ATHEXCSD
Central Securities Depository

2016 ANNUAL FINANCIAL REPORT

For the period 1 January 2016 - 31 December 2016
In accordance with the International Financial Reporting Standards

HELLENIC CENTRAL SECURITIES DEPOSITORY SA
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1. DECLARATIONS BY MEMBERS OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL STATEMENTS OF 31.12.2016 AND THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

(in accordance with article 4 §2 of Law 3556/2007)

WE DECLARE THAT

1. To the best of our knowledge, the annual Financial Statements, which have been prepared in accordance with the applicable International Financial Reporting Standards, present accurately the assets and liabilities, the equity as at 31.12.2016 and the results of the fiscal year 2016 of "HELLENIC CENTRAL SECURITIES DEPOSITORY S.A.".
2. To the best of our knowledge, the attached report of the Board of Directors for the fiscal year 2016 presents accurately the course, performance and position of the Company "HELLENIC CENTRAL SECURITIES DEPOSITORY S.A.", including the description of main risks and uncertainties that the Company faces.
3. To the best of our knowledge, the attached Financial Statements for the fiscal year 2016 are those that were approved by the Board of Directors of "HELLENIC CENTRAL SECURITIES DEPOSITORY S.A." on 27.03.2017.

Athens, 27 March 2017

THE	THE	THE
CHAIRMAN OF THE BOARD	**CHIEF EXECUTIVE OFFICER**	**MEMBER OF THE BOARD**
IAKOVOS GEORGANAS	**SOKRATIS LAZARIDIS**	**NIKOLAOS PORFYRIS**
ID CARD No. X-066165	**ID CARD No. AK -218278**	**ID CARD No. AK 129341**

2. MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

OF “HELLENIC CENTRAL SECURITIES DEPOSITORY S.A.” FOR THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2016 (in accordance with Article 4 of Law 3556/2007)

The Board of Directors of "HELLENIC CENTRAL SECURITIES DEPOSITORY S.A." (ATHEXCSD) presents its annual report with regard to the financial statements for the year ended on 31.12.2016 pursuant to articles 43a and 136 of Codified Law 2190/1920.

The financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union.

THE GREEK STOCK MARKET

The Athens Exchange General Index closed on 31.12.2016 at 643.6 points, increased by 1.9% from the 631.4 points at the end of 2015. The average market capitalization came to €41.3 billion, a drop of 5.7% compared to 2015 (€43.8 billion).

The total traded value in 2016 (€15.1 billion) is decreased by 20.9% compared to 2015 (€19.1 billion), while the average daily traded value in 2015 reached €60.5 million contrasted with €85.7 million in 2015, showing a decrease of 29.4%.

It should be noted that in 2015 the Athens Exchange remained closed for 25 business days (the last 2 days of June and throughout July) due to the enforced bank holiday and the imposition of restrictions on capital movements (capital controls).

In the derivatives market, despite the increase of the total trade volume by 3.3% (2016: 15.8 million contracts, 2015: 15.3 million contracts), the price drop in the underlying stock market led to a reduction of the average revenue per contract by 40% (2016: €0.105, 2015: €0.175). The average daily traded volume decreased by 7.4% (63.5 thousand contracts) compared to 2015 (68.6 thousand contracts).

BUSINESS DEVELOPMENTS IN 2016

Modifications in the Dematerialized Securities System (DSS) Regulation in accordance with decisions 1/736/2.11.2015 (Government Gazette B' 2558/26.11.2015) & 7/759/29.6.2016 (Government Gazette B' 2130/11.07.2016) of the Board of Directors of the Hellenic Capital Market Commission (HCMC), and decision 6/27.06.2016 of the Board of Directors of Hellenic Central Securities Depository (HCSD) as in force since 30.6.2016.

As part of the particular project, which forms part of the preparation of the Group in order to timely implement (in 2017) the necessary adjustment to the operation of the Greek capital market in accordance with Regulation 909/2014 of the European Parliament and Council concerning Central Securities Depositories (CSD Regulation or CSDR), the main changes to the DSS Rulebook of Operation which gradually, from 2.11.2015 until 2.1.2017, are being implemented and go into effect, concern the following:

- More precise definition of the services provided by the DSS Administrator, through the registration of securities in the Special Investor Account in order to: a) not provide the option to transfer securities to the Special Investor Account solely for safekeeping purposes; b) eliminate the phenomenon of the existence of Investor Accounts in the DSS that do not have an Operator. Given that in the new environment under the CSDR Regulation ATHEXCSD will not be able to operate, as it does today, as Operator of the Special Account, together with the campaigns by Operators to their clients, relevant information campaigns will be undertaken by ATHEXCSD (as DSS Administrator).
- Establishment of additional obligations by DSS operators concerning the registration of Investor Account data, and the timely update in the DSS, as soon as their investors-clients inform them of changes, and at least once (1) a year.
- Improvement in the cash distribution services provided to listed companies, especially for beneficiaries that do not wish to collect the cash distributions through their Operators, resulting in a significant number of beneficiaries ultimately never receiving the amounts they are entitled to, out of ignorance concerning the corporate actions, or failure to receive the information on time. In particular, provided that there are reasons for not imposing the obligatory collection of cash distributions to shareholders exclusively through one Operator, aiming to modernize the existing

framework to the benefit (savings in time and total cost) of beneficiaries, the option is provided for the declare and register in the DSS through an Operator of at least one (1) International Bank Account Number (IBAN) in which the beneficiary wishes to collect the amounts being distributed. In order for beneficiaries to exploit the options provided, alongside the information campaigns by Operators to their clients, relevant information campaigns are being planned by ATHEXCSD (as DSS Administrator).

- Establishment of additional obligations for the DSS Administrator (ATHEXCSD), arising from Law 4182/2013 "Code of communal property, vacant succession and other provisions") for the smooth execution of transfers by inheritance, bequest or near universal succession. In particular, the changes concern the provision, on receiving notice of an investor's death, for the DSS to register on the Investor's Account in DSS, indication of the date of death, the date of death notification, as well as the last action (securities transfer due to inheritance or provision of information) made by the legal heirs of the deceased.

Execution of complex corporate actions of Athens Exchange listed companies, through the links of ATHEXCSD with foreign capital markets, and provision of Depository services on foreign securities ("Investor CSD services")

The following corporate actions are indicatively mentioned:

- February 2016: Cross-border merger of ELVAL with VIOHALCI (by absorption of the first by the second).
- December 2016: Cross-border merger of CORINTH PIPEWORKS and HELLENIC CABLES with CENERGY HOLDINGS (by absorption of the first two by the latter).
- November 2016 – March 2017: Delisting of the BANK OF CYPRUS from the Athens Exchange, creation of a new parent company and listing/trading of the shares at LSE (together with CSE).

Improvement and expansion of existing Depository services on foreign securities ("Investor CSD services") by ATHEXCSD, as part of the expansion of the services provided by the XNET Network

The actions and projects concern:

- Improvement of the operational infrastructure of the services provided to existing XNET Network markets, especially to cover the needs in the existing framework of capital controls.
- The expansion of services into new markets, in SE Europe (Romania, Bulgaria, FYROM, Croatia, Serbia) as part of the SEELink Network, as well as in the Middle East (Iran).

Use of the existing infrastructure of "Hellenic Central Securities Depository S.A. (ATHEXCSD)" for the provision of registration services of non-listed securities, in accordance with Decision No. 3 of the Board of Directors of the Company.

Indicatively mentioned is the provision of services to the Company "SELONDA ACQUACULTURE."

ATHEXCSD – CSDI (Iranian CSD) link settlement technical model

2. Advisory services to the Central Securities Depository of Iran (CSDI) with the goal of facilitating the project of connecting the depositories for securities and cash settlement, corporate actions and Registry. From ATHEX the technical model at the level of ISO 15022 messages that will be used for the connection was defined and provided for consultation with the Iranian side. Even though it has not been put into production, pending the finalization of the connection, the agreement on a technical model whose implementation is feasible without significantly differentiating the manner by which other connections in western markets operate will support the opening of the Iranian market to international investors through Greece.

Implementation of a paperless office with the use of remote signing

The goal of the project is to transform all communication processes that make use of a manual signature (proposal memos, committee minutes, approvals etc.) into digital processes incorporating workflow technologies and "remote digital signature" – remote (server site) signing at the Group (i.e. the use of a recognized digital signature without an intermediary medium or device such as smart card / smart reader, USB token etc). The electronic movement of documents will, besides improving process execution in time and cost, also assist, through automated categorization and filing, in the creation of a reliable repository of documents, with the option version control, browsing and search, which is a compliance issue in EU Regulations EMIR and CSDR.

It is noted that this particular remote digital signature technology, over the past year and a half is enjoying widespread acceptance in Europe/Americas, while the competent regulating authority has defined a new international standard (ETSI EN 419).

At the same time, the Athens Exchange as Certification Authority (CA) signed on 6 June 2016 a Memorandum of Cooperation with DocuSign (www.docusign.com), a leader in digital signature and workflow collaboration worldwide. The goal of this strategic collaboration, as part of which the Athens Exchange as a provider of Digital Signatures/ Certificates will participate as the only Trusted Service Provider (TSP) from Greece, in a closed network of TSPs worldwide, is to further promote and provide digital signatures / certificates, both in Greece as well as abroad.

Migration of the DSS to a web environment

The technological opening of access allows project development and provision of services to members and markets to which it was not until now possible, but also provides greater flexibility to current users of DSS and reduces operating risk.

The development of a client application of the Dematerialized Securities System (DSS) with the use of internet technologies has made it possible to provide safe access to post-trading processes to a greater number of clearers and custodians, beyond the geographical and technological restrictions of the closed ATHEX Exchange Trade Network. In addition, it upgraded the DSS core software to the latest version supported by the provider Oracle.

In order to complete the project and put the platform into production, a full review of the system (forms, processes, reports) was required, in order to ensure its correct operation.

During the first six months of 2016, the audit of the applications was completed, and issues with the translation and with the transition to the new environment were corrected.

In addition, in order to familiarize users with the new environment, Clearing Members and DSS Operators were given the opportunity to carry out tests over a two month period (March & April) in the test environment.

Lastly, a general test was carried out, in order for Clearing Members and DSS Operators to have the opportunity to carry out technical controls, so as to try out the new version before its activation in the production environment. In order to support the general test, a number of scenaria had to be prepared, and the manuals that described the clearing procedures had to be updated in order to be consistent with the changes.

On 23.5.2016 the new environment for internal users went into production; on 30.5.2016 it went into production for external users.

Participation in the Working Group of the General Secretariat of Public Revenues/Ministry of Finance for the timely preparation and fulfilment of obligations of the Athens Exchange Group and the participants in the Greek market, with respect to the Automatic Exchange of Financial Information in accordance with the relevant legislation.

The relevant actions and projects include the following:

- The agreement between Greece and the United States for the implementation of the Foreign Account Tax Compliance Act (FATCA), as it is expected to be transposed into the Greek legislation shortly.

- The Directive 2011/16/EU as it has been amended by Directive 2014/107/EU, as those have been transposed into the Greek legislation with Law 4170/2013 and Law 4378/2016.
- The Multilateral Competent Authority Agreement - OECD (Common Reporting Standard), as it has been transposed into the Greek legislation with Law 4428/2016.

COMMENTS ON THE RESULTS

Earnings Before Interest and Taxes (EBIT) for the fiscal year 2016 of ATHEXCSD came to €1.7 million compared to €7.0 million in the respective period of last year, recording a drop of 75.0%, which is mainly due to the reduction in revenues from the flat settlement fee as a result of the decrease in the revenue of ATHEXClear (clearing house), on which it is calculated.

Other factors that contributed to the decline in profits in 2016 compared to the same period last year include the reduction in revenue from fees for rights issues by €1 million and the provision for a bad debt of €824 thousand concerning a claim against the Greek State.

According to the decision of the Board of Directors of ATHEXCSD, the flat annual settlement fee is calculated at 81% of the revenue from the clearing of trades accruing in the clearing house, with a minimum payable amount of €7.5 million and a maximum payable amount of €15.0 million per year.

For 2016, due to the significant drop in transactions and, therefore, in the revenue of the Company ATHEXClear, the minimum amount of €7.5 million was applied, with the result that ATHEXCLear records losses. Thus ATHEXClear requested a discount from ATHEXCSD and with decision of the Board of Directors a discount of €2.0 million was allowed in order for ATHEXClear to avoid recording a loss due to this particular intra-group transaction. As a result of this, the revenue from the flat annual settlement fee was reduced by €2.0 million and limited to the amount of €5.5 million, recording a decrease of €2.8 million compared to last year.

At the same meeting, the Board of Directors decided to change the method of calculation of the flat annual settlement fee for 2017 to 60% of the clearing revenue with an annual minimum at €3 million and an annual maximum at €15 million.

Net profit after tax came to €1.1 million in the fiscal year 2016 contrasted with a profit of €5.5 million in the previous fiscal year.

Revenue

The total turnover of the Company reached the amount of €11.1 million compared to €15.6 million of the respective period last year, showing a decrease of 28.5% which is mainly due to the decrease in revenues from the flat settlement fee.

Expenses

The operating expenses of the Company in 2016 came to €7.9 million compared to €7.5 million of the previous fiscal year, showing an increase of 6.3%, mainly due to a provision for a bad debt of €824 thousand concerning a claim against the Greek State.

Personnel remuneration and expenses came to €3.8 million compared to €4.2 million of the same period of last year, showing a decrease of 8.8%.

The tax rate that was applied for the calculation of net profit after tax is 29%.

SHARE CAPITAL

The share capital of the Company amounts to €24,078,000 and consists of 802,600 shares of a nominal value of €30.00 each. The share capital of the Company did not change during 2016.

DIVIDEND POLICY

The Ordinary General Meeting of 25.05.2016 decided at its unsolicited universal meeting the payment of dividend in the amount of €4,013,000 or €5.00 per share. The dividend was paid on 30.06.2016 to the Athens Exchange as the sole shareholder of the Company.

TRANSACTIONS BETWEEN ASSOCIATED PARTIES

Total trades with associated parties amount to €306 thousand and concern the remuneration of executives, compared to €361 thousand in the respective period last year. Apart from these transactions, no other transactions were carried out with associated parties as defined in IAS 24, which could materially affect the financial position or the performance of the Company during that period.

USE OF FINANCIAL INSTRUMENTS

The Company does not use financial instruments for the valuation of assets and liabilities or of the financial position or of the profit and loss account and, therefore, does not use hedge accounting.

OUTLOOK FOR 2017

The prospects of the Company are shaped by the interventions that are taking place at the European Union level in the regulatory framework, with the focus by the European Commission in the possibility of financing small and medium sized enterprises in Europe with equity, due to the continuing deleveraging in the banking system, to overall developments in the international macroeconomic environment and of course in Greece.

Under such conditions, the Company endeavours to reduce its cost of operation, to ensure the well ordered operation of its markets, to provide added value services, to utilize its infrastructure improving it with the addition of new products and services, and to fulfil effectively its role in the transfer of investment resources to the productive fabric of Greece.

The EMIR Regulation, which directly affects the Athens Exchange Group that the Company belongs to, which directly affects the Company, and whose implementation has already begun with the approvals by the Hellenic Capital Market Commission of the Cash and Derivatives Clearing Regulations, creates a single European environment for the structure, licensing, operation and supervision of the Clearing Houses, while the CSDR under development creates a similar environment for the Depositories.

The adaptation of the Group to the new models of operation creates opportunities for developing new undertakings and collaborations and the conditions for effective and profitable operation in an international environment of increased security and reduced risk.

The deterioration of the Greek economy during the last years significantly affected the trading activity and share prices on the Athens Exchange. The decline of share values also had a negative impact on the cash and derivatives markets, from which the Athens Exchange Group derives a significant part of its revenues.

The exceptional organization of the Group, the unhindered operation of the stock market, the continuous investment in modern equipment and processes, the absence of debt liabilities, the acknowledgement of its reliability by internationally recognized rating agencies, as well as the liquidity that it possesses, are the guarantee for lasting survival with significant benefits for the shareholders. The recent economic crisis has a negative impact on the profitability of the Group but it is nonetheless expected that, with the implementation of the agreed actions in the EU and within the Eurosystem, any obstacles will be overcome and the country will return to growth supported by the necessary structural reforms, which are gradually legislated.

TURNOVER - RISKS AND UNCERTAINTIES

The revenues of the Company and the Group in general are determined by to a large extent by factors that cannot be influenced, as they are connected with the developments of the volumes of the Greek capital market, which are in turn affected by a number of factors, such as the main financial figures of listed companies, the fundamental macroeconomic elements of the Greek economy as well as the developments in the international capital markets.

Major sources of revenue for the Company, apart from over-the-counter transactions (trading outside the stock exchange) carried out on the markets of the Athens Exchange, are the flat settlement fee and the trade notification instructions. The company also derives revenues from the In Broker service and the Colocation service. In contrast to revenues, the amount of which cannot be controlled by the Companies of the Group, on the cost side concerted efforts are made for rationalization, with the aim to improve the financial results of the Company and the Group even in adverse market conditions.

The economic crisis afflicting the Greek economy during recent years has increased the risks for foreign and local investors resulting in a significant decrease in the volume of stock market transactions as well as in the number of corporate actions of listed companies other than banks.

RISK MANAGEMENT

Financial risk factors The Company is exposed to a limited range of financial risks. The usual risks that the Company is theoretically exposed to are market risk (changes in exchange rates, interest rates and market prices), credit risk, liquidity risk, cash flow risk.

The overall risk management programme of the Company is implemented by the relevant departments of the Company and its basic elements are described in detail below:

Foreign exchange risk This risk does not affect materially the operations of the Company, given that the transactions with customers and suppliers in foreign currency are minimal.

Price risk The Company is not exposed to risk of change in the prices of securities.

Credit risk The turnover of the Company mainly consists of trades in the cash market and payments are made to the Athens Exchange. On this basis, the credit risk is estimated to be minimal.

Liquidity risk Liquidity risk is kept at low levels by maintaining adequate cash balances, and at the same time revenues from transactions are collected promptly.

Cash flow risk and risk of changes in fair value due to changes in interest rates The operating revenues as well as the cash flows of the Company are independent of changes in interest rates.

CORPORATE SOCIAL RESPONSIBILITY

Corporate responsibility is a basic characteristic that is common to all advanced societies and economies and concerns the ongoing effort to improve the economic climate, cultivate an open dialogue with interested parties and the active participation of companies in the society.

Given that corporations are entities inextricably linked with the societies in which they operate, affecting and being affected by the conditions of the time and the area of their operation, they must recognize their responsibilities towards society and the environment. One of the axes through which the social responsibility of corporations is expressed, is Corporate Social Responsibility (CSR).

At the Group, we believe that Corporate Social Responsibility concerns us all. It is our responsibility for our impact on society and the environment. Our Group operates in a constantly changing global environment and is confronted every day with challenges concerning its effectiveness as well as its function as an integral part in social and economic developments. In this environment, the trend that now prevails worldwide is that corporations should be encouraged to undertake more Corporate Social Responsibility initiatives since their decisive role and contribution to social challenges is recognized.

For us at the Group, Corporate Social Responsibility is directly related to the concept of sustainable development, involves voluntary actions and consists a strategic choice of ours. We have created and maintain an action plan that concerns the environment, the people and education:

- We try to contribute in the alleviation of poverty by supporting the work of volunteer organizations that provide support to our fellow human beings.

- We continue our efforts for the protection of the environment through everyday recycling activities and by adopting new workplace methods intended to save energy.
- We promote and support a programme for offering information and education to schoolchildren, university students and members of the market aiming to develop the stock market culture.
- As an active member of the Greek Network for Corporate Social Responsibility we support its efforts which are aimed at boosting awareness of the Corporate Social Responsibility both in businesses and in the society in general, as well as at attaining a balance between profitability and sustainable development.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET

Due to the decline in stock exchange transactions, on which the ATHEXClear clearing revenue is calculated, the minimum charge of €7.5 million was applied for the flat annual settlement fee paid by ATHEXClear to the Company, as a result of which ATHEXClear records significant loss. ATHEXClear requested by letter a discount of €2.0 million from the Company, the Board of which accepted to allow the discount. As a result of the above, the revenue from the flat annual settlement fee was limited to the amount of €5.5 million for the Company for the fiscal year 2016.

Subsequently the Board of Directors decided to change the method of calculation of the flat annual settlement fee for 2017 to 60% of the clearing revenue with an annual minimum at €3 million and an annual maximum at €15 million and the relevant amendment to Decision 1 on ATHEXCSD fees.

There is no other event with any significant impact on the results of the Company, which occurred or was concluded after 31.12.2016, the date of the financial statements for 2016, and until the approval of the financial statements for 2016 by the Board of Directors of the Company on 27.03.2017.

Athens, 27 March 2017

The Board of Directors

3. AUDIT REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
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INDEPENDENT AUDITOR'S REPORT

(free translation of the Greek original)

To the Shareholders of
"HELLENIC CENTRAL SECURITIES DEPOSITORY S.A (ATHEXCSD)"

Report on the Financial Statements

We have audited the accompanying financial statements of the Company **"HELLENIC CENTRAL SECURITIES DEPOSITORY S.A (ATHEXCSD)"**, which comprise the statement of financial position as at December 31, 2016, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **"HELLENIC CENTRAL SECURITIES DEPOSITORY S.A (ATHEXCSD)"** as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the Board of Directors report has been prepared in accordance with the legal requirements of the article 43a of Codified Law 2190/1920 and its content is consistent with the accompanying Company's financial statements of the year end 31/12/2016.

b) Based on the knowledge we obtained from our audit of **"HELLENIC CENTRAL SECURITIES DEPOSITORY S.A (ATHEXCSD)"** and its environment, we have not identified any material misstatements to the Board of Directors Report.

Athens, 27 March 2017

The Certified Auditor Accountants

DIMITRIOS CONSTANTINOU
S.O.E.L R.N. 16201

VASSILIOS KAMINARIS
S.O.E.L R.N. 20411

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
Chimarras 8B, 151 25, Marousi Athens
COMPANY S.O.E.L. R.N. 107

4. ANNUAL FINANCIAL STATEMENTS

For the period 01 January 2016 - 31 December 2016

In accordance with the International Financial Reporting Standards

4.1. ANNUAL STATEMENT OF COMPREHENSIVE INCOME

	Note:	01.01 31.12.2016	01.01 31.12.2015
Revenue			
Settlement	5.6	7,503	10,727
Depository Services	5.7	2,085	3,211
IT Services	5.8	46	51
New Services (Xnet, CP CSE-Sibex, IT)	5.9	880	926
Other Services	5.10	607	644
Total turnover		**11,121**	**15,559**
Hellenic Capital Market Commission Fee	5.11	(98)	(110)
Total revenue		**11,023**	**15,449**
Expenses			
Personnel remuneration and expenses	5.12	3,788	4,154
Third party fees and expenses	5.13	101	71
Utilities	5.14	633	764
Maintenance/IT support	5.15	302	289
Taxes	5.16	388	330
Building/equipment management	5.17	419	489
Marketing and advertising expenses	5.18	17	20
Expenses of participation in organizations	5.19	373	317
Insurance premiums	5.20	17	14
Operating expenses	5.21	144	333
Bank of Greece - cash settlement	5.22	56	55
Other expenses	5.23	60	40
Total operating expenses excluding new activities and depreciation		**6,298**	**6,876**
Expenses of New Services (Xnet, CP CSE-Sibex, IT)	5.24	684	714
Re-invoiced expenses	5.25	114	14
Provision for bad debts	5.30	824	(154)
Total operating expenses including new activities excluding depreciation		**7,920**	**7,450**
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**3,103**	**7,999**
Depreciation	5.27	(1,359)	(1,014)
Earnings before interest and taxes (EBIT)		**1,744**	**6,985**
Capital income	5.31	170	340
Revaluation of real estate - Profit/(Loss)	5.27	0	691
Financial expenses	5.31	(1)	(3)
Earnings before tax (EBT)		**1,913**	**8,013**
Income tax	5.26	(809)	(2,511)
Profit after tax (A)		**1,104**	**5,502**

Net profit after tax (A)		**1,104**	**5,502**
Actuarial Gains/(Losses) from employee compensation provision		7	53
Income tax impact (note 5.26)		(2)	(15)
Other net comprehensive income (B)		**5**	**38**
Total comprehensive income (A) + (B)		**1,109**	**5,540**

The notes on pages 22 to 61 form an integral part of these annual summary financial statements of 31.12.2016.

(Amounts in thousand euro unless otherwise noted) 18

4.2. ANNUAL STATEMENT OF FINANCIAL POSITION

	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Tangible assets for own use	5.27	21,711	22,708
Intangible assets	5.27	1,165	1,012
Participations and other long-term receivables	5.28	57	57
		22,933	**23,777**
Current assets			
Clients	5.30	2,036	5,228
Other receivables	5.30	2,582	6,830
Income tax receivable	5.26	1,007	1,227
Cash and cash equivalents	5.31	18,271	18,364
		23,896	**31,649**
TOTAL ASSETS		**46,829**	**55,426**
EQUITY AND LIABILITIES			
Equity and reserves			
Share Capital	5.32	24,078	24,078
Reserves	5.32	9,390	9,115
Retained earnings	5.32	6,280	9,459
Total equity		**39,748**	**42,652**
Non-current liabilities			
Grants and other long-term liabilities	5.33	13	37
Provisions	5.34	743	732
Deferred tax assets	5.29	1,711	1,873
		2,467	**2,642**
Current liabilities			
Suppliers and other liabilities	5.35	4,427	9,954
Social security		187	178
		4,614	**10,132**
TOTAL LIABILITIES		**7,081**	**12,774**
TOTAL EQUITY & LIABILITIES		**46,829**	**55,426**

The notes on pages 22 to 61 form an integral part of these annual summary financial statements of 31.12.2016.

(Amounts in thousand euro unless otherwise noted) 19

4.3. ANNUAL STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share premium	Reserves	Retained earnings	Total Equity
Balance 01.01.2015	**24,078**	**0**	**8,625**	**13,478**	**46,181**
Profit for the period				5,502	5,502
Other comprehensive income after tax				38	38
Total comprehensive income after tax	**0**	**0**		**5,540**	**5,540**
Dividend distribution	0			(9,069)	(9,069)
Profit distribution to reserves			490	(490)	
Balance 31.12.2015	**24,078**	**0**	**9,115**	**9,459**	**42,652**
Profit for the period				1,104	1,104
Other comprehensive income after tax				5	5
Total comprehensive income after tax	**0**	**0**	**0**	**1,109**	**1,109**
Profit distribution to reserves			275	(275)	0
Dividend distribution (5.36)				(4,013)	(4,013)
Balance 31.12.2016	**24,078**	**0**	**9,390**	**6,280**	**39,748**

The notes on pages 22 to 61 form an integral part of these annual summary financial statements of 31.12.2016.

(Amounts in thousand euro unless otherwise noted) 20

4.4. ANNUAL CASH FLOW STATEMENT

(In thousand €)	Note	01.01.2016-31.12.2016	01.01.2015-31.12.2015
Cash flows from operating activities			
Profit before tax		1,913	8,013
Plus/(minus) adjustments for:			
Depreciation	5.27	1,359	1,014
Provisions for staff compensation	5.12	(19)	32
Adjustment of assets	5.27		(691)
Amortization of grants	5.33	24	24
Interest income	5.31	(170)	(340)
Interest paid and related expenses	5.31	1	3
Plus/(minus) adjustments for changes in working capital accounts or relating to operating activities			
Increase/Decrease in liabilities		7,440	646
Decrease in liabilities (except loans)		(5,518)	2,186
Total adjustments for changes in working capital accounts		**5,030**	**10,887**
Interest and related expenses paid	5.31	(1)	(3)
Payments for employee compensation		(45)	(114)
Income taxes paid		(719)	(6,269)
Net inflows/outflows from operating activities (a)		**4,265**	**4,501**
Purchase of tangible and intangible assets	5.27	(515)	(477)
Interest received	5.31	170	340
Total inflows/(outflows) from investing activities (b)		**(345)**	**(137)**
Financing activities			
Dividend payments	5.36	(4,013)	(9,069)
Total outflows from financial activities (c)		**(4,013)**	**(9,069)**
Net increase/(decrease) in cash and cash equivalents at beginning of period (a) + (b) + (c)		**(93)**	**(4,705)**
Cash and cash equivalents at beginning of period	**5.31**	**18,364**	**23,069**
Cash and cash equivalents at end of period	**5.31**	**18,271**	**18,364**

The notes on pages 22 to 61 form an integral part of these annual summary financial statements of 31.12.2016.

5. NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2016

5.1. GENERAL INFORMATION ABOUT THE COMPANY

The Company “HELLENIC CENTRAL SECURITIES DEPOSITORY S.A.” was established in 1995 and is registered in the General Electronic Commercial Registry (G.E.MI.) with number 057958104000. After the restructuring of the Athens Exchange Group, the Company is headquartered in the Municipality of Athens and its offices are located at No. 110 of Athens Avenue. The purpose of the Company included the following:

- The provision of services for the support of operation of organized markets.
- The settlement of trades on transferable securities carried out in the Athens Exchange or other stock exchanges or organized cash markets.
- The settlement of over-the-counter trades on transferable securities.
- The provision of registration and settlement on dematerialized securities, listed and non-listed on the Athens Exchange or on other exchanges or other organized cash markets.
- The provision of services in respect of: distribution of dividends, interest payment, distribution of securities, intermediation in the transfer of stock options or rights to subscribe without consideration and the performance any activity related to the above.
- The development, management and operation of the computer and operating system for registering dematerialized securities.
- The performance of commercial activities for the promotion and provision of services relating to software and use/transmission of Market Data from Greece and overseas as a Data Vendor, as well as the promotion, distribution, support, monitoring, operation and marketing in general of products, systems and customized software applications in accordance with relevant licences for their resale and marketing by the Company.

The annual financial statements of the Company for the fiscal year 2016 have been approved by the Board of Directors at the meeting of 27.03.2017. The financial statements of the Company are included in the Consolidated Financial Statements prepared by the Athens Exchange Group and have been posted on the Internet at www.athexgroup.gr.

Dematerialized Securities System Administrator

After the restructuring of services of the HELEX Group, the Company acquired the status of the Central Securities Depository, which provides Settlement and Registry services, and the status of the Manager of the Dematerialized Securities System in accordance with the applicable provisions of the law and the resolution No. 667/09.12.2013 of the Board of Directors of the Hellenic Capital Market Commission (Government Gazette 3307/B/24.12.2013).

According to decision 1 on “management and operation fees to DSS” in Article 1 for the settlement services provided by the Company to clearing houses, a flat annual settlement fee is paid, calculated at 81% of the revenues from clearing received by the clearing house, with a minimum payable amount of €7.5 million and a maximum of €15.0 million. The revenues of the Company from the above-mentioned activity from ATHEXClear for 2016 amounted to €5.5 million (note 5.6).

5.2. BASIS OF PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and their interpretations as issued by the International Financial Reporting Interpretations Committee (IFRIC) of IASB and adopted by the European Union and are mandatory for fiscal years ending on December 31st 2016. There are no standards and interpretations of standards that have been applied before the date they go into effect.

The attached financial statements have been drafted on the basis of historical cost as modified by the revaluation of specific assets, equity and liabilities to fair values (commercial securities portfolio, assets available for sale) and the principle of "going concern".

The excellent organization of the Company and the Athens Exchange Group, the reliable operation of the capital market, the continuous investment in modern equipment and processes, the absence of loan liabilities, the recognition of its reliability by internationally recognized rating agencies, as well as the liquidity that it possesses, guarantee its survival in the long term, with significant benefits for shareholders. The recent economic crisis gripping the country, and the imposition of capital controls, create significant problems in the operation and profitability of the Group; however it is estimated that, with the agreed actions of the 3rd memorandum signed by the Greek government as part of the EU and within the Euro system, any obstacles will be overcome and the country will return to growth, supported by the necessary structural changes that are gradually being legislated.

The preparation of financial statements in accordance with the International Financial Reporting Standards requires that the Management of the Group make important assumptions and accounting estimates that affect the balances of the Asset and Liability accounts, the disclosure of contingent claims and liabilities on the preparation date of the Financial Statements, as well as the revenues and expenses presented in the fiscal year in question. Despite the fact that these estimates are based on the best possible knowledge of the management of the Company as regards the current conditions, actual results may differ from these estimates in the end.

Estimates and judgments are continuously evaluated, and are based on actual data and other factors, including anticipation of future events that are to be expected under reasonable conditions. The management of the Company estimates that there are no estimates and assumptions that involve a significant risk of causing material adjustments in the book values of the assets and liabilities.

The sectors that require a higher degree of judgment and where the assumptions and estimations are significant for the Financial Statements are noted below:

Income tax

Judgement is required of the Company for the establishment of the provision for income tax. There are many transactions and calculations for which the final assessment of the tax is uncertain. If the final tax figure is different from the amount initially recognized, the difference will affect the income tax in the fiscal year that the assessment of the tax differences will be made (note 5.26).

Provisions for trade and other receivables

The Management of the Group periodically reviews the adequacy of the provision for bad debts in conjunction with its credit policy and taking into consideration information provided by the Legal Department of the Group, which results by means of processing historical data and recent developments of the cases the managed by the Department (note 5.30).

Useful lives of tangible and intangible assets - Valuation

The Management makes certain estimates regarding the useful life of depreciable assets. These residual useful lives are periodically reassessed in order to estimate whether they continue to be appropriate. In addition, the Management evaluates the conditions in the real estate market and makes assessments in relation to the valuation of property (note 5.27).

Defined benefit plans

The cost of the benefits for defined benefits plans is calculated using actuarial estimates, which in turn use assumptions regarding the discount rates, the salary increase rates and the mortality rates. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty (note 5.12).

Impairment check for participations

The Company carries out the relevant impairment check on its participations when there are indications of impairment. In order to perform the impairment check, an assessment of the “value in use” of the subsidiaries is carried out. This assessment of the value in use requires an estimate of the future cash flows of each subsidiary and the selection of the appropriate discount rate, based on which the present value of the above mentioned future flows will be determined (note 5.28).

Deferred tax assets

Deferred tax assets are recognized due to unused tax losses to the extent that it is possible that taxable profits will be available in the future in order to be used against such losses. Significant estimates by the Management are required in order to ascertain the amount of deferred tax assets that may be recognized, based on the possible time and amount of future taxable profits in conjunction with the tax planning of the entity (note 5.29).

Employee compensation provision

Obligations for employee compensation are calculated based on actuarial methods, the use of which requires the Management to assess specific parameters, such as the future increase in employee remuneration etc. The Management endeavours, on each reporting date when this provision is reviewed, to assess these parameters in the best possible manner (notes 5.12 and 5.34).

Contingent liabilities

The existence of contingent liabilities requires the Management to make constantly assumptions and value judgements concerning the possibility that future events may or may not occur, as well as the impact that such events could have on the activity of the Company (note 5.34).

Estimations – sources of uncertainty

There are no significant assumptions that have been made in relation to the future or other sources of uncertainty of the estimations and which may cause significant risk for material adjustment in the book value of the assets and liabilities in the following fiscal year.

The economic crisis in the country intensifies uncertainty and concern, but after the agreement with the creditors in the EU and within the Eurozone, and with the completion of the review by the institutions, it is expected that Greece will gradually overcome any problems and supported by the important and necessary structural reforms will enter a phase of growth.

Going concern

The Management examines the main financial elements and, on occasion, the fulfilment of medium term budgets, together with the existing loan conditions, in order to arrive at the conclusion that the assumption of going concern is appropriate for use in preparing the annual financial statements of the Group and the Company.

It is expected that, after the agreement with the institutions, the conclusion of the third Memorandum of Understanding and the fulfilment of the commitments undertaken, the crisis that the Greek economy faces will gradually be overcome. The positive review of the programme by the institutions and the lifting of capital controls will help restore a healthy economic climate and environment in Greece. The Companies of the Group are very well placed in the domestic and international capital markets, and excellently organized so as to overcome any temporary difficulties they may face.

5.3. BASIC ACCOUNTING PRINCIPLES

The basic accounting principles adopted by the Group and the Company for the preparation of the attached financial statements are as follows.

5.3.1. Basis for consolidation

(a) Subsidiaries

The Consolidated Financial Statements include the Financial Statements of the Athens Exchange Group and its Subsidiaries. Subsidiaries are all companies (including special purpose vehicles) the operation of which the Group controls. The Group controls a company when it is exposed to, or has rights to, various returns of the company due to its participation in it and has the ability to affect these returns through its authority over the company.

Subsidiaries are fully consolidated from the date that control is transferred to the Group and cease being consolidated from the date that this control no longer exists.

The Group is using the acquisition method to account for business combinations. The acquisition price for a subsidiary is calculated as the total of the fair values of the assets transferred, liabilities assumed and participation titles issued by the Group. The consideration of the transaction also includes the fair value of the assets or liabilities that arise from a contingent consideration agreement.

In a business combination the costs related to the acquisition are expensed. The identifiable assets acquired, the liabilities and contingent liabilities are estimated at fair value on the acquisition date. In case of a non-controlling participation, the Group recognizes it either at fair value or at the equity share value of the company acquired.

If an acquisition takes place in stages, the book value of the assets of the company that is acquired and were held by the Group on the acquisition date is revalued at fair value. The profit or loss from the revaluation at fair value is recognized in the profit and loss statement.

Each contingent consideration given by the Group is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent consideration, which is considered an asset or a liability, is recognized either in accordance with IAS 39, in the profit and loss statement, or as a change in other comprehensive income. The contingent consideration that was classified as an asset is not revalued and its subsequent settlements are made within the equity.

Goodwill initially recognized in the acquisition cost is the excess amount of the total consideration that was paid and of the amount recognized as a non-controlling participation, against the net assets that were acquired and the liabilities assumed. Provided that the fair value of assets is higher than the total consideration, the profit from the transaction is recognized in the Statement of Comprehensive Income.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purposes of the impairment test, goodwill created from company acquisitions is distributed after the acquisition date to each cash generating unit of the Group that is expected to benefit from the acquisition, regardless of whether the assets or liabilities of the acquired firm are transferred to that unit.

If goodwill is allocated to a cash generating unit and part of the activity of that unit is sold, the goodwill associated with that part of the activity sold is included in its book value when determining profit and loss from the sale. In this case, the goodwill sold is calculated based on the relative values of the activity sold and the part of the cash flow generating unit that was maintained.

Any losses are allocated to the non-controlling participations, even if the balance becomes negative.

In the Statement of Financial Position of the Company, investments in subsidiaries are shown at the acquisition value less any impairment losses. The acquisition value is adjusted in order to incorporate the changes in the consideration from the changes in the contingent consideration.

The financial statements of the Subsidiaries are prepared on the same date and use the same accounting principles as the parent Company. Intra-group transactions, balance and accrued profit/ loss in transactions between the companies of the Group are eliminated.

(b) Changes in the participation in subsidiaries without change in control

Transactions with non-controlling participations as a result of which the Group maintains control of a subsidiary are considered equity transactions, i.e. transactions between owners. The difference between the fair value of the paid consideration and the part of the book value of the net assets of the subsidiary company that has been acquired is also recognized in equity.

(c) Sale of Subsidiaries

When the Group ceases to control a subsidiary company, and provided that it continues to maintain a participation in it, then the participation is recalculated at fair value at the time when control ceases and any subsequent change in book value is recognized in the results. For accounting purposes the fair value is the initial current value of the remaining participation in the associated Company, the joint venture or the financial asset. In addition, any amount previously recognized in other comprehensive income concerning that Company, is accounted using the same method that the Group would have used in case that the Group had sold directly the assets or liabilities of the Company. This may mean that the amounts previously recognized in other comprehensive income were reclassified in the results for the fiscal year.

5.3.2. Conversion of foreign currency

Functional and presentation currency

The figures in the Financial Statements of the companies of the Group are estimated in the currency of the financial environment in which each company functions (functional currency). The consolidated Financial Statements are presented in Euro, the functional currency of the Parent Company.

Transactions and balances

Transactions in foreign currencies are converted to the functional currency using the exchange rates current on the date of the transactions. Earnings and losses from the settlement of foreign currency transactions and from the valuation at the end of the fiscal year of cash Assets and Liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income. Foreign exchange differences resulting from non-cash items that are measured at fair value are deemed as part of the fair value and are consequently recorded together with fair value differences.

5.3.3. Fixed assets

Investments in Real Estate

Investments in real estate are deemed those relating to assets which are owned either for rental income or for capital gains or both. Only land and buildings are deemed as investments in real estate.

Investments in real estate are initially measured at cost. The initial cost also includes transaction expenses: professional and legal expenses, transfer taxes and other direct costs.

After the initial assessment, the investments in real estate are estimated at acquisition cost less accumulated depreciation and any provisions of impairment of their value.

Transfers to investments in real estate only take place when the purpose of their use changes, as demonstrated with the end of their use, the start of a long term financial lease to third parties or the completion of their construction or development. Transfers from investments in real estate only take place when there is a change in use, as demonstrated by the start of their use by the Group or the start of development with the intent to sell.

For a transfer from investments in real estate that is presented at true value to owner-occupied property, the cost of the property for subsequent accounting treatment (in accordance with IAS 16) is the acquisition cost less accumulated depreciation.

Depreciation of investments in real estate (except land which is not depreciated) is calculated using the straight line method for the duration of their useful life, which is estimated at 25 years.

The useful life of investments in real estate and their salvage values are revised annually. When the book value of investments in real estate exceeds their recoverable value, the difference (impairment) is recognized as an expense in the Statement of Comprehensive Income.

Because of the expected drop in the value of land and buildings as a result of the economic crisis, the Group decided to assign a study for the assessment of the market value of its real estate, in accordance with IFRS 13, to independent recognized appraisers. The study was delivered in the beginning of March 2016, while the Group and the Company adjusted the value of its property as at 31.12.2015 in accordance with the outcome of the study.

Tangible assets for own use

Real estate (land and buildings) as fixed assets are recorded at their adjusted values in the first application of the IFRS and then at fair value.

Due to the continuing economic crisis in the country and the resulting drop in the value of land and buildings, the Group decided to assign a study for the assessment of the commercial value of its real estate, in accordance with IFRS 13, to independent recognized appraisers. The study was completed and delivered in the beginning of March 2016, but nonetheless the Group adjusted the value of the real estate as at 31.12.2015 in accordance with the outcome of the study in order to record in the balance sheet the fair value of the real estate.

Although the valuation study did not reveal any significant total discrepancy with the book value of the real estate at the Group level as recorded in the accounts, it revealed however significant deviations in particular buildings, as well as significant value differences between land and buildings in the same properties. Specifically, the assessment significantly reduces the value of the plots of land at the Group level and at the same time increases the value of the buildings and, as a result, in the following years the Group will be required to record increased depreciations.

Note 5.27 includes the estimates of the commercial value of the real estate of the Group, as assessed in the study of the independent real estate appraisers that was delivered to the Company in the beginning of March 2016.

The other tangible assets for own use are presented in the financial statements at their fair value less accumulated depreciation and any provisions of impairment of their value.

The acquisition cost includes all directly attributable expenses for the acquisition of the assets.

Subsequent expenses are recorded in addition to the accounting value of the tangible assets (Property, Plant and Equipment) or as a separate asset only if it is considered possible that the Company will have financial benefits and their cost can be measured reliably.

The repair and maintenance costs are recorded in the Statement of Comprehensive Income when incurred.

The depreciation of other tangible assets (excluding land which is not depreciated) is calculated using the straight-line method over their estimated useful life.

Following the implementation of the Tax Law 4110/2013 (Article 3, paragraph 24), which was brought into effect on 23 January 2013 in Greece, the Group and the Company proceeded to harmonize the useful life of tangible assets with those in the new tax law. In accordance with the Income Tax Code, Law 4172/23.07.2013, Article 24, paragraph 4, which came into effect on 01.01.2014, the depreciation rates were once again modified. The current useful lives of tangible assets are shown below:

	Useful Life after 01.01.2014
Buildings and technical works	25 years or 4%
Machinery	5 years or 20%
Transportation means	6.25 years or 16%
Other equipment	5-10 years or 20-10%

The useful life and residual values of tangible assets are revised annually. When the book value of the fixed assets exceeds their recoverable value, the difference (impairment) is entered as an expense in the Statement of Comprehensive Income.

Upon withdrawal or sale of an asset, the associated cost and accumulated depreciation are deleted from the relevant accounts at the time of withdrawal or sale and the respective profit or loss is recorded in the Statement of Comprehensive Income.

5.3.4. Intangible assets

Intangible assets include software licenses valued at the acquisition cost less amortization. Amortization is calculated using the straight line method during the useful life of these assets, which is estimated at approximately 3 years. It is stressed that consistent with the Income Tax Code, Law 4172/23.07.2013, the mandatory amortization rates for the intangible assets/rights and multi-annual amortization expenses were reduced to 10%.

5.3.5. Impairment of non-financial assets

The Company and the Group examine at each date of the financial statements whether there are impairment indications for non-financial assets. The recorded values of assets are revised for any impairment whenever events or changed circumstances indicate that the recorded value may not be recoverable. When the book value of an asset exceeds its recoverable value, an impairment loss is recorded in the Profit and Loss Statement. The recoverable amount is estimated as the maximum between the fair value less sale expenses and the value in use. The fair value less sale expenses is the amount resulting from the sale of an asset in an independent transaction between informed and willing parties, after the deduction of all additional direct sale expenses, while the value in use is the present value of the estimated future cash flow expected to result from the continuing use of the asset and its disposal at the end of its useful life. For the assessment of the impairment, the assets are grouped at the lowest level for which there are discrete identifiable cash flows. The Group carries out on a regular basis an assessment of the fair value of the real estate in its possession. The last report on the assessment of the real estate of the Company and the Group by independent appraisers was received on 11.03.2016.

5.3.6. Financial instruments

The financial instruments are presented as receivables, liabilities or elements of equity, based on the substance and content of the relevant contracts under which they arise. Interest, dividends, profits or losses resulting from the financial products which are characterized as receivables or liabilities are entered in the accounts as revenue or expenses respectively. Dividends distributed to shareholders are recorded directly in equity. The financial instruments are offset when the Company, in accordance with the law, has such legal right and intends to offset them on a net basis (against each other) or to recover the asset and simultaneously offset the liability.

The securities are documents (titles) incorporating a right on a specific asset which can be valued in cash. These titles are either registered or bearer securities. The main types of securities are shares, bonds (state, bank or corporate), treasury bills, mutual funds etc.

Purchases and sales of financial instruments are recognized on the day of the transaction, which is the day the Group is obliged to purchase or sell the instrument.

(Amounts in thousand euro unless otherwise noted) 29

The securities were initially classified as securities available for sale. Therefore, they were classified under IAS 39 “Financial assets valued at fair value through comprehensive income” and their valuation was at their fair value while the profit or loss from the valuation is included in the results of the period. The estimated profit or loss resulting from the changes in the fair value of the securities that are classified in the available-for-sale portfolio is entered into a special reserve account in equity. When the securities from the available-for-sale portfolio are sold, the relevant accumulated profit/loss is transferred from the special reserve to the respective accounts in the Statement of Comprehensive Income.

The financial instruments of the Group are classified in the following categories according to the nature of the contract and the purpose for which they were acquired. The decision for the classification is made by the Management upon the initial recognition of the asset.

Financial assets valued at fair value through comprehensive income (“Profit and Loss Statement”)

This category includes two subcategories, financial assets held for trading and those identified as investments at fair value through the statement of comprehensive income upon initial recognition. A financial asset is recorded in this category if acquired mainly for the purpose of short-term sale or when identified as such. Derivative instruments for trading are also recorded in this category, unless they are intended as hedging instruments.

Loans and receivables

This includes non-derivative financial assets with fixed or predetermined payments, which are not quoted in an active market and are not intended for sale. They are included in Current Assets unless they mature within a period exceeding 12 months from the date of the Financial Statements.

The financial assets and financial liabilities in the Statement of Financial Position include cash balances, third-party cash balances in ATHEXClear account, securities, other receivables, participations, short-term and long-term liabilities.

Investments held to maturity

This includes non-derivative financial assets with fixed or predetermined payments and fixed maturities that the Company intends and is able to hold to maturity. The Company did not possess financial assets of this category during the fiscal year.

Financial assets available for sale

This includes non-derivative financial assets which either belong in this category or cannot be classified in any of the above categories. They are included in the non-current assets, provided that the Management does not intend to liquidate them within 12 months from the date of the Statement of Financial Position.

Accounting treatment and valuation

Purchases and sales of financial assets at fair value through the results, held until maturity and available-for-sale, are recorded on the transaction date, i.e. the date during which the Group commits to purchase or sell the asset. Loans are recognized when cash is dispersed to the borrower. Financial assets that are not recognized at fair value through the results are initially recognized at fair value plus transaction costs. Financial assets cease being recognized when the rights to collect their cash flows expire, or when the Group has essentially transferred the risks and returns or rewards that ownerships entails.

Investment titles available-for-sale and financial assets at fair value through the results are valued and presented at fair value in future periods as well. Loans and advance payments, as well as investments held until maturity, are presented at their book value with the real interest rate method. Profits and losses from changes in the fair value in the category “financial assets at fair value through results” are included in the Statement of Comprehensive Income in the period they occur.

Profits and losses from changes in the fair value of financial assets available for sale are recognized directly to Other Comprehensive Income, until the financial asset is derecognized or impaired, in which case the accumulated profit or loss, which was up until then recognized in equity, is transferred to the Statement of

Comprehensive Income. Interest however from those assets which is calculated based on the real interest rate method, is recognized in the Statement of Comprehensive Income. Dividends from financial assets available-for-sale are recognized in the Statement of Comprehensive Income ("Income Statement") when the right to collect the dividend is approved by shareholders.

The fair value of investments that are traded in active markets, is determined by the current exchange ask prices. The fair value of non-listed securities, and other financial assets in cases when the market is not active, is determined using valuation methods. These methods include the use of recent transactions made on a strictly commercial basis, reference to the current price of comparable assets that are traded, as well as the discounted cash flows, estimation of options and other valuation methods that are commonly used in the market.

5.3.7. Investments in Subsidiaries (Separate Financial Statements)

In the Financial Statements of the Parent Company, Subsidiaries are shown at the acquisition cost less any impairment provisions.

Impairment losses are recognized in the Statement of Comprehensive Income.

5.3.8. Other long-term receivables

Other long-term receivables may include rent guarantees, guarantees to utilities (telephone, electricity etc.), as well as other long-term amounts. Other long-term receivables are valued at their undepreciated cost using the real interest rate method.

5.3.9. Clients and other trade receivables

Trade receivables are initially recorded at fair value, and subsequently valued at unamortized cost using the effective interest method, less any impairment losses. On each reporting date, all overdue or bad debts are evaluated in order to determine whether or not a provision for bad debts is necessary. The balance of the specific provision for bad debts is appropriately adjusted on each closing date of the financial statements in order to reflect the possible relevant risks. Each client balance write-off is charged against the existing provision for bad debts. It is the policy of the Group that nearly no receivable should be written off until all available legal measures for its collection have been exhausted. Trade and other short-term receivables from clients and debtors are usually settled within 90 days for the Group and the Company, while in instances of overdue payment no interest is charged to clients.

5.3.10. Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight deposits and short-term (up to 3 months) investments, which can be easily liquidated and entail low risk.

For the purpose of preparing the Statement of Cash Flows, cash and cash equivalents comprise cash and bank deposits, as well as cash balances as defined above.

5.3.11. Share capital

The share capital includes the common shares of the Company that have been issued and are available for trade. Direct costs for the issuance of shares are shown after the deduction of the relevant income tax.

5.3.12. Current and deferred income tax

Current and deferred tax is calculated on the basis of the Financial Statements in accordance with the tax laws in effect in Greece. Income tax is calculated based on the profits of each Company as they are adjusted in its tax returns, any additional income tax that is assessed in the tax audits by the tax authorities and from the deferred income taxes based on the applicable tax rates.

The deferred income tax is determined using the liability method and results from temporary differences between the book value and the tax basis of assets and liabilities.

Deferred tax is not recognized when it results at the time of the initial recognition of an asset or liability in a transaction that does not constitute a business combination and at the time of the transaction does not affect either the accounting or the taxable result (profit/loss).

Deferred tax is determined using tax rates (and tax laws) that have been enacted or effectively enacted until the date of the Financial Statements and are expected to be implemented when the relevant asset will be recovered or the liability settled.

Deferred tax claims are recognized to the extent that there will be a future taxable gain for the use of the temporary difference that generates the deferred tax claim.

A deferred income tax is assessed on the temporary differences resulting from investments in subsidiaries and affiliates, with the exception of the case where the reversal of the temporary differences is controlled by the Group and it is possible that the temporary differences will not be reversed in the foreseeable future.

5.3.13. Employee benefits

Short-term benefits

Short-term benefits to employees in cash and in kind are recognized as an expense when they have accrued.

Employee benefits at retirement

Employee benefits at retirement include both defined contribution plans as well as defined benefit plans.

Defined contribution plan

Under the defined contribution plan, the (legal) obligation of the Company is limited to the amount that has been agreed to be contributed by the Company to the organization (social security fund) that manages the contributions and grants the benefits (pensions, health care etc.).

The accrued cost of the defined contributions plans is recognized as an expense in the relevant period.

Defined benefit plan

The defined benefit plan of the Company concerns its legal obligation to pay to the staff a lump sum at the time each employee leaves service due to retirement.

The liability recorded in the Statement of Financial Position for this plan is the present value of the commitment for the defined benefit in proportion to the accrued right of the employees and in relation to the specific time on which this benefit is expected to be paid.

The commitment to the defined benefit is calculated on an annual basis by an independent actuary using the projected unit credit method. The interest used for discounting is calculated based on the indices of the iBoxx rated bonds issued by the International Index Company. The actuarial gains and losses resulting from the adjustments based on historical data are directly recorded under “Other Comprehensive Income” (note 5.12).

Employee Stock Option

The Group had in the past stock option plans for certain executives. Through these options, part of the remuneration is paid with ATHEX shares or options on ATHEX shares. The cost of these transactions is defined as the fair value of the shares on the date such stock option plans are approved by Management.

Fair value is determined by means of a valuation model that is appropriate for similar cases. The cost of the stock option plans is recognized during the period in which the prerequisites for exercising the relevant options are gradually fulfilled, with that period ending on the date on which the executives participating in the plan establish their right to receive/purchase the shares (vesting date). For options which are not finally acquired, no such expense is recognized, except for options the right to which depends on the fulfilment of specific external market conditions. Such rights to options are deemed to be established when all the performance conditions have been fulfilled, irrespective of the fulfilment of the external market conditions.

In the event that any such plans are cancelled, they are treated as if they had been established on the date of cancellation and expenses not yet recognized are recognized immediately in the period results. In the event that a cancelled plan is replaced by a new plan, it is treated as a modification of the cancelled plan.

5.3.14. Government grants

Government grants related to the subsidy of tangible assets are recognized when there is reasonable assurance that the grant will be collected and that the Company will comply with the terms and conditions that have been set for their payment. When government grants relate to an asset, the fair value is credited to the long-term liabilities as deferred revenue and is transferred to the Statement of Comprehensive Income in equal annual instalments based on the expected useful life of the relevant asset that was subsidized. When the grant relates to an expense, it is recognized as revenue during the fiscal year required in order to assign the grant on a systematic basis to the expenses it is intended to compensate. Amortization of grants is recorded in “Other Revenue” in the Statement of Comprehensive Income.

5.3.15. Provisions and contingent liabilities

Provisions are recognized when:

- The Company has a current commitment (legal or inferred) as a result of a past event;
- It is likely that an outflow of resources incorporating financial benefits will be required for the settlement of the commitment and it is possible to estimate the amount of the commitment reliably.
- Provisions are reviewed on the date of preparation of the financial statements and are adjusted to reflect the best possible estimates and, where deemed necessary, they are discounted with a discount rate before taxes.
- Contingent liabilities are not recognized in the financial statements but are published, unless the possibility of an outflow of resources which incorporate financial benefits is very low. Contingent claims are not recognized in the financial statements but are published if the inflow of financial benefit is probable.

5.3.16. Revenue Recognition

Revenue includes the fair value of the transactions, net of any recovered taxes, rebates and refunds. Intra-group revenue in the Group is eliminated in full. Revenue is recognized to the extent that it is likely that the economic benefits will flow into the Group and the relevant amounts can be reliably measured. In revenue recognition, the following specific recognition criteria must also be fulfilled:

Revenue from shares, bonds, ETFs (Trading, Clearing & Settlement)

Revenue from the trading of shares, bonds etc. is recognized at the time the transaction is concluded and clearing and settlement are carried out at the Exchange.

Revenue from derivatives

Revenue from the trading of derivatives is recognized at the time when the clearing of the transaction is completed at the Athens Exchange through ATHEXClear, which performs the clearing operations.

Revenue from Members (fees)

The collection of clearing fees for the cash market is made on the day following the settlement or on the third business day of the following month, provided that the member submits a relevant request. For the derivatives market fees are collected on the day following the settlement, while for cash and derivatives fees are invoiced on a monthly basis.

Revenue from listed companies

Revenues concerning subscriptions, flat fees, company listings, rights issues and HERMES System services are recognized at the time the relevant invoices are issued, in conjunction with the time the service provided is completed. Subscriptions are prepaid.

Revenue from market data vendors

Revenue from this source is recognized at the time the service provided is completed.

Technological support services

Revenue from technological support services is recorded based on the time of completion of the service provided.

Other services

Revenue from other services is recorded at the time the service provided is completed.

Interest Income

Interest income is recognized on an accrual basis and with the use of the real interest rate. When there is indication as to an impairment of the receivables, their book value is reduced to their recoverable amount, which is the present value of the expected future cash flows, discounted by the initial real interest rate. Next, interest is assessed at the same interest rate on the impaired (new book) value.

Dividends

Dividend income is recognized when the right to collect from the shareholders is finalized,i.e. on approval by the General Meeting.

5.3.17. Trade and other liabilities

The balances of suppliers and other liabilities are recognized in the cost associated with the fair value of the future payment for the purchase of services rendered. The trade and other short-term liabilities are not interest bearing accounts and are usually settled within 60 days for the Group and the Company.

5.3.18. Expenses

Expenses are recognized in the Statement of Comprehensive Income on an accrual basis.

Dividend distribution

The distribution of dividends to shareholders is recognized directly to equity, net of any relevant income tax benefit (until the approval of the financial statements) and is recorded as a liability in the financial statements when distribution is approved by the General Meeting of shareholders.

5.3.19. Profit/(loss) per share

The main profit/(loss) per share is calculated by dividing the net profit/(loss) corresponding to the shareholders of the Parent Company by the average weighted number of shares being in circulation during each year, excluding the average of the common shares that were acquired by the Group as treasury shares.

The adjusted profit/(loss) per share is calculated by dividing the net profit distributed to the shareholders of the Parent Company (after it is adjusted for the effects of all potential shares that dilute shareholding) by the weighted average number of shares in circulation during the year (adjusted for the effect of all potential shares that dilute shareholding).

5.3.20. Research and development

Expenditures for research activities that take place with the intention of the Group to acquire new technical knowledge and expertise are recognized in the Statement of Comprehensive Income ("Income Statement") as an expense when they occur. Development activities presuppose the drafting of a study or a plan for the production of new or significantly improved products, services and processes. Development costs are capitalized only when the cost of development can be reliably measured, the product or the process is productive, feasible technically and commercially, future financial benefits are expected, and the Group has the intention, and at the same time sufficient means at its disposal, to complete the development and use or sell the asset.

The capitalization of expenditures includes the cost of direct consulting service expenses, direct work performed and the appropriate share of general expenses. Other development costs are recognized in the Statement of Comprehensive Income as an expense when they occur.

Development costs that have been capitalized are valued at the acquisition cost less accumulated depreciation and accumulated impairment losses and there is no impairment indication.

Subsequent expenditures are capitalized only when they increase the expected future economic benefits that are incorporated in the specific asset to which they refer. All other expenditures, including expenditures for internally created surplus value and trademarks, are recognized in the Statement of Comprehensive Income ("Income Statement").

Depreciation is based on the cost of an asset minus its salvage value. Depreciation is recognized in the Statement of Comprehensive Income using the same depreciation method for the duration of the useful life of intangible assets, starting on the date they are available for use. The useful life for the current and the comparative period in the capitalization of development costs is 10 years.

The profit or loss that arises from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if they exist, and the book value of the asset. This profit or loss is recognized in the Statement of Comprehensive Income when the asset is derecognized.

5.3.21. Treasury shares

These are the HELEX shares bought through a Stock Exchange by the Company or other Company of the Group following a decision of the Ordinary General Meeting of shareholders. Treasury shares are shown in equity as a deduction from the share capital. With the acquisition cost of the treasury shares, at the end of each period a reserve of treasury shares is formed, which is recorded in Treasury Reserves.

5.3.22. New standards, amended standards and interpretations

A) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2016:

- **IAS 27 Separate Financial Statements (amended)**

  The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. This standard has no impact on the financial statements of the Company.

- **IAS 1: Disclosure Initiative (Amendment)**

  The amendments to *IAS 1 Presentation of Financial Statements* further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. This standard has no impact on the financial statements of the Company.

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**

  The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle *in IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. This standard has no impact on the financial statements of the Company.

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

  The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. This standard is out of the scope of the Company.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

  The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment of the standard is not applied by the Company.

- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**

  The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. This standard is out of the scope of the Company.

- The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015.

  - ***IFRS 2 Share-based Payment:*** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

  - ***IFRS 3 Business combinations:*** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.

  - ***IFRS 8 Operating Segments:*** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

  - ***IFRS 13 Fair Value Measurement:*** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

  - ***IAS 16 Property Plant & Equipment:*** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

  - ***IAS 24 Related Party Disclosures:*** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

  - ***IAS 38 Intangible Assets:*** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- The **IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016.

  - ***IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:*** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - ***IFRS 7 Financial Instruments: Disclosures:*** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

  - ***IAS 19 Employee Benefits:*** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

  - ***IAS 34 Interim Financial Reporting:*** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

B) Standards which have been published but do not apply to the current accounting period and the Company/ Group has not early adopted

- **IFRS 9 Financial Instruments: Classification and Measurement**

  The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of *IFRS 9 Financial Instruments* reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Management will examine and assess the potential impact of the standard on the financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

  The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. Management will examine and assess the potential impact of the standard on the financial statements.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

  The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in *IFRS 15 Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IFRS 16: Leases**

  The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IAS 12: Income Taxes (Amendments): Recognition of Deferred Tax Assets for Unrealized Losses**

  The Amendments become effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. These amendments have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IAS 7: Cash flow Statements (Amendments): Disclosure Initiative**

  The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These Amendments have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**

  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IAS 40: Transfers to Investment Property (Amendments)**

  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**

  The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. Management will examine and assess the potential impact of the standard on the financial statements.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. Management will examine and assess the potential impact of these improvements on the financial statements.
  - ***IFRS 1 First-time Adoption of International Financial Reporting Standards:*** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.
  - ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
  - ***IFRS 12 Disclosure of Interests in Other Entities:*** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

5.4. RISK MANAGEMENT

General – Risk Management Environment

The Company is exposed to a limited range of financial risks. The usual risks which the Company is theoretically exposed to are market risks (fluctuations in exchange rates, interest rates and market prices), credit risk, liquidity risk, cash flow risk.

Risk management is performed by the relevant departments of the Company and the Group and its basic elements are described in detail below.

The excellent organization of the Company, the reliable operation of the stock market, the continuous investment in modern equipment and processes, the absence of debt liabilities, the acknowledgement of its reliability by internationally recognized rating agencies, as well as the liquidity that it possesses, are the guarantee for its lasting survival with significant benefits for the shareholders. The recent economic crisis that the country is going through and the imposition of capital controls cause in the operation of the Company significant problems, which are nonetheless expected to be overcome soon.

Risk Strategy and Risk Management

The risk strategy of the Company is aligned with its business strategy to provide the appropriate infrastructure for the reliable, safe and unhindered operation of the stock market. In accordance with the strategy of the Athens Exchange Group, the risk tolerance level is defined so as to satisfy the market needs, to reduce the cost for the participants, to derive maximum benefit from business opportunities but also to ensure the security of the market and the compliance with the regulatory requirements.

Foreign exchange risk

The main volume of the transactions of the Company is in Euro and, therefore, the operation of the Company is not affected by foreign exchange risk.

Price risk

The Company is not exposed to price risk as it does not hold financial assets whose value is affected by price changes.

Credit risk

The turnover of the Company mainly consists of transactions in the cash and derivatives markets, as well as with listed companies and members. On this basis, credit risk is estimated to be limited.

Liquidity risk

Liquidity risk is maintained at low levels by maintaining adequate cash balances and securities that can be immediately liquidated. Revenues from transactions in the securities market are collected immediately on the day following the settlement day (SD+1) or on the third business day of the following calendar month, provided that the member submits a relevant request, while revenues from the derivatives market are collected on the following business day (T+1).

Cash flow risk and risk of changes in fair value due to changes in interest rates

The operating revenues, as well as the cash flows, of the Company are independent of changes in interest rates.

Financial products - Fair value

The amounts shown on the Financial Statements for the cash balances, the trade and other receivables, the trade and other short-term liabilities and the financial assets available for sale approximate their respective fair value due to their short-term maturity.

5.5. CAPITAL MANAGEMENT

The primary aim of the capital management of the Company is to maintain its high credit rating and sound capital ratios, in order to support and expand the activities of the Athens Exchange Group and maximize shareholder value.

There were no changes in the approach adopted by the Company concerning capital management during the current fiscal year.

The Company monitors its capital adequacy as well as the effectiveness of its operation using the net debt to equity ratio. The ratio, as calculated below, shows financial soundness due to the high cash balances and the relatively low liabilities of the Company.

	31.12.2016	31.12.2015
Suppliers and other trade liabilities	4,427	9,954
Other long-term liabilities	13	37
Other short-term liabilities	187	178
Less cash and cash equivalents	(18,271)	(18,364)
Net debt (a)	**(13,644)**	**(8,195)**
Shareholder Equity (b)	39,748	42,652
Equity and net debt (a+b)	**26,104**	**34,457**
Gearing ratio (a/(a+b))	(0.52)	(0.24)

5.6. SETTLEMENT

	31.12.2016	31.12.2015
Off-exchange transfers OTC	1,397	1,585
Exchange transfers	19	8
Trade notification instructions	587	823
Flat order settlement fees	5,500	8,311
Total	**7,503**	**10,727**

Revenue in this category amounted to €7.50 million in 2016 compared to €10.7 million in the respective period last year, recording a decrease of 30%, and includes revenues from the trade settlement services provided to ATHEXClear, as flat settlement fee amounting to €5.5 million, revenues from settlement notification instructions amounting to €587 thousand, as well as revenues from over-the-counter transfers amounting to €1.4 million.

The annual settlement fee came to the amount of €5,500 million compared to €8,311 million in the respective period last year, reduced by 33.8%. The amount relates to the calculation of the fiscal year 2016 for the flat annual settlement fee, in accordance with Article 1, paragraph 1.a of Regulatory Decision 1 on “Dematerialized Securities System Management and Operation Fees” of ATHEXCSD.

According to the decision of the Board of Directors of ATHEXCSD, the flat annual settlement fee is calculated at 81% of the revenue from the clearing of trades accruing in the clearing house, with a minimum payable amount of €7.5 million and a maximum payable amount of €15.0 million per year.

For 2016, due to the significant drop in transactions and, therefore, in the revenue of the Company ATHEXClear, the minimum amount of €7.5 million was applied. Thus ATHEXClear requested a discount from ATHEXCSD and with decision of the Board of Directors a discount of €2.0 million was allowed in order for ATHEXClear to avoid recording a loss due to this particular intra-group transaction. As a result of this, the flat annual settlement fee was reduced by €2.0 million and limited to the amount of €5.5 million.

At the same meeting, the Board of Directors decided to change the method of calculation of the flat annual settlement fee for 2017 to 60% of the clearing revenue of ATHEXClear with an annual minimum at €3 million and an annual maximum at €15 million.

5.7. DEPOSITORY SERVICES

This category includes revenue from rights issues by listed companies, quarterly operator subscriptions as well as revenue from inheritances etc. This revenue in 2016 amounted to €2.09 million, compared to €3.2 million in the respective period last year, showing a decrease of 35.1%.

(Amounts in thousand euro unless otherwise noted) 42

	31.12.2016	31.12.2015
Issuers (rights issues - AXIA LINE) (1)	763	1,786
Greek State Bonds - Securities	79	31
Investors	129	133
Flat listing fees (2)	41	0
Operators (3)	1,073	1,261
Total	**2,085**	**3,211**

1. Fees on rights issues by listed companies in the fiscal year 2016 amounted to €467 thousand (€180 thousand ATTICA BANK, €63 thousand ASTIR PALACE, €37 thousand ATHINA ATE,, €36 thousand JUMBO, €30 thousand NEXANS, €21,5 thousand NIREUS, €14,5 thousand PLASTIKA KRITIS, €3 thousand HERTZ, €3 thousand AUDIO VISUAL ENTERPRISES, €3 thousand TELETYPOS, €3 thousand EUROCONSULTANTS, €3 thousand GEK), compared to €1,4 million (€202 thousand NBG, €197 thousand PIRAEUS BANK, €196 thousand EUROBANK, €193 thousand ALPHA BANK, €180 thousand NBG PANGAEA, €107 thousand BANK OF CYPRUS, €69 thousand ATTICA BANK, €19 thousand NIREUS, €48 thousand SELONDA, €44 thousand GEK-TERNA, €38 thousand TECHNIAL OLYMPIC, €19 thousand VIOHALCO, €14 thousand IASO, €3 thousand LAMDA, €4 thousand HERTZ, €3thousand MEDICON, €3 thousand VARAGKIS etc.), i.e. a decrease of 66.6%. Revenue from the provision of online information to listed companies amounted to €201 thousand in 2016 compared to €315 thousand in the previous year. Revenue from disclosure of cash payment beneficiaries amounted to €78 thousand compared to €93 thousand last year.
2. Fees from new listings came to €41 thousand and concern listing of shares of the company INTERCONTINENTAL. For the fiscal year 2015 there was no respective amount.
3. Revenues from operators include revenues from monthly subscriptions amounting to €802 thousand compared to €806 thousand in the respective period of 2015, calculated on the value of the portfolio of the operators, revenue from usage authorization number amounting to €92 thousand compared to €111 thousand, revenue from opening investor account €63 thousand compared to €61 thousand in the respective period of 2015 and other operator revenues.

5.8. IT SERVICES

Revenues in this category, which concern DSS terminal licences, amounted to €46 thousand compared to €51 thousand in the respective period of last year, recording a drop of 9.8%

	31.12.2016	31.12.2015
DSS terminal licenses	46	51
Total	**46**	**51**

(Amounts in thousand euro unless otherwise noted) 43

5.9. NEW SERVICES

Revenues from new services are shown in detail in the following table.

	31.12.2016	31.12.2015
Revenue from Xnet	72	93
Revenue from InBroker service (see table below)	531	593
Colocation services	114	114
CSE-SIBEX Common Platform	27	36
EMIR TR/LEI Service	46	49
Singular securities	12	28
Market suite	78	13
Total	**880**	**926**

Colocation services include provision of space, network services and database services and amounted to €114 thousand in 2016, remaining at the same level as in 2015.

The revenue from the InBroker service is broken down in the following table:

	31.12.2016	31.12.2015
InBroker RETAIL	2	2
InBroker technological infrastructure	111	137
InBroker terminals	261	287
InBroker technical solution	105	151
InBroker Xnet	52	16
Total	**531**	**593**

5.10. OTHER SERVICES

Revenue from other services recorded an increase of 5,7%, amounting to €607 thousand compared to €644 thousand in the respective period last year.

	31.12.2016	31.12.2015
Training	2	4
Rents	273	238
Provision of support services to companies	196	196
Other	136	206
Total	**607**	**644**

The €35 thousand increase in rents in 2016 results from the lease of the ground store in the Katouni building (7 months * €5,000/month), as the lease began in the second half of 2015.

5.11. HELLENIC CAPITAL MARKET COMMISSION FEE

The operating results of 2016 do not include the Hellenic Capital Market Commission fee, which amounted to €89 thousand compared to €110 thousand in the same period last year. This fee is received on behalf of the

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Hellenic Capital Market Commission and paid to the same within two months of the end of each six-month period.

5.12. PERSONNEL REMUNERATION AND EXPENSES

Personnel remuneration and expenses in 2016 amounted to €3.79 million compared to €4.15 million in the same period last year, showing a decrease of 8.8%

In accordance with the new accounting principle applied as of 01/01/2013, the capitalization of expenditures (CAPEX creation) has begun concerning the development of systems of the Company. The amount capitalized in 2016 runs to €307 thousand (note 5.27).

The change in the number of employees of the Company, as well as the breakdown of personnel remuneration, is shown in the following table:

EMPLOYEES	31.12.2016	31.12.2015
Salaried employees	104	108
Total Personnel	**104**	**108**

PERSONNEL REMUNERATION AND EXPENSES	31.12.2016	31.12.2015
Personnel remuneration	2,693	2,892
Employer contributions	658	777
Employee termination benefits	45	114
Net change in the employee compensation provision (actuarial valuation)	19	(32)
Other benefits (insurance premiums etc.)	373	403
Total	**3,788**	**4,154**

The cost of the net change in the employee compensation provision based on the actuarial valuation accrues from the sum of the total expense recognized in the profit and loss account after deduction of the amount paid by the Company during the fiscal year. (see table with presentation in accordance with the IAS 19 below)

Obligations to employees

The ATHEX Group assigned to an actuary the preparation of a study in order to examine and calculate the actuarial figures, based on the standards established by the International Accounting Standards (IAS 19), which specify that such figures are required to be recorded in the Statement of Financial Position and the Statement of Comprehensive Income. In the actuarial valuation, all financial and demographic parameters concerning the employees of the Company were taken into consideration.

According to the standard policy of the Athens Exchange Group the actuarial valuation is carried out at the end of the year when the amounts and the details are established in order to appraise the actuarial obligation. Despite the fact that the economic conditions and the environment in Greece have deteriorated, it is estimated that the actuarial figures have not changed significantly.

The changes in the provision for 2016 are shown in detail in the following table:

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Actuarial Presentation according to the amended IAS 19 (amounts in €)	Company	
Period	31.12.2016	31.12.2015
Amounts recognized in the Statement of Financial Position		
Present value of liabilities	703,138	691,571
Net liability recognized in the Statement of Financial Position	**703,138**	**691,571**
Amounts recognized in the Profit & Loss Statement		
Cost of current employment	17,633	28,950
Net interest on the liability/(asset)	18,257	16,388
Regular expense in the Profit & Loss Statement	**35,890**	**45,338**
Cost of staff reductions/settlement/termination	28,093	175,155
Total expense recognized in the Profit & Loss Statement	**63,983**	**220,493**
Change in the present value of the liability		
Present value of the liability at the beginning of the period	691,571	776,702
Current employment cost	17,633	28,950
Interest cost	18,257	16,388
Benefits paid by the employer	(45,153)	(252,180)
Cost of staff reductions/settlement/termination	28,093	175,155
Actuarial gain/(loss) - financial assumptions	17,226	(58,079)
Actuarial loss/(gain) - experience during the period	(24,489)	4,635
Present value of the liability at the end of the period (note 5.34)	**703,138**	**691,571**
Adjustments		
Adjustments to liabilities due to change in assumptions	(17,226)	58,079
Experience adjustments in liabilities	24,489	(4,635)
Total actuarial gain/(loss) recognized in Equity	7,263	53,444
Total amount recognized in Equity	7,263	53,444
Changes in net liability recognized in the balance sheet		
Net liability at beginning of year	691,571	776,702
Benefits paid by the employer	(45,153)	(252,180)
Total expense recognized in the Profit & Loss Statement	63,983	220,493
Total amount recognized in Equity	(7,263)	(53,444)
Net liability at the end of the period (note 5.34)	**703,138**	**691,571**

The actuarial assumptions used in the actuarial valuation in accordance with IAS 19 are as follows:

Actuarial assumptions	31.12.2016	31.12.2015
Discount rate	1.78%	2.64%
Increase in salaries (long term)	1.00%	1.75%
Inflation rate	1.00%	1.75%
Mortality	EVK 2000 (Swiss table)	EVK 2000 (Swiss table)
Personnel turnover rate	0.50%	0.50%
Regular retirement age	Retirement terms established by the social security fund of the employee	Retirement terms established by the social security fund of the employee

The following table provides a sensitivity test for the discount rate, annual inflation and increase in remuneration for the Company.

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Cash flows *Expected benefits from the plan in the next fiscal year*	Company 31.12.2016	 31.12.2015
Sensitivity Scenarios for the Economic and Demographic Assumptions Used		
Sensitivity 1 - Discount rate plus 0.5% - Difference % in present value (PV) of liabilities	(7.69)%	(7.97)%
Sensitivity 2 - Discount rate minus 0.5% - Difference % in present value (PV) of liabilities	8.45%	8.77%
Sensitivity 3 - Annual inflation plus 0.5% - Difference % in present value (PV) of liabilities	8.47%	8.80%
Sensitivity 4 - Annual inflation minus 0.5% - Difference % in present value (PV) of liabilities	(7.78)%	(8.07)%
Sensitivity 5 - Salary increase assumption plus 0.5% - Difference % in present value (PV) of liabilities	7.84%	7.95%
Sensitivity 6 - Salary increase assumption minus 0.5% - Difference % in present value (PV) of liabilities	(7.55)%	(7.79)%

The expected regular cost of the provision of 2017, which is shown on the following table for the Company, is equal to the current employment cost and the interest on the liability, as those are estimated as at 31.12.2016, in accordance with the actuarial valuation.

It should be noted that the cost for any additional benefits that may be paid within the period under examination (cost of additional benefits) must be added to the final expense amount. These additional benefits may arise, for example, in the event that the Company pays benefits which are higher that those expected under Law 4093.

Amounts in €

Current employment cost	Interest on liability	Regular expense in the Profit & Loss Statement
15,755	12,516	28,271

5.13. THIRD PARTY FEES AND EXPENSES

In 2016 third-party fees and expenses amounted to €101 thousand, recording an increase of 42.2% compared to the same period last year. The increase is mainly due to consultant fees in the amount of €20 thousand for the FATCA implementation procedures, lawyer fees in the amount of €12 thousand as well as fees of personnel recruitment agencies in the amount of 4.5 thousand. The remaining fees of 17 thousand concern fees of DSS operators.

	31.12.2016	31.12.2015
Auditor fees	30	31
Consultant fees	54	15
Other fees	17	25
Total	**101**	**71**

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5.14. UTILITIES

	31.12.2016	31.12.2015
Fixed telephony - Mobile telephony - Internet	117	132
Leased lines - ATHEXNet	93	103
Power (electricity) supply (PPC)	416	523
Water supply and sewerage (EYDAP)	7	6
Total	**633**	**764**

This category includes expenses for electricity, water, fixed and mobile telephony and telecommunications networks, which in total amounted to €633 thousand compared to €764 thousand in the last year, showing an decrease of 17,1%.

5.15. MAINTENANCE/COMPUTER SYSTEMS SUPPORT

The account for maintenance and computer support includes the maintenance of the hardware of the Company, as well the technical support of IT systems. In 2016 this expense came to the amount of €302 thousand and shows a small decrease of 4.5% compared to the respective period last year (289 thousand).

5.16. TAXES

The taxes, mainly VAT, charged on the cost of works came to €388 thousand in 2016 compared to €330 thousand in the respective period last year, showing an increase of 17.6% due to the increase of the VAT rate from 23% to 24% as of 01.04.2016.

5.17. MANAGEMENT OF BUILDINGS/EQUIPMENT

This category includes expenses such as: security and cleaning of facilities, repair and maintenance of equipment and buildings etc.

Building and equipment management expenses in 2016 amounted to €419 thousand compared to €489 thousand in the last year, showing a decrease of 14.3%, and are broken down in the following table:

	31.12.2016	31.12.2015
Cleaning and security services	228	233
Repair & maintenance of buildings-other equipment	158	227
Fuel and other generator materials	15	10
Shared expenses	18	19
Total	**419**	**489**

Building repair and maintenance expenses also include the annual contract of building maintenance.

5.18. MARKETING & ADVERTISING EXPENSES

Marketing and advertising expenses in 2016 came to €17 thousand showing a decrease of 15% compared to the respective period last year.

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	31.12.2016	31.12.2015
Promotion, entertainment and hospitality expenses	4	7
Expenses for events	13	13
Total	**17**	**20**

5.19. EXPENSES OF PARTICIPATION IN ORGANIZATIONS

	31.12.2016	31.12.2015
Subscriptions to online databases	373	317
Total	**373**	**317**

This account includes vendor information relaying contributions in the amount of €360 thousand, ECSDA subscription in the amount of €10 thousand as well as subscriptions in professional publications.

5.20. INSURANCE PREMIUMS

	31.12.2016	31.12.2015
Insurance premiums for means of transportation	1	1
Building fire insurance premiums	16	13
Total	**17**	**14**

The expenses for insurance premiums amounted to €17 thousand in 2016 compared to €14 thousand and show an increase of 21.4% compared to the respective period last year due to an endorsement regarding fire insurance premiums for the fiscal year 2016.

5.21. OPERATING EXPENSES

Operating expenses in 2016 amounted to €144 thousand compared to €333 thousand in the same period last year, showing a decrease of 56.8%.

	31.12.2016	31.12.2015
Printed material, stationery, delivery costs	1	0
Consumables	1	1
Postal expenses	2	3
Transportation expenses	9	9
Storage fees	4	3
Support operation services (1)	53	53
DR site rent	22	22
Various legal expenses/donations	9	5
Travel expenses (2)	38	37
Other expenses (3)	5	200
Total	**144**	**333**

1. They concern services provided by subsidiaries of the Athens Exchange Group.

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2. Travel expenses concern participation in conferences and events abroad, as well as in training courses.
3. Other expenses show an increase in 2015 because they included sundry expenses of previous fiscal years.

5.22. BANK OF GREECE - CASH SETTLEMENT

In 2016 fees amounting to €56 thousand were paid to the Bank of Greece for the cash settlement of trades in cash and trades in derivatives, in accordance with the agreement that has been signed between the Bank of Greece and the Companies of the Group. The respective amount for the fiscal year 2015 was €55 thousand.

5.23. OTHER EXPENSES

Other expenses in 2016 amounted to €60 thousand compared to €40 thousand in the same period last year. The increase is due to exchange differences from payments of foreign invoices of an amount of €10 thousand as well as to recording a provision for administrative expenses of a pension scheme in the amount of €12 thousand.

5.24. EXPENSES FOR NEW SERVICES (XNET, CSE-SIBEX CP, IT)

Expenses for new services came to €684 thousand in 2016, showing a decrease of 4.2% compared to the respective period last year (€714 thousand), and are broken down below:

	31.12.2016	31.12.2015
X-NET expenses	536	514
Expenses for IT Services	148	200
Total	**684**	**714**

Xnet expenses are in detail as follows:

	31.12.2016	31.12.2015
InBroker Plus data feed expenses	446	409
ATHEX-CSE InBroker Info	30	32
Settlement and connection fees for foreign securities	55	70
Bank expenses concerning foreign securities	5	3
Total	**536**	**514**

5.25. RE-INVOICED EXPENSES

RE-INVOICED EXPENSES	31.12.2016	31.12.2015
Leased lines - ATHEXNet	8	10
Display expenses	3	3
Electricity for Colocation service	103	1
Total	**114**	**14**

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The re-invoiced expenses amount to €103 thousand compared to €1 thousand for the respective period of last year. The increase is due to the value of electricity expenses for the Collocation service which is now re-invoiced.

5.26. CURRENT INCOME TAX AND INCOME TAX PAYABLE

The Management of the Group – based on the possibilities allowed by the tax legislation – plans its policy so as to minimize its tax burden.

Non-deductible expenses mainly include provisions, various expenses, as well as amounts that the Company considers that cannot be justified as productive expenses in a potential tax audit and which are readjusted by the Management at the calculation of the income tax.

Tax liabilities	31.12.2016	31.12.2015
Liabilities/(receivables)	(1,227)	2,531
Income tax expense	973	2,196
Taxes paid	(753)	(5,954)
Liabilities/(Receivables)	**(1,007)**	**(1,227)**

The company records an income tax claim in the amount of €1,007 thousand on 31.12.2016 compared to a claim in the amount of €1,227 thousand on 31.12.2015.

	31.12.2016	31.12.2015
Income tax	973	2,196
Deferred Tax (note 5.29)	(164)	315
Income tax expense	**809**	**2,511**

The reconciliation of the income tax with profits before tax on the basis of the applicable rates and the tax expense is as follows:

Income Tax	31.12.2016	31.12.2015
Profit before tax	1,913	8,013
Income tax rate	29%	29%
Expected tax expense	555	2,324
Tax effect of non-deductible expenses	254	187
Tax effect of non-taxable income		0
Income tax expense	**809**	**2,511**

The tax audit of the Company for the fiscal year 2015 in accordance with Article 65a of Law 4174/2013 and the Decision of the General Secretariat of Public Revenue as per Circular No. 1124/2015 was completed and the relevant tax audit certificate was issued in July 2016 by the auditors.

The audit for the fiscal year 2016 is in progress and the relevant tax audit certificate is expected to be issued after the publication of the Financial Statements for the fiscal year 2016. In the event that any additional tax obligations arise by the time the tax audit is completed, the Management of the Company considers that they will not have any material impact on the Financial Statements.

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5.27. TANGIBLE ASSETS FOR OWN USE AND INTANGIBLE ASSETS

Due to the continuing economic crisis in the country and the resulting drop in the value of land and buildings, the Group decided to assign the study of the assessment of the commercial value of the real estate of the Group, in accordance with the IFRS, to recognized independent appraisers. The study was completed and delivered in the beginning of March 2016, but the Group adjusted the value of its real estate on 31.12.2015 according to the outcome of the study, in order to present in the balance sheet of 31.12.2015 the fair value of the property.

Although the assessment did not reveal any significant total difference with the book value of the real estate on a Group level as recorded in the accounting books, it identified, nonetheless, significant differences on a company level in specific buildings, as well as specific differences of value between land and structures in the same buildings. As a conclusion, it may be noted that the assessment reduces significantly the value of the plots of land on a Group level and at the same time increases the value of the buildings and, therefore, the Group will be required to record increased depreciations in the following years.

The tangible and intangible assets of the Company on 31.12.2016 and 31.12.2015 are shown in detail below:

ATHEXCSD	TANGIBLE & INTANGIBLE ASSETS						
	Land	Buildings & technical works	Machinery & other equipment	Means of transportation	Furniture and fixtures	Intangible assets	Total
Acquisition and valuation value on 31.12.2014	**11,800**	**18,993**	**697**	**11**	**1,636**	**1,117**	**34,254**
Additions in 2015		7			60	410	**477**
Acquisition and valuation value on 31.12.2015	**11,800**	**19,000**	**697**	**11**	**1,696**	**1,527**	**34,731**
Accumulated depreciation on 31.12.2014	0	8,187	697	5	1,448	351	**10,688**
Depreciation in 2015		754	0	1	95	164	**1,014**
Accumulated depreciation on 31.12.2015	**0**	**8,941**	**697**	**6**	**1,543**	**515**	**11,702**
Book value							
on 31.12.2014	11,800	10,806	0	6	188	766	**23,566**
on 31.12.2015	**11,800**	**10,059**	**0**	**5**	**153**	**1,012**	**23,029**
Adjustment of value due to assessment of independent appraiser	**(7,300)**	**7,991**					**691**
Book value after the adjustment of value on 31.12.2015	**4,500**	**18,050**	**0**	**5**	**153**	**1,012**	**23,720**

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ATHEXCSD	TANGIBLE & INTANGIBLE ASSETS						
	Land	Buildings & technical works	Machinery & other equipment	Means of transportation	Furniture and fixtures	Intangible assets	Total
Acquisition and valuation value on 31.12.2015	**4,500**	**26,991**	**697**	**11**	**1,696**	**1,527**	**35,422**
Additions in 2016					150	365	**515**
Reductions in 2016		(132)	(673)	(2)	(358)	(195)	**(1,360)**
Acquisition and valuation value on 31.12.2016	**4,500**	**26,859**	**24**	**9**	**1,488**	**1,697**	**34,577**
Accumulated depreciation on 31.12.2015	**0**	**8,941**	**697**	**6**	**1,543**	**515**	**11,702**
Depreciation in 2016		1,074		1	72	212	**1,359**
Reduction in accumulated depreciation 2016		(132)	(673)	(2)	(358)	(195)	**(1,360)**
Accumulated depreciation on 31.12.2016	**0**	**9,883**	**24**	**5**	**1,257**	**532**	**11,701**
Book value							
on 31.12.2015	**4,500**	**18,050**	**0**	**5**	**153**	**1,012**	**23,720**
on 31.12.2016	**4,500**	**16,976**	**0**	**4**	**231**	**1,165**	**22,876**

The amounts of intangible assets include a total amount of €307 relating to the capitalization of expenditures (CAPEX creation) concerning systems development.

5.28. OTHER LONG-TERM RECEIVABLES

The remaining long-term receivables concern an amount of €46 thousand for electric power deposit and an amount of €11 thousand for the Katouni building (Thessaloniki) management committee reserve.

	31.12.2016	31.12.2015
Management committee reserve	11	11
Rental guarantees	46	46
Total	**57**	**57**

5.29. DEFERRED TAX ASSETS

The Company had a benefit of Euro10 thousand from the transfer of the shares. + Deferred tax claims

Deferred Tax Assets	31.12.2016	31.12.2015
Deferred tax receivables	0	0
Deferred tax liabilities	(1,711)	(1,873)
Total	**(1,711)**	**(1,873)**

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Changes in deferred income tax	31.12.2016	31.12.2015
Opening balance	0	2,061
(Debit)/Credit to profit or loss	0	(2,061)
Changes in the period	0	0
Amount from deferred tax receivables	**0**	**0**
Opening balance	(1,873)	(3,603)
Change from Group restructuring	0	0
Changes in the period	0	0
(Debit)/Credit to profit or loss	162	1,730
Amount from deferred tax liabilities	**(1,711)**	**(1,873)**
Balance	**(1,711)**	**(1,873)**

Deferred Tax Breakdown	31.12.2016	31.12.2015
Changes in actuarial valuation deferred tax - Profit and loss statement	(3)	1
Changes in actuarial valuation deferred tax - Other comprehensive income	(3)	(15)
Changes in deferred tax - Other temporary differences	(158)	329
	(164)	**315**

According to tax legislation, the tax rate that applies pursuant to Law 4334/2015 is 29% for the fiscal year 2015 onwards. The results for 2016 have been calculated at a tax rate of 29%.

The deferred income tax is calculated based on the temporary differences that accrue between the book value of the assets and the liabilities included in the financial statements and the tax assessment of their value according to the tax legislation.

The charge for deferred income tax (deferred tax liability) in the Statement of Comprehensive Income includes the temporary tax differences that arise mainly from the accounted revenue-profits which will be taxed at a future time. The credit for deferred tax (deferred tax asset) includes mainly the temporary tax differences that accrue from specific provisions, which are tax deductible at the time they occur. Debit and credit deferred tax balances are offset when there is a legally valid offset right, and the deferred tax assets and liabilities concern income taxes collected by the tax authorities.

5.30. CLIENTS AND OTHER TRADE RECEIVABLES

All claims are short-term and thus no discounting is required on the date of the Statement of Financial Position. The breakdown of clients and other receivables is shown in the following table:

	31.12.2016	31.12.2015
Clients	3,298	5,666
Less: Provision for bad debts	(1,262)	(438)
Net trade receivables	**2,036**	**5,228**
Other receivables		
Tax (0.2%) (1)	2,444	6,671
Withholding tax on deposits	31	60
Accrued income (interest on placements)	5	10
Other taxes withheld	8	4
Prepaid non-accrued expenses	110	85
Sundry debtors	(16)	0
Total	**2,582**	**6,830**

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1. The tax claim of 0.15%, which as of 01/04/2011 amounted to 0.20%, is paid by the members on SD+1, while some members take advantage of their right to make a single payment of the tax to ATHEXCSD on the third business day after the end of the month on which the transactions were carried out.

Trade and other receivables are classified in Level 3.

During the fiscal year 2016, there were no transfers among Levels 1, 1.2, 3.

The change in the provision for bad debts is broken down as follows:

Provision for bad debts	
Balance on 31.12.2014	**822**
Write off of bad debts in 2015	(230)
Additional provisions in 2015	0
Unused provisions in 2015	(154)
Balance on 31.12.2015	**438**
Additional provisions in 2016	824
Balance on 31.12.2016	**1,262**

In the fiscal year 2015 there was a provision reversing in the amount of 154 thousand and for the fiscal year 2016 an additional provision was made in the amount of €824 thousand concerning an old claim against the Greek State.

5.31. CASH AND CASH EQUIVALENTS

The breakdown of the Company cash is provided below:

	31.12.2016	31.12.2015
Sight deposits in commercial banks	494	592
Term Deposits < 3months	17,770	17,754
Cash on hand	7	18
Total	**18,271**	**18,364**

The cash balances of the Company are placed in short-term interest-bearing investments with the aim to maximize the benefits, always in accordance with the policy drawn by the Strategic Investments Committee of the Group. By placing its cash in short-term interest bearing investments, the Company recorded a revenue of €170 thousand in 2016 compared to €340 thousand in 2015, while bank expenses for the same period amounted to €1 thousand in 2016 compared to €3 thousand in 2015.

Cash and cash equivalents are classified in Level 1.

During 2016 there were no transfers among Levels 1, 1.2, 3.

5.32. SHARE CAPITAL AND RESERVES

a) Share capital

The share capital of the Company amounts to €24,078,000 and consists of 802,600 shares of a nominal value of €30.00 each.

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b) Reserves

	31.12.2016	31.12.2015
Legal reserve	1,004	729
Untaxed and specially taxed reserves	454	454
Reserves	1,436	1,436
Branch Spin-off Reserve	6,447	6,447
Reserve from employee stock option	49	49
Total	**9,390**	**9,115**

Untaxed and specially taxed reserves remained unchanged and have been formed, as shown in the above table, in accordance with the provisions of tax legislation from untaxed or specially taxed income (profit from sale of shares etc.). In the event that a distribution of such profit is decided, tax must be paid, which will be calculated at the income tax rates applicable at the time of distribution. The difference of €275 thousand compared to the fiscal year 2015 is due to a legal reserve in the same amount that was formed in the 2015 profit distribution.

b) Retained earnings

The retained earnings account with a balance of €9,459 thousand on 31.12.2015 with the distribution of profits after the deduction of €275 thousand for legal reserve, of €4,013 thousand for dividends for the fiscal year, and with the addition of actuarial valuation reserves of €5 thousand and of profit for the fiscal year 01.01.2016-31.12.2016 in the amount of €1,104 thousand, comes on 31.12.2016 to the amount of €6,280 thousand.

5.33. GRANTS AND OTHER LONG-TERM LIABILITIES

The amount of €13 thousand on 31.12.2016 compared to €37 of the previous fiscal year concerns an unamortised grant from the Ministry of Northern Greece for the purchase of equipment with the aim of promoting the activities of Thessaloniki Stock Exchange Centre in northern Greece.

5.34. PROVISIONS

	31.12.2016	31.12.2015
Employee retirement or redundancy compensation (note 5.12)	703	692
Other provisions	40	40
Total	**743**	**732**

The following table shows in detail the provisions of the Company on 31.12.2016.

In previous fiscal years the Company has recorded provisions for other risks of a total amount of €40 thousand in order to be secured in the event of occurrence of such risks.

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ATHEXCSD	Balance on 31.12.2014	Adjustment - reorganization of the Group	Cost of current employment	Interest cost	Benefits paid by the employer	Cost of staff reductions /settlement/termination	Actuarial loss/(gain) - financial assumptions	Actuarial loss/(gain) - experience during the period	Other revenue/expenses	Additional provision in the period	Revenue from unused provisions	Balance on 31.12.2015
Employee retirement or redundancy compensation	777	0	29	16	(252)	175	(58)	5	0	0	0	692
Provisions for other risks	40	0							0	0	0	40
Total	**817**	**0**	**29**	**16**	**(252)**	**175**	**(58)**	**5**	**0**	**0**	**0**	**732**

ATHEXCSD	Balance on 31.12.2015	Adjustment - reorganization of the Group	Cost of current employment	Interest cost	Benefits paid by the employer	Cost of staff reductions /settlement/termination	Actuarial loss/(gain) - financial assumptions	Actuarial loss/(gain) - experience during the period	Used provision	Additional provision in the period	Revenue from unused provisions	Balance on 31.12.2016
Employee retirement or redundancy compensation	692	0	17	18	(45)	28	17	(24)	0	0	0	703
Compensation Provisions										0		0
Provisions for other risks	40								0	0	0	40
Total	**732**	**0**	**17**	**18**	**(45)**	**28**	**17**	**(24)**	**0**	**0**	**0**	**743**

5.35. SUPPLIERS AND OTHER TRADE LIABILITIES

All liabilities are short-term and, therefore, no discount is required as at the date of the financial statements. The breakdown of suppliers and other liabilities is presented in the table below:

	31.12.2016	31.12.2015
Suppliers	925	714
Hellenic Capital Market Commission Fee	51	61
Tax on stock sales 0.2% (1)	3,125	8,713
Accrued third-party services	60	35
Payable contributions	54	143
Payroll tax	90	104
VAT/Other Taxes (2)	82	87
Sundry creditors (3)	40	97
Total	**4,427**	**9,954**

1. The Company, after the absorption of the Depository branch, as universal successor of the Central Securities Depository according to Article 9, paragraph 2 of Law 2579/88 as amended by Law 2742/99, acts as an intermediary in the receipt from ATHEX Members of the Tax (0.20%) on sales of shares concluded in ATHEX and the payment of such Tax to the Greek State. The amount of €3.1 million represents tax (0.20%) on stock sales collected for December 2016 and paid to the Greek State in January 2017.
2. It includes VAT on outflows and stamp duty.

(Amounts in thousand euro unless otherwise noted) 57

3. In creditors, an amount of €31 thousand is included, relating to coupons to be paid, while the respective amount for the fiscal year 2015 was 80 thousand.

Trade and other payables are classified in Level 3.

During 2016 there were no transfers among Levels 1, 1.2, 3.

5.36. EARNINGS PER SHARE AND DIVIDENTS PAYABLE

The net profit after tax of the Company for 2016 came to € 1.10 million compared to € 5.5 million for the respective period last year and earnings per share came to €1.38 and €6.86 respectively.

The Unsolicited Universal General Meeting of the shareholders of the Company adopted a resolution for the payment of dividend in the amount of €4,013,000 to to the Athens Exchange, the sole shareholder of the Company (802,600 shares x €5.00 per share) for the fiscal year 2015.

5.37. DICLOSURE OF ASSOCIATED PARTIES

The value of transactions and the balances of ATHEXCSD with associated parties are presented in detail in the following table:

	31.12.2016	31.12.2015
Remuneration of executives and managerial staff	306	361

The intra-group transactions and the balances among the Companies of the Group as at 31.12.2016 and 31.12.2015 respectively are shown below:

INTRAGROUP BALANCES (in €) 31.12.2015				
		ATHEX	ATHEXCSD	ATHEXClear
ATHEX	Receivables	0	154,864.00	16,532.92
	Liabilities	0	44,399.84	0
ATHEXCSD	Receivables	44,399.84	0	33,784.53
	Liabilities	154,864.00	0	1,600.00
ATHEXClear	Receivables	0	1,600.00	0
	Liabilities	16,532.92	33,784.53	0

INTRAGROUP BALANCES (in €) 31.12.2015				
		ATHEX	ATHEXCSD	ATHEXClear
ATHEX	Receivables	0	16,709.79	16,399.59
	Liabilities	0	34,404.09	0
ATHEXCSD	Receivables	34,404.09	0	2,151,295.25
	Liabilities	16,709.79	0	1,600.00
ATHEXClear	Receivables	0	1,600.00	0
	Liabilities	16,399.59	2,151,295.25	0

(Amounts in thousand euro unless otherwise noted) 58

INTRAGROUP REVENUE-EXPENSES (in €) 31.12.2016				
		ATHEX	ATHEXCSD	ATHEXClear
ATHEX	Revenue	0	415,113.68	53,332.00
	Expenses	0	289,867.12	0
	Dividend income	0	4,013,000.00	0
ATHEXCSD	Revenue	289,867.12	0	6,227,402.36
	Expenses	415,113.68	0	0
ATHEXClear	Revenue	0	0	0
	Expenses	53,332.00	6,227,402.36	0

INTRAGROUP REVENUE-EXPENSES (in €) 31.12.2015				
		ATHEX	ATHEXCSD	ATHEXClear
ATHEX	Revenue	0	358,289.69	53,332.00
	Expenses	0	274,938.62	0
	Dividend income		9,069,380.00	
ATHEXCSD	Revenue	274,938.62	0	9,284,271.75
	Expenses	358,289.69	0	0
ATHEXClear	Revenue	0	0	0
	Expenses	53,332.00	9,284,271.75	0

The intra-group transactions concern the flat settlement fee (Decision 1, Article 1 regarding ATHEXCSD fees), the settlement instructions (Decision 1, Article 1 regarding ATHEXCSD fees), support services (accounting, security, administration services etc.), IT services, as well as services for support of PC users, which are billed at prices similar to those carried out between third parties.

5.38. MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY

The members of the Board of Directors of the Company are listed in the following table:

HELLENIC CENTRAL SECURITIES DEPOSITORY S.A.	
Iakovos Georganas	Chairman of the Board, Non-Executive Member
Sokratis Lazaridis	Vice Chairman & Chief Executive Officer
Nikolaos Pimplis	Non-Executive Member
Nikolaos Porfyris	Executive member
Dionysios Christopoulos	Non-Executive Member

5.39. CONTINGENT LIABILITIES

None. It is expected that all receivables will be collected in full.

(Amounts in thousand euro unless otherwise noted) 59

5.40. EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

Due to the decline in stock exchange transactions, on which the ATHEXClear clearing revenue is calculated, the minimum charge of €7.5 million was applied for the flat annual settlement fee paid by ATHEXClear to the Company, as a result of which ATHEXClear records significant loss. ATHEXClear requested by letter a discount of €2.0 million from the Company, the Board of which accepted to allow the discount. As a result of the above, the revenue from the flat annual settlement fee was limited to the amount of €5.5 million for the Company for the fiscal year 2016.

Subsequently the Board of Directors decided to change the method of calculation of the flat annual settlement fee for 2017 to 60% of the clearing revenue with an annual minimum at €3 million and an annual maximum at €15 million and the relevant amendment to Decision 1 on ATHEXCSD fees.

There is no other event with any significant impact on the results of the Company, which occurred or was concluded after 31.12.2016, the date of the financial statements for 2016, and until the approval of the financial statements for 2016 by the Board of Directors of the Company on 27.03.2017.

Athens, 27 March 2017

THE CHAIRMAN OF THE BoD

IAKOVOS GEORGANAS ___________________________

THE CHIEF EXECUTIVE OFFICER

SOCRATES LAZARIDIS ___________________________

THE CHIEF FINANCIAL OFFICER

VASILIS GOVARIS ___________________________

THE DIRECTOR OF FINANCIAL MANAGEMENT

CHRISTOS MAYOGLOU ___________________________

THE DEPUTY DIRECTOR OF FINANCIAL CONTROL, BUDGETING & INVESTOR RELATIONS

CHARALAMBOS ANTONATOS ___________________________