174.162**	**(126.571)**	**1.047.591**
	19.983.991	**44.885**	**1.173.829**	**395.194**	**251.351**	**21.849.250**	**(1.129.962)**	**20.719.288**
By customer sector								
Corporate	8.637.060	44.669	898.828	378.392	235.220	**10.194.169**	**(601.374)**	**9.592.795**
SMEs	4.377.129	-	242.221	16.364	9.746	**4.645.460**	**(257.655)**	**4.387.805**
Retail								
- housing	4.258.973	-	15.511	102	-	**4.274.586**	**(106.745)**	**4.167.841**
- consumer, credit cards and other	2.138.728	216	17.269	336	6.385	**2.162.934**	**(151.025)**	**2.011.909**
International banking services	507.667	-	-	-	-	**507.667**	**(7.412)**	**500.255**
Wealth management	64.434	-	-	-	-	**64.434**	**(5.751)**	**58.683**
	19.983.991	**44.885**	**1.173.829**	**395.194**	**251.351**	**21.849.250**	**(1.129.962)**	**20.719.288**

26. Risk management – Credit risk (continued)

Credit risk concentration of loans and advances to customers (continued)

	Cyprus	Greece	United Kingdom	Romania	Russia	**Total**	**Fair value adjustment on initial recognition**	**Gross loans after fair value adjustment on initial recognition**
31 March 2016	€000	€000	€000	€000	€000	**€000**	**€000**	**€000**
By business line								
Corporate	2.113.284	44.669	898.828	299.319	221.546	**3.577.646**	**(53.448)**	**3.524.198**
SMEs	1.498.758	-	242.221	16.364	9.746	**1.767.089**	**(43.178)**	**1.723.911**
Retail								
- housing	3.605.092	-	15.511	102	-	**3.620.705**	**(44.627)**	**3.576.078**
- consumer, credit cards and other	1.383.035	216	17.269	336	-	**1.400.856**	**(34.039)**	**1.366.817**
Restructuring								
- major corporate	2.725.966	-	-	35.114	-	**2.761.080**	**(191.325)**	**2.569.755**
- corporate	1.621.141	-	-	-	-	**1.621.141**	**(51.057)**	**1.570.084**
- SMEs	1.349.471	-	-	-	-	**1.349.471**	**(66.269)**	**1.283.202**
Recoveries								
- corporate	2.176.669	-	-	43.959	13.674	**2.234.302**	**(305.544)**	**1.928.758**
- SMEs	1.528.900	-	-	-	-	**1.528.900**	**(148.208)**	**1.380.692**
- retail housing	653.881	-	-	-	-	**653.881**	**(62.118)**	**591.763**
- retail other	755.693	-	-	-	6.385	**762.078**	**(116.986)**	**645.092**
International banking services	507.667	-	-	-	-	**507.667**	**(7.412)**	**500.255**
Wealth management	64.434	-	-	-	-	**64.434**	**(5.751)**	**58.683**
	19.983.991	**44.885**	**1.173.829**	**395.194**	**251.351**	**21.849.250**	**(1.129.962)**	**20.719.288**

Restructuring major corporate business line includes customers with exposures over €100.000 thousand, whereas corporate includes customers with exposures between €6.000 and €100.000 thousand.

26. Risk management – Credit risk (continued)

Credit risk concentration of loans and advances to customers (continued)

	Cyprus	Greece	United Kingdom	Romania	Russia	**Total**	**Fair value adjustment on initial recognition**	**Gross loans after fair value adjustment on initial recognition**
31 December 2015	€000	€000	€000	€000	€000	**€000**	**€000**	**€000**
By economic activity								
Trade	2.267.092	-	23.138	12.360	57.704	**2.360.294**	**(121.192)**	**2.239.102**
Manufacturing	801.536	-	9.214	7.604	15.066	**833.420**	**(31.596)**	**801.824**
Hotels and catering	1.463.129	-	98.871	6.209	-	**1.568.209**	**(77.444)**	**1.490.765**
Construction	3.976.254	-	27.119	56.830	10.457	**4.070.660**	**(335.803)**	**3.734.857**
Real estate	2.130.028	43.443	927.423	250.956	69.132	**3.420.982**	**(137.185)**	**3.283.797**
Private individuals	7.282.322	216	44.627	5.684	-	**7.332.849**	**(268.496)**	**7.064.353**
Professional and other services	1.595.010	-	64.398	38.834	96.542	**1.794.784**	**(101.913)**	**1.692.871**
Other sectors	1.145.327	24.866	12.325	28.759	-	**1.211.277**	**(133.781)**	**1.077.496**
	20.660.698	**68.525**	**1.207.115**	**407.236**	**248.901**	**22.592.475**	**(1.207.410)**	**21.385.065**
By customer sector								
Corporate	9.222.429	68.309	918.423	386.973	232.733	**10.828.867**	**(666.631)**	**10.162.236**
SMEs	4.408.096	-	248.647	17.523	9.520	**4.683.786**	**(263.630)**	**4.420.156**
Retail								
- housing	4.285.156	-	17.336	1.306	-	**4.303.798**	**(108.267)**	**4.195.531**
- consumer, credit cards and other	2.152.950	216	22.709	1.434	6.648	**2.183.957**	**(154.174)**	**2.029.783**
International banking services	528.795	-	-	-	-	**528.795**	**(8.056)**	**520.739**
Wealth management	63.272	-	-	-	-	**63.272**	**(6.652)**	**56.620**
	20.660.698	**68.525**	**1.207.115**	**407.236**	**248.901**	**22.592.475**	**(1.207.410)**	**21.385.065**

26. Risk management – Credit risk (continued)

Credit risk concentration of loans and advances to customers (continued)

	Cyprus	Greece	United Kingdom	Romania	Russia	**Total**	**Fair value adjustment on initial recognition**	**Gross loans after fair value adjustment on initial recognition**
31 December 2015 (represented)	€000	€000	€000	€000	€000	**€000**	**€000**	**€000**
By business line								
Corporate	2.188.777	68.309	918.423	305.980	219.040	**3.700.529**	**(83.695)**	**3.616.834**
SMEs	1.502.261	-	248.647	17.523	9.520	**1.777.951**	**(46.973)**	**1.730.978**
Retail								
- housing	3.657.181	-	17.336	1.306	-	**3.675.823**	**(45.585)**	**3.630.238**
- consumer, credit cards and other	1.409.855	216	22.709	1.434	-	**1.434.214**	**(36.834)**	**1.397.380**
Restructuring								
- Major corporate	2.877.985	-	-	35.736	-	**2.913.721**	**(175.920)**	**2.737.801**
- corporate	1.814.518	-	-	-	-	**1.814.518**	**(75.945)**	**1.738.573**
- SMEs	1.376.635	-	-	-	-	**1.376.635**	**(67.758)**	**1.308.877**
Recoveries								
- corporate	2.341.149	-	-	45.257	13.693	**2.400.099**	**(331.071)**	**2.069.028**
- SMEs	1.529.200	-	-	-	-	**1.529.200**	**(148.899)**	**1.380.301**
- retail housing	627.975	-	-	-	-	**627.975**	**(62.682)**	**565.293**
- retail other	743.095	-	-	-	6.648	**749.743**	**(117.340)**	**632.403**
International banking services	528.795	-	-	-	-	**528.795**	**(8.056)**	**520.739**
Wealth management	63.272	-	-	-	-	**63.272**	**(6.652)**	**56.620**
	20.660.698	**68.525**	**1.207.115**	**407.236**	**248.901**	**22.592.475**	**(1.207.410)**	**21.385.065**

The loans and advances to customers in Cyprus include lending exposures to Greek entities granted by the Company in Cyprus in its normal course of business with a carrying value of €87.308 thousand (31 December 2015: €81.078 thousand) and lending exposures in Cyprus with collaterals in Greece with a carrying value of €70.564 thousand (31 December 2015: €69.983 thousand).

26. Risk management – Credit risk (continued)

Currency concentration of loans and advances to customers

	Cyprus	Greece	United Kingdom	Romania	Russia	**Total**	**Fair value adjustment on initial recognition**	**Gross loans after fair value adjustment on initial recognition**
31 March 2016	€000	€000	€000	€000	€000	**€000**	**€000**	**€000**
Euro	18.705.329	44.885	26.902	393.957	16.053	**19.187.126**	**(1.066.450)**	**18.120.676**
US Dollar	236.648	-	482	20	135.556	**372.706**	**(11.058)**	**361.648**
British Pound	53.607	-	1.128.064	89	-	**1.181.760**	**(8.769)**	**1.172.991**
Russian Rouble	136	-	-	-	99.742	**99.878**	**(2)**	**99.876**
Romanian Lei	1	-	-	1.128	-	**1.129**	**-**	**1.129**
Swiss Franc	920.874	-	7.507	-	-	**928.381**	**(40.985)**	**887.396**
Other currencies	67.396	-	10.874	-	-	**78.270**	**(2.698)**	**75.572**
	19.983.991	**44.885**	**1.173.829**	**395.194**	**251.351**	**21.849.250**	**(1.129.962)**	**20.719.288**
31 December 2015								
Euro	19.261.905	68.525	28.423	405.998	16.099	**19.780.950**	**(1.128.137)**	**18.652.813**
US Dollar	250.757	-	507	22	137.204	**388.490**	**(11.540)**	**376.950**
British Pound	49.052	-	1.154.110	93	-	**1.203.255**	**(10.121)**	**1.193.134**
Russian Rouble	108	-	-	-	95.598	**95.706**	**(1)**	**95.705**
Romanian Lei	1	-	-	1.123	-	**1.124**	**-**	**1.124**
Swiss Franc	1.028.865	-	13.492	-	-	**1.042.357**	**(51.761)**	**990.596**
Other currencies	70.010	-	10.583	-	-	**80.593**	**(5.850)**	**74.743**
	20.660.698	**68.525**	**1.207.115**	**407.236**	**248.901**	**22.592.475**	**(1.207.410)**	**21.385.065**

26. Risk management – Credit risk (continued)

Credit quality of loans and advances to customers

The following table presents the credit quality of the Group's loans and advances to customers:

	31 March 2016			31 December 2015		
	Gross loans before fair value adjustment on initial recognition	**Fair value adjustment on initial recognition**	**Gross loans after fair value adjustment on initial recognition**	Gross loans before fair value adjustment on initial recognition	Fair value adjustment on initial recognition	Gross loans after fair value adjustment on initial recognition
	€000	**€000**	**€000**	€000	€000	€000
Neither past due nor impaired	**10.551.345**	**(168.264)**	**10.383.081**	10.442.903	(173.260)	10.269.643
Past due but not impaired	**2.901.294**	**(56.452)**	**2.844.842**	3.048.929	(60.803)	2.988.126
Impaired	**8.396.611**	**(905.246)**	**7.491.365**	9.100.643	(973.347)	8.127.296
	21.849.250	**(1.129.962)**	**20.719.288**	22.592.475	(1.207.410)	21.385.065

Past due loans are those with delayed payments or in excess of authorised credit limits. Impaired loans are those which are not considered fully collectable and for which a provision for impairment has been recognised on an individual basis or for which incurred losses exist at their initial recognition or customers in Debt Recovery.

During the three months ended 31 March 2016 the total non-contractual write-offs recorded by the Group amounted to €293.410 thousand (year ended 31 December 2015: €172.670 thousand). The remaining gross loan balance of these customers as at 31 March 2016 was €282.460 thousand, of which €2.843 thousand were past due for more than 90 days but not impaired and €163.352 thousand were impaired.

Loans and advances to customers that are past due but not impaired

	31 March 2016	31 December 2015
Past due analysis:	**€000**	€000
- up to 30 days	**623.365**	468.791
- 31 to 90 days	**385.936**	351.450
- 91 to 180 days	**133.103**	144.362
- 181 to 365 days	**183.492**	258.920
- over one year	**1.575.398**	1.825.406
	2.901.294	3.048.929

The fair value of the collateral that the Group holds (to the extent that it mitigates credit risk) in respect of loans and advances to customers that are past due but not impaired as at 31 March 2016 is €2.337.612 thousand (31 December 2015: €2.466.960 thousand). The fair value of the collateral is capped to the gross carrying value of the loans and advances to customers.

26. Risk management – Credit risk (continued)

Credit quality of loans and advances to customers (continued)

Impaired loans and advances to customers

	31 March 2016		31 December 2015	
	Gross loans and advances	**Fair value of collateral**	Gross loans and advances	Fair value of collateral
	€000	**€000**	€000	€000
Cyprus	**7.726.024**	**5.007.604**	8.414.868	5.596.169
Greece	**44.669**	**17.747**	68.309	17.945
Russia	**249.682**	**97.155**	247.319	94.417
United Kingdom	**43.650**	**17.130**	56.584	10.821
Romania	**332.586**	**150.625**	313.563	170.080
	8.396.611	**5.290.261**	9.100.643	5.889.432

The fair value of the collateral presented above has been computed based on the extent that the collateral mitigates credit risk and has been capped to the gross carrying value of the loans and advances to customers.

	31 March 2016	31 December 2015
Impaired:	**€000**	€000
- no arrears	**859.974**	875.488
- up to 30 days	**35.562**	78.176
- 31 to 90 days	**57.186**	24.353
- 91 to 180 days	**48.630**	65.382
- 181 to 365 days	**157.381**	310.167
- over one year	**7.237.878**	7.747.077
	8.396.611	9.100.643

Interest income on impaired loans

Interest income from loans and advances to customers includes interest on the recoverable amount of impaired loans and advances to customers amounting to €54.270 thousand (corresponding period of 2015: €62.888 thousand).

26. Risk management – Credit risk (continued)

Provision for impairment of loans and advances to customers, including loans and advances to customers held for sale

The movement in provisions for impairment of loans and advances to customers, including the loans and advances to customers held for sale, is as follows:

	Cyprus	Greece	Russia	Other countries	**Total**
31 March 2016	€000	€000	€000	€000	**€000**
1 January	3.731.750	33.833	195.017	232.833	**4.193.433**
Dissolution of subsidiaries	-	-	-	(6.154)	**(6.154)**
Foreign exchange and other adjustments	19.564	-	394	(2.265)	**17.693**
Applied in writing off impaired loans and advances	(300.537)	-	-	(1.812)	**(302.349)**
Interest accrued on impaired loans and advances	(47.063)	(233)	(183)	(723)	**(48.202)**
Collection of loans and advances previously written off	156	-	-	-	**156**
Charge/(reversal) for the year – continuing operations (Note 10)	41.597	1.862	(361)	945	**44.043**
31 March	**3.445.467**	**35.462**	**194.867**	**222.824**	**3.898.620**
Individual impairment	**2.997.496**	**31.263**	**194.651**	**217.980**	**3.441.390**
Collective impairment	**447.971**	**4.199**	**216**	**4.844**	**457.230**

	Cyprus	Greece	Russia	Other countries	**Total**
31 March 2015	€000	€000	€000	€000	**€000**
1 January	2.867.345	9.275	415.894	195.334	**3.487.848**
Foreign exchange and other adjustments	63.789	59	55.544	2.343	**121.735**
Transfer between geographical areas	(83.378)	6.330	-	77.048	**-**
Applied in writing off impaired loans and advances	(1.499)	-	-	-	**(1.499)**
Interest accrued on impaired loans and advances/settlements	(56.014)	-	(190)	(282)	**(56.486)**
Collection of loans and advances previously written off	270	-	-	(104)	**166**
Charge for the year – continuing operations (Note 10)	143.837	4.851	7.456	19.258	**175.402**
Charge for the year – discontinued operations (Note 7)	-	-	17.824	-	**17.824**
31 March	**2.934.350**	**20.515**	**496.528**	**293.597**	**3.744.990**
Individual impairment	**2.265.552**	**20.515**	**336.917**	**283.147**	**2.906.131**
Collective impairment	**668.798**	**-**	**159.611**	**10.450**	**838.859**

26. Risk management – Credit risk (continued)

Provision for impairment of loans and advances to customers, including loans and advances to customers held for sale (continued)

There are no loans and advances to customers classified as held for sale as at 31 March 2016. The balance of provisions for impairment of loans and advances to customers at 31 March 2015 includes €251.668 thousand for loans and advances to customers classified as held for sale. The above table does not include the provisions for impairment on financial guarantees and commitments which are part of 'Accruals, deferred income and other liabilities' (Note 22).

The impairment loss is measured as the difference between the carrying amount of a loan and the present value of the estimated future cash flows, including the cash flows which may arise from guarantees and tangible collateral.

The carrying amount of the loan is reduced through the use of a provision account and the amount of the loss is recognised in the consolidated income statement. Loans together with the associated provisions are written off when there is no realistic prospect of future recovery. Partial write-offs including non-contractual write-offs may also occur when it is considered that there is no realistic prospect for the recovery of the provisioned amount. In addition, write-offs may reflect restructuring activity with customers who are subject to the terms of the agreement and satisfactory performance.

Assumptions have been made about the future changes in property values, as well as the timing for the realisation of the collateral and for taxes and expenses on the repossession and subsequent sale of the collateral. Indexation has been used to estimate updated market values of properties, while assumptions were made on the basis of a macroeconomic scenario for future changes in property values. The timing of recovery from real estate collaterals has been estimated to be on average 3 years, with the exception of specific cases where a different period has been used, based on specific facts and circumstances and for customers in Debt Recovery where a 6 year period has been used. In accordance with the Loan Impairment and Provisioning Procedures Directives of 2014 and 2015 of the CBC, the cumulative average future change in property values during this period has been capped to zero. On average, the realisable value of the collateral is estimated to be 10% lower than the projected open market value of the collateral.

Any changes in these assumptions or difference between assumptions made and actual results could result in significant changes in the amount of required provisions for impairment of loans and advances.

26. Risk management – Credit risk (continued)

Provision for impairment of loans and advances to customers including loans and advances to customers held for sale (continued)

Sensitivity analysis
The Group has performed sensitivity analysis on certain of the loan impairment assumptions relating to the loan portfolio in Cyprus with reference date 31 March 2016. The impact on the provisions for impairment of loans and advances to customers is presented below:

	Increase/(decrease) on provisions for impairment of loans and advances
Change in provisions assumptions:	**€000**
Increase the timing of recovery from collaterals by 1 year (to an average of 4 years) for the customers that were assessed on a collective basis, excluding any customers in Debt Recovery	63.291
Decrease the timing of recovery from collaterals by 1 year (to an average of 2 years) for the customers that were assessed on a collective basis, excluding any customers in Debt Recovery	(10.816)
Decrease the recoverable amount from collaterals of customers individually assessed and which have an identified impairment loss and all customers in Debt Recovery by 5% compared to the expected recoverable amount applied in the provisions calculations	129.061
Decrease the recoverable amount from collaterals of customers individually assessed and which have an identified impairment loss and all customers in Debt Recovery by 10% compared to the expected recoverable amount applied in the provisions calculations	261.059
Increase the recoverable amount from collaterals of customers individually assessed and which have an identified impairment loss and all customers in Debt Recovery by 5% compared to the expected recoverable amount applied in the provisions calculations	(123.979)
Increase the recoverable amount from collaterals of customers individually assessed and which have an identified impairment loss and all customers in Debt Recovery by 10% compared to the expected recoverable amount applied in the provisions calculations	(247.075)
Extend the timing of recovery from collaterals by 1 year and decrease the liquidation haircut by 20% on customers that have been individually assessed for impairment with an identified impairment loss and on customers collectively assessed for impairment	136.951
Decrease the timing of recovery from collaterals by 1 year and increase the liquidation haircut by 20% on customers that have been individually assessed for impairment with an identified impairment loss and on customers collectively assessed for impairment	(71.729)

26. Risk management – Credit risk (continued)

Forbearance

Forbearance measures occur in situations in which the borrower is considered to be unable to meet the terms and conditions of the contract due to financial difficulties. Taking into consideration these difficulties, the Group decides to modify the terms and conditions of the contract to provide the borrower the ability to service the debt or refinance the contract, either partially or fully.

The practice of extending forbearance measures constitutes a grant of a concession whether temporarily or permanently to that borrower. A concession may involve restructuring the contractual terms of a debt or payment in some form other than cash, such as an arrangement whereby the borrower transfers collateral pledged to the Group. As such, it constitutes an objective indicator that requires assessing whether impairment is needed.

Modifications of loans and advances that do not affect payment arrangements, such as restructuring of collateral or security arrangements are not regarded as sufficient to indicate impairment as by themselves they do not necessarily indicate credit distress affecting payment ability.

Rescheduled loans and advances are those facilities for which the Group has modified the repayment programme (provision of a grace period, suspension of the obligation to repay one or more instalments, reduction in the instalment amount and/or elimination of overdue instalments relating to capital or interest) and current accounts/overdrafts for which the credit limit has been increased with the sole purpose of covering an excess.

For an account to qualify for rescheduling it must meet certain criteria including that the client’s business must be considered to be viable. The extent to which the Group reschedules accounts that are eligible under its existing policies may vary depending on its view of the prevailing economic conditions and other factors which may change from year to year. In addition, exceptions to policies and practices may be made in specific situations in response to legal or regulatory agreements or orders.

Forbearance activities may include measures that restructure the borrower's business (operational restructuring) and/or measures that restructure the borrower’s financing (financial restructuring).

Restructuring options may be of a short or long-term nature or combination thereof. The Group has developed and deployed sustainable restructuring solutions, which are suitable for the borrower and acceptable for the Group.

Short-term restructuring solutions are defined as restructured repayment solutions of duration of less than two years. In the case of loans for the construction of commercial property and project finance, a short-term solution may not exceed one year.

Short-term restructuring solutions can include the following:

- Interest only: during a defined short-term period, only interest is paid on credit facilities and no principal repayment is made.
- Reduced payments: decrease of the amount of repayment instalments over a defined short-term period in order to accommodate the borrower’s new cash flow position.
- Arrears and/or interest capitalisation: the capitalisation of arrears and/or of accrued interest arrears to the principal; that is forbearance of the arrears and addition of any unpaid interest to the outstanding principal balance for repayment under a rescheduled program.
- Grace period: an agreement allowing the borrower a defined delay in fulfilling the repayment obligations usually with regard to the principal.
- Interest rate reduction: permanent or temporary reduction of interest rate (fixed or variable) into a fair and sustainable rate.

26. Risk management – Credit risk (continued)

Forbearance (continued)

Long-term restructuring solutions can include the following:

- Extension of maturity: extension of the maturity of the loan which allows a reduction in instalment amounts by spreading the repayments over a longer period.
- Additional security: when additional liens on unencumbered assets are obtained as additional security from the borrower in order to compensate for the higher risk exposure and as part of the restructuring process.
- Forbearance of penalties in loan agreements: waiver, temporary or permanent, of violations of covenants in the loan agreements.
- Rescheduling of payments: the existing contractual repayment schedule is adjusted to a new sustainable repayment program based on a realistic, current and forecasted, assessment of the cash flow generation of the borrower.
- Strengthening of the existing collateral: a restructuring solution may entail the pledge of additional security for instance, in order to compensate for the reduction in interest rates or to balance the advantages the borrower receives from the restructuring.
- New loan facilities: new loan facilities may be granted during a restructuring agreement, which may entail the pledge of additional security and in the case of inter-creditor arrangements the introduction of covenants in order to compensate for the additional risk incurred by the Group in providing a new financing to a distressed borrower.
- Debt consolidation: the combination of multiple exposures into a single loan or limited number of loans.
- Debt/equity swaps: partial set-off of the debt and obtaining of an equivalent amount of equity by the Group, with the remaining debt right-sized to the cash flows of the borrower to allow repayment to the Group from repayment on the re-sized debt and from the eventual sale of the equity stake in the business. This solution is used only in exceptional cases and only where all other efforts for restructuring are exhausted and after ensuring compliance with the banking law.
- Debt/asset swaps: agreement between the Group and the borrower to voluntarily dispose of the secured asset to partially or fully repay the debt. The asset may be acquired by the Group and any residual debt may be restructured within an appropriate repayment schedule in line with the borrower's reassessed repayment ability.
- Debt write-off: cancellation of part or the whole of the amount of debt outstanding by the borrower. The Group applies the debt forgiveness solution only as a last resort and in remote cases having taken into consideration the ability of the borrower to repay the remaining debt in the agreed timeframe and the moral hazard.
- Split and freeze: the customer's debt is split into sustainable and unsustainable parts. The sustainable part is restructured and continues to operate. The unsustainable part is 'frozen' for the restructured duration of the sustainable part. At the maturity of the restructuring, the frozen part is either forgiven pro-rata (based on the actual repayment of the sustainable part) or restructured.

Rescheduled loans and advances to customers

The below tables present the Group's rescheduled loans and advances to customers by industry sector, geography and credit quality classification, as well as impairment provisions and tangible collateral held for rescheduled loans.

26. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

	Cyprus	Greece	Russia	United Kingdom	Romania	**Total**
31 March 2016	€000	€000	€000	€000	€000	**€000**
1 January	8.391.624	24.865	138.376	116.232	119.185	**8.790.282**
New loans and advances rescheduled in the period	513.449	-	-	11.299	21.786	**546.534**
Assets no longer classified as rescheduled (including repayments)	(458.750)	-	(5.189)	(22.136)	(1.598)	**(487.673)**
Applied in writing off rescheduled loans and advances	(227.789)	-	-	-	(38)	**(227.827)**
Interest accrued on rescheduled loans and advances	93.567	102	147	170	119	**94.105**
Foreign exchange adjustments	(5.243)	-	6.999	(6.282)	1.127	**(3.399)**
31 March	**8.306.858**	**24.967**	**140.333**	**99.283**	**140.581**	**8.712.022**
31 December 2015						
1 January	7.024.847	75.778	234.659	136.421	184.585	**7.656.290**
Disposal of Russian operations	-	-	(118.313)	-	-	**(118.313)**
New loans and advances rescheduled in the year	2.189.524	-	24.097	32.695	-	**2.246.316**
Assets no longer classified as rescheduled (including repayments)	(1.125.219)	(35.927)	-	(66.606)	(32.396)	**(1.260.148)**
Applied in writing off rescheduled loans and advances	(80.896)	(16.700)	-	-	(33.888)	**(131.484)**
Interest accrued on rescheduled loans and advances	337.231	1.714	10.424	5.538	1.687	**356.594**
Foreign exchange adjustments	46.137	-	(12.491)	8.184	(803)	**41.027**
31 December	**8.391.624**	**24.865**	**138.376**	**116.232**	**119.185**	**8.790.282**

The classification as rescheduled loans is discontinued when all EBA criteria for the discontinuation of the classification as forborne exposure are met. These are set out in EBA Final draft Implementing Technical Standards (ITS) on supervisory reporting and non-performing exposures.

26. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Credit quality

	Cyprus	Greece	Russia	United Kingdom	Romania	**Total**
31 March 2016	€000	€000	€000	€000	€000	**€000**
Neither past due nor impaired	3.938.017	-	-	78.834	58.270	**4.075.121**
Past due but not impaired	1.510.645	-	731	18.481	1.670	**1.531.527**
Impaired	2.858.196	24.967	139.602	1.968	80.641	**3.105.374**
	8.306.858	**24.967**	**140.333**	**99.283**	**140.581**	**8.712.022**
31 December 2015						
Neither past due nor impaired	3.636.868	-	-	84.829	60.182	**3.781.879**
Past due but not impaired	1.591.934	-	699	29.229	297	**1.622.159**
Impaired	3.162.822	24.865	137.677	2.174	58.706	**3.386.244**
	8.391.624	**24.865**	**138.376**	**116.232**	**119.185**	**8.790.282**

26. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Fair value of collateral

	Cyprus	Russia	United Kingdom	Romania	**Total**
31 March 2016	€000	€000	€000	€000	**€000**
Neither past due nor impaired	3.481.869	-	68.210	58.215	**3.608.294**
Past due but not impaired	1.387.023	731	8.091	1.349	**1.397.194**
Impaired	2.465.488	51.378	1.542	29.518	**2.547.926**
	7.334.380	**52.109**	**77.843**	**89.082**	**7.553.414**
31 December 2015					
Neither past due nor impaired	3.360.868	-	84.722	59.930	**3.505.520**
Past due but not impaired	1.407.575	696	29.182	178	**1.437.631**
Impaired	2.709.602	49.297	1.668	39.696	**2.800.263**
	7.478.045	**49.993**	**115.572**	**99.804**	**7.743.414**

The fair value of collateral presented above has been computed based on the extent that the collateral mitigates credit risk.

26. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Credit risk concentration

	Cyprus	Greece	Russia	United Kingdom	Romania	**Total**
31 March 2016	€000	€000	€000	€000	€000	**€000**
By economic activity						
Trade	688.524	-	32.539	63	2.941	**724.067**
Manufacturing	283.014	-	14.768	-	1.259	**299.041**
Hotels and catering	687.483	-	-	6.543	6.282	**700.308**
Construction	2.116.436	-	7.952	10.851	23.899	**2.159.138**
Real estate	1.066.455	-	-	1.159	105.030	**1.172.644**
Private individuals	2.561.356	-	-	816	209	**2.562.381**
Professional and other services	571.079	-	85.074	15.347	280	**671.780**
Other sectors	332.511	24.967	-	64.504	681	**422.663**
	8.306.858	**24.967**	**140.333**	**99.283**	**140.581**	**8.712.022**
By customer sector						
Corporate	4.197.075	24.967	135.640	86.186	138.845	**4.582.713**
SMEs	1.744.118	-	4.693	12.542	1.527	**1.762.880**
Retail						
- housing	1.712.652	-	-	-	-	**1.712.652**
- consumer, credit cards and other	572.372	-	-	555	209	**573.136**
International banking services	68.141	-	-	-	-	**68.141**
Wealth management	12.500	-	-	-	-	**12.500**
	8.306.858	**24.967**	**140.333**	**99.283**	**140.581**	**8.712.022**

26. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Credit risk concentration (continued)

	Cyprus	Greece	Russia	United Kingdom	Romania	**Total**
31 March 2016	€000	€000	€000	€000	€000	**€000**
By business line						
Corporate	480.613	24.967	135.640	86.186	138.632	**866.038**
SMEs	546.883	-	4.693	12.542	1.527	**565.645**
Retail						
- housing	1.570.018	-	-	-	-	**1.570.018**
- consumer, credit cards and other	464.243	-	-	555	209	**465.007**
Restructuring						
- major corporate	1.895.709	-	-	-	213	**1.895.922**
- corporate	1.218.367	-	-	-	-	**1.218.367**
- SMEs	819.529	-	-	-	-	**819.529**
Recoveries						
- corporate	602.386	-	-	-	-	**602.386**
- SMEs	377.706	-	-	-	-	**377.706**
- retail housing	142.634	-	-	-	-	**142.634**
- retail other	108.129	-	-	-	-	**108.129**
International banking services	68.141	-	-	-	-	**68.141**
Wealth management	12.500	-	-	-	-	**12.500**
	8.306.858	**24.967**	**140.333**	**99.283**	**140.581**	**8.712.022**

26. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Credit risk concentration (continued)

	Cyprus	Greece	Russia	United Kingdom	Romania	**Total**
31 December 2015	€000	€000	€000	€000	€000	**€000**
By economic activity						
Trade	707.105	-	31.580	-	2.936	**741.621**
Manufacturing	282.449	-	14.207	136	1.258	**298.050**
Hotels and catering	743.585	-	-	7.072	6.196	**756.853**
Construction	2.155.778	-	8.081	14.862	2.444	**2.181.165**
Real estate	1.069.156	-	-	59.190	82.739	**1.211.085**
Private individuals	2.526.554	-	-	4.393	153	**2.531.100**
Professional and other services	584.836	-	84.508	19.517	22.697	**711.558**
Other sectors	322.161	24.865	-	11.062	762	**358.850**
	8.391.624	**24.865**	**138.376**	**116.232**	**119.185**	**8.790.282**
By customer sector						
Corporate	4.368.307	24.865	133.932	99.603	116.385	**4.743.092**
SMEs	1.720.453	-	4.444	12.519	2.647	**1.740.063**
Retail						
- housing	1.685.668	-	-	-	-	**1.685.668**
- consumer, credit cards and other	568.986	-	-	4.110	153	**573.249**
International banking services	42.481	-	-	-	-	**42.481**
Wealth management	5.729	-	-	-	-	**5.729**
	8.391.624	**24.865**	**138.376**	**116.232**	**119.185**	**8.790.282**

26. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Credit risk concentration (continued)

	Cyprus	Greece	Russia	United Kingdom	Romania	**Total**
31 December 2015 (represented)	€000	€000	€000	€000	€000	**€000**
By business line						
Corporate	647.785	24.865	133.932	99.603	115.639	**1.021.824**
SMEs	550.664	-	4.444	12.519	2.647	**570.274**
Retail						
- housing	1.562.149	-	-	-	-	**1.562.149**
- consumer, credit cards and other	468.368	-	-	4.110	153	**472.631**
Restructuring						
- major corporate	1.768.782	-	-	-	626	**1.769.408**
- corporate	1.272.086	-	-	-	-	**1.272.086**
- SMEs	798.010	-	-	-	-	**798.010**
Recoveries						
- corporate	679.654	-	-	-	120	**679.774**
- SMEs	371.779	-	-	-	-	**371.779**
- retail housing	123.519	-	-	-	-	**123.519**
- retail other	100.618	-	-	-	-	**100.618**
International banking services	42.481	-	-	-	-	**42.481**
Wealth management	5.729	-	-	-	-	**5.729**
	8.391.624	**24.865**	**138.376**	**116.232**	**119.185**	**8.790.282**

26. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Provisions for impairment

	Cyprus	Greece	Russia	United Kingdom	Romania	**Total**
31 March 2016	€000	€000	€000	€000	€000	**€000**
Individual impairment	1.010.143	24.118	113.511	1.250	54.914	**1.203.936**
Collective impairment	211.342	-	53	277	1.761	**213.433**
	1.221.485	**24.118**	**113.564**	**1.527**	**56.675**	**1.417.369**
31 December 2015						
Individual impairment	1.144.475	22.966	113.177	1.396	35.694	**1.317.708**
Collective impairment	207.106	-	49	266	1.813	**209.234**
	1.351.581	**22.966**	**113.226**	**1.662**	**37.507**	**1.526.942**

27. Risk management – Market risk

Market risk is the risk of loss from adverse changes in market prices – namely from changes in interest rates, exchange rates and security prices. The Market Risk department is responsible for monitoring the risk resulting from such changes with the objective to minimise the impact on earnings and capital. The department also monitors liquidity risk and credit risk with counterparties and countries. It is also responsible for monitoring compliance with the various market risk policies and procedures.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It arises as a result of timing differences on the repricing of assets, liabilities and off-balance sheet items.

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Price risk
Equity securities price risk
The risk of loss from changes in the price of equity securities arises when there is an unfavourable change in the prices of equity securities held by the Group as investments.

Debt securities price risk
Debt securities price risk is the risk of loss as a result of adverse changes in the prices of debt securities held by the Group. Debt security prices change as the credit risk of the issuers changes and/or as the interest rate changes for fixed rate securities. The Group invests a significant part of its liquid assets in debt securities issued mostly by governments and banks.

The Group considers that the profile of its market risk has remained similar to the one prevailing at 31 December 2015 as presented in Note 45 of the annual Consolidated Financial Statements for the year 2015.

28. Risk management – Liquidity risk and funding

Liquidity risk is the risk that the Group is unable to fully or promptly meet current and future payment obligations as and when they fall due. This risk includes the possibility that the Group may have to raise funding at high cost or sell assets at a discount to fully and promptly satisfy its obligations.

It reflects the potential mismatch between incoming and outgoing payments, taking into account unexpected delays in repayment or unexpectedly high payment outflows. Liquidity risk involves both the risk of unexpected increases in the cost of funding of the portfolio of assets and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

In order to limit this risk, management aims to achieve diversified funding sources in addition to the Group's core deposit base, and has adopted a policy of managing assets with liquidity in mind and monitoring cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. These incorporate an assessment of expected cash flows and the availability of collateral which could be used to secure additional funding if required.

Management and structure

The Board sets the Group's Liquidity Risk Appetite being the level of risk at which the Group should operate.

The Board of Directors, through its Risk Committee, approves the Liquidity Policy Statement and reviews almost at every meeting, the liquidity position of the Group. Information on inflows/outflows is also provided.

The ALCO of each unit is responsible for monitoring the liquidity position of the unit and ensuring compliance with the approved policies. The ALCO is responsible for setting the policies for the effective management and monitoring of liquidity across the Group. It also monitors the liquidity position of its major banking units at least monthly. Given the current liquidity position of the Company, the ALCO considers the monitoring of liquid assets and the cash inflows/outflows of the Company in Cyprus, to be of utmost importance.

28. Risk management – Liquidity risk and funding (continued)

Management and structure (continued)

Local Treasury departments at each banking unit are responsible for managing liquidity in their respective unit. Group Treasury is responsible for liquidity management at Group level and for overseeing the operations of each country banking unit, to ensure compliance with internal and regulatory liquidity policies and provide direction as to the actions to be taken regarding liquidity needs. Every unit targets to finance its own needs in the medium term. Group Treasury assesses on a continuous basis, and informs ALCO at regular time intervals, the adequacy of the liquid assets and takes the necessary actions to enhance the Group's liquidity position.

Liquidity is also monitored daily by Market Risk, which is an independent department responsible to monitor compliance at the level of individual units, as well as at Group level, with both internal policies and limits, and with the limits set by the regulatory authorities in the countries where the Group operates. Market Risk reports to ALCO the regulatory liquidity position of the various units of the Group, at least monthly. It also provides the results of various stress tests to ALCO.

Liquidity is monitored and managed on an ongoing basis through:

(i) Risk appetite: established Group Risk Appetite together with the appropriate limits for the management of all risks including liquidity risk.
(ii) Liquidity policy: sets the responsibilities for managing liquidity risk as well as the framework and limits.
(iii) Liquidity limits: a number of internal and regulatory limits are monitored on a daily, monthly and quarterly basis. Where applicable, a traffic light system (RAG) has been introduced for the ratios, in order to raise flags when the ratios deteriorate.
(iv) Early warning indicators: monitoring of a range of market indicators for early signs of liquidity risk in the market or specific to the Group. These are designed to immediately identify the emergence of increased liquidity risk to maximise the time available to execute appropriate mitigating actions.
(v) Contingency Funding Plan: maintenance of a Contingency Funding Plan (CFP) which is designed to provide a framework where a liquidity stress could be effectively managed. The CFP provides a communication plan and includes management actions to respond to liquidity stresses.
(vi) Recovery Plan: the Group has developed a Recovery Plan. The key objectives are to provide the Group with a range of options to ensure its viability in a stress, to set consistent Early Warning Indicators and to enable the Group to be adequately prepared to respond to stressed conditions.

Monitoring process

Daily
The daily monitoring of cash flows and highly liquid assets is important to safeguard and ensure the uninterrupted operations of the Group's activities. Market Risk prepares a report for submission to the CBC and ECB/SSM, indicating the cash inflows and outflows observed in customer balances and other balances, as well as the opening and closing balances of cash. Also, Group Treasury monitors daily and intraday the inflows and outflows in the main currencies used by the Group.

Weekly
Market Risk prepares a weekly report of Euro and foreign currency liquidity mismatch which is submitted to the CBC.

Monthly
Market Risk prepares reports indicating compliance with internal and regulatory liquidity ratios, for all banking units and for the Group and submits them to the ALCO, the Executive Committee and the Board Risk Committee. It also calculates the expected flows under a stress scenario and compares them with the projected available liquidity buffer. The fixed deposit renewal rates and deposits by tenor are also presented to the ALCO.

Market Risk reports the Liquidity Coverage Ratio (LCR) to the CBC/ECB monthly.

Group Treasury prepares and submits a liquidity report to the ALCO and the Executive Committee on a monthly basis that indicates the liquidity position of the Group, as well as summary information on inflows and outflows. Moreover, in this report, Group Treasury indicates projections of expected inflows and outflows covering a two month period.

Quarterly
Market risk performs stress testing for bank-specific, market wide and combined scenarios and reports results to ALCO. The requirement is to have a sufficient buffer to enable the Company to survive the first two weeks and then adequate capacity to draw liquidity for the 3 month period of the stress test, for all three scenarios.

28. Risk management – Liquidity risk and funding (continued)

Monitoring process (continued)

Quarterly (continued)
The liquidity buffer is made up of: bank notes, CBC balances (excluding the Minimum Reserve Requirements (MRR), nostro current accounts, money market placements up to the stress horizon and market value net of haircut of eligible unencumbered/available bonds.

The designing of the stress tests followed best practice guidance, and was based on the liquidity risk drivers which are recognised internationally by both the Prudential Regulation Authority (PRA) and EBA SREP. The stress tests assumptions are included in the Group Liquidity Policy which is reviewed on an annual basis and approved by the Board. However, whenever it is considered appropriate to amend the assumptions during the year, approval is requested by ALCO and the Board Risk Committee. The main items shocked in the different scenarios are: deposit outflows, wholesale funding, loan repayments, off-balance sheet commitments, marketable securities and cash collateral for derivatives.

Moreover, Market Risk reports the Net Stable Funding Ratio (NSFR) and Leverage Ratio to the CBC/ECB quarterly and various other liquidity reports, included in the short-term exercise of the SSM per their SREP guidelines.

Annually
The Group prepares on an annual basis its report on Internal Liquidity Adequacy Assessment Process (ILAAP). The report for the year 2015 was approved by the Board and was submitted to the CBC and the ECB within the deadline, which was 30 April 2016.

As part of the Group's procedures for monitoring and managing liquidity risk, there is a Group Contingency Funding Plan for handling liquidity difficulties. The plan details the steps to be taken in the event that liquidity problems arise, which escalate to a special meeting of the ALCO. The plan sets out the members of this Committee and a series of the possible actions that can be taken. This plan, as well as the Group's Liquidity Policy, is reviewed by ALCO at least annually, during the ILAAP review. The latter submits the updated policy with its recommendations to the Board through the Board Risk Committee for approval. The approved policy is notified to the SSM.

Liquidity ratios

The ratio of liquid assets to total deposits and other liabilities falling due in the next twelve months is prepared monthly by Market Risk and monitored by ALCO. Liquid assets are defined as cash, interbank deposits maturing within thirty days and eligible debt and equity securities at haircuts prescribed by the regulatory authorities. Total deposits comprise all customer deposits irrespective of maturity and other liabilities include all non-customer deposit/liabilities due to be paid in the next twelve months.

The Group's liquidity ratio was as follows:

	31 March 2016	31 December 2015
	%	%
End of reporting period	**16,37**	18,25
Average ratio	**16,88**	18,31
Highest ratio	**17,22**	21,62
Lowest ratio	**16,37**	15,64

The minimum liquidity ratios for the operations in Cyprus are set at the levels required by the CBC: 20% for Euro and 70% for foreign currencies. It is noted that in the calculation of the above ratios, as well as for CBC regulatory reports, ELA is treated as a long term liability. The Company is currently not in compliance with its regulatory liquidity requirements with respect to its operations in Cyprus.

As at 31 March 2016 and 31 December 2015 the other banking units of the Group were in compliance with their liquidity regulatory ratios.

28. Risk management – Liquidity risk and funding (continued)

Liquidity ratios (continued)

The ratio of loans and advances to customer deposits is presented below:

	31 March 2016	31 December 2015
	%	%
End of reporting period	**118,73**	120,92
Average quarterly ratio	**119,82**	133,57
Highest quarterly ratio	**120,92**	141,48
Lowest quarterly ratio	**118,73**	120,92

Sources of funding

Currently the Group's main sources of liquidity are its deposit base and central bank funding, either through the Eurosystem monetary policy operations or through ELA.

The Group has limited access to interbank and wholesale markets which, combined with a reduction in deposits in Cyprus in 2013, the deposit bail-in and the acquisition of certain operations of Laiki Bank in March 2013, had resulted in reliance on ELA. Since then, reliance on ELA funding was reduced significantly. As at 31 March 2016, the funding from ELA amounted to €3.301.719 thousand (31 December 2015: €3.802.058 thousand) (Note 20).

The liquidity received from central banks is subject to the relevant regulations and requires qualifying assets as collateral. In 2014 the Group participated in the TLTRO of the ECB (Note 20).

The funding provided to the Group through ELA is short term (usually 2-3 weeks), covering the period until the next scheduled meeting of the ECB Governing Council. The funding via Eurosystem monetary ruling operations ranges from short term to long term.

Funding to subsidiaries

The funding provided by the Company to its subsidiaries for liquidity purposes is repayable as per the terms of the respective agreements. For lending provided for capital purposes (subordinated loan stocks) the prior approval of the regulator is usually required on any repayment before the maturity date and for Bank of Cyprus UK Ltd approval is also required for the final repayment. The Group subsidiaries Bank of Cyprus UK Ltd and Bank of Cyprus (Channel Islands) Ltd, cannot place funds with the Group in excess of maximum limits set by the local regulator.

Any new funding to subsidiaries requires approval from the ECB/CBC.

The subsidiaries may proceed with dividend distributions in the form of cash to the Company, provided that they are not in breach of their regulatory capital and liquidity requirements. Certain subsidiaries have a recommendation from their regulator to avoid any dividend distribution at this point in time.

Collateral requirements

The carrying values of the Group's encumbered assets as at 31 March 2016 and 31 December 2015 are summarised below:

	31 March 2016	31 December 2015
	€000	€000
Cash and other liquid assets	**172.888**	154.896
Investments	**495.045**	892.728
Loans and advances	**12.653.179**	12.882.139
Property	**92.820**	93.500
	13.413.932	14.023.263

28. Risk management – Liquidity risk and funding (continued)

Collateral requirements (continued)

Cash is mainly used to cover collateral required for (i) derivatives and repurchase transactions, (ii) trade finance transactions and guarantees issued and (iii) covered bond.

Investments are mainly used as collateral for repurchase transactions with commercial banks as well as supplementary assets for the covered bond, while loans are mainly used as collateral for funding from the CBC and for the covered bond. As from 1 April 2016, Cyprus government bonds ceased from being acceptable as ECB eligible collateral. Therefore they were removed from the collateral pool and currently the majority is unencumbered.

In the case of ELA, as collateral is not usually released upon repayment of funding, there may be an inherent buffer which could be utilised for further funding if required.

The Company maintains the rights and obligations as issuer of two bonds guaranteed by the Republic of Cyprus of €500 million each. In November 2014, the maturity of the bonds was extended for a period of 3 years. The bonds bear an annual fixed interest rate at 5%. The bonds are guaranteed by the Republic of Cyprus and are issued in accordance with the relevant legislation and decrees on the 'Granting of Government Guarantees for the Conclusion of Loans and/or the Issue of Bonds by Credit Institutions Law'. No liability from the issue of these bonds is presented in debt securities in issue in the consolidated balance sheet as all the bonds are held by the Company. The bonds are pledged as collateral for obtaining funding from central banks. The bonds are listed on the Cyprus Stock Exchange.

The Company maintains a Covered Bond Programme set up under the Cyprus Covered Bonds legislation and the Covered Bonds Directive of the CBC.

Under the Programme, the Company issued in December 2011 a covered bond of €1.000 million. The terms of the €1.000 million covered bond secured by residential mortgage loans originated in Cyprus were amended in 2014 and the maturity date was revised to 12 June 2017. The covered bond bears interest at the three months Euribor plus 3,25% per annum. All the bonds issued are held by the Company.

On 29 September 2015 the terms of the Covered Bond Programme and outstanding €1.000 million covered bond were amended to a Conditional Pass–Through structure. As part of the restructuring, €350.000 thousand of the retained covered bond was repurchased and cancelled. The outstanding principal of the retained covered bond following the above transactions remained at €650.000 thousand with a new maturity date of 12 December 2018. The credit rating of the covered bond was upgraded to an investment grade rating and the covered bond has become eligible collateral for the Eurosystem credit operations. As from 2 October 2015 the covered bond has been placed as collateral for accessing funding from the ECB. Through this transaction, the Company has raised €550.000 thousand of ECB funding for the repayment of ELA. Prior to the rating upgrade, the covered bond was used as collateral for ELA.

The assets used as collateral for the covered bond are already included in the table above.

Recent developments

Cyprus exited its economic adjustment programme in March 2016. The credit ratings of the Republic of Cyprus by the main credit rating agencies continue to be below investment grade, albeit on a rising trend. As a result, the ECB is no longer able to include Cypriot Government Bonds in its asset purchase programme, or as eligible collateral for Eurosystem monetary operations, as was the case when the waiver for collateral eligibility due to the country being under an economic adjustment programme existed. This resulted in the repayment of ECB funding which was collateralised by Cyprus Government bonds and materially reduced the available ECB buffer (this buffer represents the amount that could be drawn from the ECB based on the collateral pledged). Any Cyprus Government bonds that remain unencumbered can be considered as ELA eligible collateral. This disruption may also lead to higher borrowing costs for the Group. In addition, any weakening of the commitment to fiscal discipline and reform in the future might add to market pressures.

29. Capital management

The primary objective of the Group's capital management is to ensure compliance with the relevant regulatory capital requirements and to maintain strong credit ratings and healthy capital adequacy ratios in order to support its business and maximise shareholder value.

The capital adequacy regulations which govern the Group's operations are established by the CBC/ECB.

The Group complies with the minimum capital requirements (Pillar I and Pillar II).

In addition, the Group's overseas banking subsidiaries comply with the regulatory capital requirements of the local regulators in the countries in which they operate. The insurance subsidiaries of the Group comply with the requirements of the Superintendent of Insurance including the minimum solvency ratio. The regulated investment firms of the Group comply with the regulatory capital requirements of the CySEC laws and regulations.

Additional information on regulatory capital is disclosed in the Additional Risk and Capital Management Disclosures (Unaudited) which are available on the Group's website www.bankofcyprus.com (Investor Relations).

30. Related party transactions

	31 March 2016	31 December 2015
	€000	€000
Loans and advances:		
- members of the Board of Directors and other key management personnel	**3.317**	3.354
- connected persons	**921**	886
	4.238	4.240
Deposits:		
- members of the Board of Directors and other key management personnel	**3.298**	3.366
- connected persons	**3.123**	3.147
	6.421	6.513

The above table does not include period/year-end balances i.e. 31 March 2016 and 31 December 2015 respectively, for members of the Board of Directors and their connected persons who resigned during the period/year.

Interest income and expense from related parties for the three months ended 31 March 2016 amounted to €30 thousand and €20 thousand respectively (corresponding period of 2015: €36 thousand and €86 thousand respectively).

30. Related party transactions (continued)

In addition to loans and advances, there were contingent liabilities and commitments in respect of members of the Board of Directors and their connected persons, mainly in the form of documentary credits, guarantees and commitments to lend amounting to €114 thousand (31 December 2015: €135 thousand). There were also contingent liabilities and commitments to other key management personnel and their connected persons amounting to €821 thousand (31 December 2015: €856 thousand).

The total unsecured amount of the loans and advances and contingent liabilities and commitments to members of the Board of Directors, key management personnel and other connected persons (using forced-sale values for tangible collaterals and assigning no value to other types of collaterals) at 31 March 2016 amounted to €1.063 thousand (31 December 2015: €1.094 thousand).

At 31 March 2016 the Group has an investment in Invesco Euro short Term Bond Fund, in which Mr Wilbur L. Ross is an executive Director. The fair value of the investment at 31 March 2016 amounts to €4.004 thousand.

There were no transactions during the three months ended 31 March 2015 neither with connected persons of the current members of the Board of Directors nor with any members who resigned during the period.

Connected persons include spouses, minor children and companies in which directors/other key management personnel hold, directly or indirectly, at least 20% of the voting shares in a general meeting, or act as executive director or exercise control of the entities in any way.

All transactions with members of the Board of Directors and their connected persons are made on normal business terms as for comparable transactions with customers of a similar credit standing. A number of loans and advances have been extended to other key management personnel and their connected persons on the same terms as those applicable to the rest of the Group's employees.

Fees and emoluments of members of the Board of Directors and other key management personnel

	Three months ended 31 March	
	2016	2015
Director emoluments	**€000**	€000
Executives		
Salaries and other short term benefits	**472**	244
Employer's contributions	**23**	15
Retirement benefit plan costs	**42**	32
	537	291
Non-executives		
Fees	**203**	65
Total directors' emoluments	**740**	356
Other key management personnel emoluments		
Salaries and other short term benefits	**717**	978
Termination benefits	**197**	-
Employer's contributions	**41**	38
Retirement benefit plan costs	**44**	49
Total other key management personnel emoluments	**999**	1.065
Total	**1.739**	1.421

The fees of the non-executive directors include fees as members of the Board of Directors of the Company and its subsidiaries, as well as committees of the Board of Directors.

The termination benefits relate to compensation paid to a member of the Executive Committee who left the Group under the voluntary exit plan.

30. Related party transactions (continued)

Fees and emoluments of members of the Board of Directors and other key management personnel (continued)

The other key management personnel emoluments include the remuneration of the members of the Executive Committee since the date of their appointment to the Committee and other Directors who report directly to the Chief Executive Officer.

31. Group companies

The main subsidiary companies and branches included in the consolidated financial statements of the Group, their country of incorporation, their activities, and the percentage held by the Company (directly or indirectly) as at 31 March 2016 are:

Company	Country	Activities	Percentage holding (%)
Bank of Cyprus Public Company Ltd	Cyprus	Commercial bank	N/A
The Cyprus Investment and Securities Corporation Ltd (CISCO)	Cyprus	Investment banking, asset management and brokerage	100
General Insurance of Cyprus Ltd	Cyprus	General insurance	100
EuroLife Ltd	Cyprus	Life insurance	100
Kermia Ltd	Cyprus	Property trading and development	100
Kermia Properties & Investments Ltd	Cyprus	Property trading and development	100
Kermia Hotels Ltd	Cyprus	Hotel business	100
Cytrustees Investment Public Company Ltd	Cyprus	Closed-end investment company	53
Finerose Properties Ltd	Cyprus	Financing services	100
LCP Holdings and Investments Public Ltd (formerly Laiki Capital Public Co Ltd)	Cyprus	Holding company	67
JCC Payment Systems Ltd	Cyprus	Card processing transaction services	75
CLR Investment Fund Public Ltd	Cyprus	Investment company	20
Auction Yard Ltd	Cyprus	Auction company	100
BOC Secretarial Company Ltd	Cyprus	Secretarial services	100
Bank of Cyprus Public Company Ltd (branch of the Company)	Greece	Administration of guarantees and holding of real estate properties	N/A
Kyprou Zois (branch of EuroLife Ltd)	Greece	Life insurance	N/A
Kyprou Asfalistiki (branch of General Insurance of Cyprus Ltd)	Greece	General insurance	N/A
Bank of Cyprus UK Ltd	United Kingdom	Commercial bank	100
BOC Financial Services Ltd	United Kingdom	Financial advisory services	100
Bank of Cyprus (Channel Islands) Ltd	Channel Islands	Commercial bank	100
Bank of Cyprus Romania (branch of the Company)	Romania	Commercial bank	N/A
Cyprus Leasing Romania IFN SA	Romania	Leasing	100
MC Investment Assets Management LLC	Russia	Problem asset management company	100
Kyprou Finance (NL) B.V.	Netherlands	Financing services	100

31. Group companies (continued)

In addition to the above companies, at 31 March 2016 the Company had 100% shareholding in the companies listed below whose activity is the ownership and management of immovable property:

Cyprus: Timeland Properties Ltd, Cobhan Properties Ltd, Bramwell Properties Ltd, Birkdale Properties Ltd, Newington Properties Ltd, Innerwick Properties Ltd, Lameland Properties Ltd, Ramendi Properties Ltd, Ligisimo Properties Ltd, Moonland Properties Ltd, Polkima Properties Ltd, Nalmosa Properties Ltd, Smooland Properties Ltd, Emovera Properties Ltd, Estaga Properties Ltd, Skellom Properties Ltd, Blodar Properties Ltd, Spaceglowing Properties Ltd, Threefield Properties Ltd, Lepidoland Properties Ltd, Stamoland Properties Ltd, Ecunaland Properties Ltd, Tebane Properties Ltd, Cranmer Properties Ltd, Calomland Properties Ltd, Vieman Ltd, Les Coraux Estates Ltd, Natakon Company Ltd, Oceania Ltd, Dominion Industries Ltd, Ledra Estates Ltd, Eurolife Properties Ltd, Laiki Lefkothea Center Ltd, Labancor Ltd, Steparco Ltd, Joberco Ltd, Zecomex Ltd, Domita Estates Ltd, Memdes Estates Ltd, Pamaco Platres Complex Ltd, Odaina Properties Ltd, Vameron Properties Ltd, Thryan Properties Ltd, Icecastle Properties Ltd, Otoba Properties Ltd, Edoric Properties Ltd, Canosa Properties Ltd, Silen Properties Ltd, Kernland Properties Ltd, Unduma Properties Ltd, Danoma Properties Ltd, Kimrar Properties Ltd, Jobelis Properties Ltd, Metin Properties Ltd, Pekiro Properties Ltd, Melsolia Properties Ltd, Nimoland Properties Ltd, Lozzaria Properties Ltd, Koralmon Properties Ltd, Petrassimo Properties Ltd, Kedonian Properties Ltd, Lasteno Properties Ltd, Armozio Properties Ltd, Spacous Properties Ltd, Calinora Properties Ltd, Marcozaco Properties Ltd, Soluto Properties Ltd, Solomaco Properties Ltd, Linaland Properties Ltd, Andaz Properties Ltd, Unital Properties Ltd, Neraland Properties Ltd, Gilfront Properties Ltd, Canemia Properties Ltd, Pariza Properties Ltd, Wingstreet Properties Ltd, Nolory Properties Ltd, Lynoco Properties Ltd, Renalandia Properties Ltd, Fitrus Properties Ltd, Lisbo Properties Ltd, Mantinec Properties Ltd, Browneye Properties Ltd, Syniga Properties Ltd, Colar Properties Ltd, Irisa Properties Ltd, Valiro Properties Ltd, Avolo Properties Ltd, Bracando Properties Ltd, Provezaco Properties Ltd, Hillbay Properties Ltd, Jungax Properties Ltd, Ofraco Properties Ltd, Forenaco Properties Ltd, Vidalaco Properties Ltd, Jemina Properties Ltd, Hovita Properties Ltd, Flitous Properties Ltd, Badrul Properties Ltd, Belaland Properties Ltd, Glodas Properties Ltd, Belzeco Properties Ltd, Bothwick Properties Ltd and Fireford Properties Ltd.

Romania: Otherland Properties Dorobanti SRL, Pittsburg Properties SRL, Battersee Real Estate SRL, Trecoda Real Estate SRL, Green Hills Properties SRL, Bocaland Properties SRL, Buchuland Properties SRL, Commonland Properties SRL, Romaland Properties SRL, Janoland Properties SRL, Blindingqueen Properties SRL, Fledgego Properties SRL, Hotel New Montana SRL, Loneland Properties SRL, Frozenport Properties SRL, Imoreth Properties SRL, Inroda Properties SRL, Melgred Properties SRL, Tantora Properties SRL, Zunimar Properties SRL, Allioma Properties SRL and Nikaba Properties SRL.

Further, at 31 March 2016 the Company had 100% shareholding in Iperi Properties Ltd and Obafemi Holdings Ltd whose main activities are the holding of shares and other investments and they are registered in Cyprus.

At 31 March 2016 the Company had 100% shareholding in the companies listed below which are reserved to accept property:

Cyprus: Citlali Properties Ltd, Endar Properties Ltd, Belvesi Properties Ltd, Ingane Properties Ltd, Indene Properties Ltd, Warmbaths Properties Ltd, Tavoni Properties Ltd, Tezia Properties Ltd, Astromeria Properties Ltd, Orzo Properties Ltd, Carnota Properties Ltd, Demoro Properties Ltd, Venicous Properties Ltd, Primaco Properties Ltd, Amary Properties Ltd, Basiga Properties Ltd, Regetona Properties Ltd, Arcandello Properties Ltd, Mostero Properties Ltd, Sylvesta Properties Ltd, Camela Properties Ltd, Hamura Properties Ltd, Alomco Properties Ltd, Cereas Properties Ltd, Fareland Properties Ltd and Landeed Properties Ltd.

Romania: Mirodi Properties SRL, Nallora Properties SRL and Selilar Properties SRL.

31. Group companies (continued)

In addition, the Company holds 100% of the following intermediate holding companies:

Cyprus: Otherland Properties Ltd, Pittsburg Properties Ltd, Battersee Properties Ltd, Trecoda Properties Ltd, Bonayia Properties Ltd, Bocaland Properties Ltd, Buchuland Properties Ltd, Commonland Properties Ltd, Romaland Properties Ltd, BC Romanoland Properties Ltd, Blindingqueen Properties Ltd, Fledgego Properties Ltd, Janoland Properties Ltd, Threerich Properties Ltd, Loneland Properties Ltd, Unknownplan Properties Ltd, Frozenport Properties Ltd, Imoreth Properties Ltd, Inroda Properties Ltd, Melgred Properties Ltd, Tantora Properties Ltd, Zunimar Properties Ltd, Selilar Properties Ltd, Mirodi Properties Ltd, Nallora Properties Ltd, Nikaba Properties Ltd, Allioma Properties Ltd, Hydrobius Ltd, Landanafield Properties Ltd and Ilera Properties Ltd.

The Group also holds 100% of the following companies which are inactive:

Cyprus: Laiki Bank (Nominees) Ltd, Laiki EDAK Ltd Fairford Properties Ltd, Thames Properties Ltd, Gosman Properties Ltd, Senadaco Properties Ltd, Nerofarm Properties Ltd, Helal Properties Ltd, Subworld Properties Ltd, Lasmane Properties Ltd, Lorman Properties Ltd, Yossi Properties Ltd, Gozala Properties Ltd, Molla Properties Ltd, Jongeling Properties Ltd, Introserve Properties Ltd, Sindelaco Properties Ltd, Barosca Properties Ltd, Fogland Properties Ltd, Lezanco Properties Ltd, Tebasco Properties Ltd, Desogus Properties Ltd, Dolapo Properties Ltd, Homirova Properties Ltd, Nabela Properties Ltd, Paneuropean Ltd, Philiki Ltd, Cyprialife Ltd, Imperial Life Assurance Ltd, Philiki Management Services Ltd and Nelcon Transport Co. Ltd.

Greece: Kyprou Commercial SA and Kyprou Properties SA.

All Group companies are accounted for as subsidiaries using the full consolidation method.

Change in the control holding of MC Investment Assets Management LLC

In the context of the disposal of the majority of the Russian operations in September 2015, the Group increased its controlling interest in MC Investment Assets Management LLC to 100% from 80%. This transaction has been reflected as an equity transaction from non-controlling interests to the owners of the Company.

Control over CLR Investment Fund Public Ltd (CLR) without substantial shareholding

The Group considers that it exercises control over CLR through control of the members of the Board of Directors and is exposed to variable returns through its holding.

Dissolution and disposal of subsidiaries

As at 31 March 2016, the following subsidiaries were in the process of dissolution or in the process of being struck off: Samarinda Navigation Co Ltd, Kyprou Securities SA, BOC Ventures Ltd, Tefkros Investments Ltd, Salecom Ltd, Longtail Properties Ltd, Turnmill Properties Ltd, Limestone Holdings Ltd, Bank of Cyprus Mutual Funds Ltd, Diners Club (Cyprus) Ltd, Leasing Finance LLC, Corner LLC, Omiks Finance LLC and Unknownplan Properties SRL.

Tefkros Investments (CI) Ltd was dissolved on 4 March 2016. Mainport Properties Ltd and Besadoco Properties Ltd were both disposed during the quarter ended 31 March 2016 as part of the Company's disposal process of properties repossessed.

32. Acquisitions and disposals

There were no acquisition or disposals of businesses during the three months ended 31 March 2016, other than the companies disclosed in Note 31 above. Subsidiaries dissolved in the period are also disclosed in Note 31.

32.1 Disposals during 2015

32.1.1 Disposal of Kyprou Leasing SA

Following the disposal of the Group's leasing operations in Greece to Piraeus Bank SA through a Decree issued on 26 March 2013, the Group completed the transfer of the legal ownership of its subsidiary, Kyprou Leasing SA to Piraeus Bank SA in March 2015.

33. Investments in associates and joint ventures

Carrying value of the investments in associates and joint ventures

	31 March 2016	31 December 2015
	€000	€000
CNP Cyprus Insurance Holdings Ltd	**106.288**	105.540
Interfund Investments Plc	**2.079**	2.201
Aris Capital Management LLC	**-**	-
Rosequeens Properties Limited	**-**	-
Rosequeens Properties SRL	**-**	-
Tsiros (Agios Tychon) Ltd	**-**	12
M.S. (Skyra) Vassas Ltd	**-**	-
D.J. Karapatakis & Sons Ltd	**-**	-
Rodhagate Entertainment Ltd	**-**	-
	108.367	107.753

Investments in associates

The Group's investments in associates comprise of CNP Cyprus Insurance Holdings Ltd (shareholding of 49,90%), Aris Capital Management LLC (shareholding of 30,00%), Interfund Investments Plc (shareholding of 23,12%), Rosequeens Properties Limited (effective shareholding of 33,33%), Rosequeens Properties SRL (effective shareholding of 33,33%), M.S (Skyra) Vassas Ltd (shareholding of 15%), D.J. Karapatakis & Sons Ltd (shareholding of 7,5%) and Rodhagate Entertainment Ltd (shareholding of 7,5%). The carrying value of Rosequeens Properties Limited, Rosequeens Properties SRL and Aris Capital Management LLC is restricted to zero.

M.S. (Skyra) Vassas Ltd

In the context of the loan restructuring activities of the Group, a 15% interest in the share capital of M.S. Skyra Vassas Ltd was acquired. M.S. (Skyra) Vassas Ltd is the parent company of a group of companies (Skyra Vassas group) with operations in the production, processing and distribution of aggregates (crushed stone and sand) and provision of other construction materials, and services based on core products such as ready-mix concrete, asphalt and packing of aggregates. The Group considers that it exercises significant influence over the Skyra Vassas group. The investment is considered to be fully impaired and its value is restricted to zero.

D.J. Karapatakis & Sons Ltd and Rodhagate Entertainment Ltd

In the context of the loan restructuring activities of the Group, a 7,5% in D.J. Karapatakis and Sons Ltd and in Rodhagate Entertainment Ltd, operating in the leisure, tourism, film and entertainment industries in Cyprus, was acquired. The Group considers that it exercises significant influence over the two companies. The investments are considered to be fully impaired and their value is restricted to zero.

Investment in joint ventures

Tsiros (Agios Tychon) Ltd

The Group holds a 50% shareholding in Tsiros (Agios Tychon) Ltd. The shareholder agreement with the other shareholder of Tsiros (Agios Tychon) Ltd stipulates a number of matters which require consent by both shareholders, therefore the Group considers that it jointly controls the company. The carrying value of Tsiros (Agios Tychon) Ltd is restricted to zero.

34. Capital commitments

Capital commitments for the acquisition of property, equipment and intangible assets as at 31 March 2016 amount to €14.797 thousand (31 December 2015: €17.099).

35. Events after the reporting date

35.1 Disposal of Kermia Hotels Ltd

The Group has agreed to dispose of Kermia Hotels Ltd, for a sale consideration of €26.5 million and expected profit after tax of €1.8 million. The sale is expected to be completed following relevant regulatory approvals.

35.2 Repayment of ELA

In the period since 31 March 2016, the Company repaid €500 million of ELA funding.

35.3 Pursue of Premium Listing on the London Stock Exchange

The Group announced its intention to pursue a premium listing on the London Stock Exchange (LSE). The Group also intends to maintain a listing on the Cyprus Stock Exchange. The Group does not intend to maintain a listing on the Athens Exchange, as it no longer has banking operations in Greece.

The Group is currently working towards a listing in the second half of 2016, subject to relevant approvals, an assessment of various technical aspects and market conditions.

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Report of the statutory auditor to the Board of Directors of Bank of Cyprus Public Company Ltd on the review of the interim condensed consolidated financial statements as of 31 March 2016 and for the three-month period then ended

Introduction

We have reviewed the interim condensed consolidated financial statements of Bank of Cyprus Public Company Ltd (the 'Company') and its subsidiaries (together with the Company the 'Group') on pages 1 to 85, which comprise the interim consolidated balance sheet as at 31 March 2016, the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. These statements show a consolidated balance sheet with total equity of €3.124 million and with total assets of €22.670 million as at 31 March 2016 and a consolidated net profit for the three-month period then ended of €50.562 thousand. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance International Financial Reporting Standards applicable to interim financial reporting, IAS 34 Interim Financial Reporting ("IAS 34") as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

Emphasis of matter

We draw your attention to note 6 to the interim condensed consolidated financial statements, which discusses the significant judgments, estimates and assumptions used in the preparation of the interim condensed consolidated financial statements and the related uncertainties. Our conclusion is not qualified in respect of this matter.

Savvas Pentaris
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
31 May 2016