



Interim Condensed Consolidated Financial Statements
for the nine months ended

30 September 2015

BANK OF CYPRUS GROUP
Interim Condensed Consolidated Financial Statements
for the nine months ended 30 September 2015

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BANK OF CYPRUS GROUP
Interim Consolidated Income Statement

		Nine months ended 30 September		Three months ended 30 September	
		2015	2014 (represented)	2015	2014 (represented)
	Notes	€000	€000	€000	€000
Continuing operations					
Turnover		1.108.090	1.256.770	342.654	374.751
Interest income		863.416	1.032.638	272.302	320.519
Interest expense		(219.068)	(289.415)	(66.539)	(89.023)
Net interest income		644.348	743.223	205.763	231.496
Fee and commission income		121.783	122.164	38.525	39.656
Fee and commission expense		(6.746)	(5.377)	(2.605)	(2.150)
Net foreign exchange gains/(losses)		30.963	(20.239)	7.671	(16.012)
Net gains/(losses) on financial instrument transactions	8	28.254	185.370	(463)	2.051
Insurance income net of claims and commissions		31.818	35.442	11.549	10.394
Losses from revaluation and disposal of investment properties	15	(36.128)	(2.999)	(12.744)	(4.210)
Other income		12.692	7.672	3.603	1.809
		826.984	1.065.256	251.299	263.034
Staff costs	9	(176.599)	(176.402)	(58.582)	(59.083)
Other operating expenses	9	(146.585)	(162.911)	(49.184)	(50.840)
		503.800	725.943	143.533	153.111
Gains on derecognition of loans and advances to customers and changes in expected cash flows on acquired loans	10	263.392	17.600	33.353	6.352
Provisions for impairment of loans and advances to customers and other customer credit losses	10	(592.764)	(417.618)	(128.838)	(127.862)
(Impairment)/reversal of impairment of other financial instruments	10	(37.105)	(33.205)	(5.937)	795
Impairment of non-financial instruments		-	(4.351)	-	(4.351)
Profit before share of profit from associates and joint ventures		137.323	288.369	42.111	28.045
Share of profit/(loss) from associates and joint ventures		3.641	1.637	203	(2.474)
Profit before tax from continuing operations		140.964	290.006	42.314	25.571
Tax	11	(17.631)	(10.033)	(7.156)	(5.527)
Profit after tax from continuing operations		123.333	279.973	35.158	20.044
Discontinued operations					
Loss after tax from discontinued operations	7	(65.107)	(220.230)	(28.841)	(33.859)
Profit/ (loss) for the period		58.226	59.743	6.317	(13.815)
Attributable to:					
Owners of the Company – continuing operations	7	129.048	281.838	39.724	21.799
Owners of the Company – discontinued operations	7	(55.839)	(206.188)	(26.735)	(27.573)
Total profit/(loss) attributable to the owners of the Company		73.209	75.650	12.989	(5.774)
Non-controlling interests – continuing operations	7	(5.715)	(1.865)	(4.566)	(1.755)
Non-controlling interests – discontinued operations	7	(9.268)	(14.042)	(2.106)	(6.286)
Total loss attributable to non-controlling interests		(14.983)	(15.907)	(6.672)	(8.041)
Profit/ (loss) for the period		58.226	59.743	6.317	(13.815)
Basic and diluted earnings per share (€ cent) attributable to the owners of the Company – continuing operations	12	1,45	5,73	0,45	0,41
Basic and diluted earnings/ (losses) per share (€ cent) attributable to the owners of the Company	12	0,82	1,54	0,15	(0,11)

BANK OF CYPRUS GROUP
Interim Consolidated Statement of Comprehensive Income

	Nine months ended 30 September		Three months ended 30 September	
	2015	2014	2015	2014
	€000	€000	€000	€000
Profit / (loss) for the period	58.226	59.743	6.317	(13.815)
Other comprehensive income (OCI)				
<i>OCI to be reclassified in the consolidated income statement in subsequent periods</i>				
Foreign currency translation differences				
Profit/(loss) on translation of net investment in overseas subsidiaries and branches	6.894	(3.013)	19.536	10.978
(Loss)/profit on hedging of net investments	(9.227)	1.774	(16.998)	3.256
Transfer to the consolidated income statement on disposal of foreign operations	21.020	55.800	31.082	-
	18.687	54.561	33.620	14.234
Available-for-sale investments				
(Losses)/gains on revaluation before tax	(2.445)	10.046	(795)	1.256
Transfer to the consolidated income statement on impairment	2.656	1.699	404	205
Transfer to the consolidated income statement on sale	(3.814)	(49.570)	(1.147)	(1.226)
Tax	-	4	-	-
	(3.603)	(37.821)	(1.538)	235
	15.084	16.740	32.082	14.469
<i>OCI not to be reclassified in the consolidated income statement in subsequent periods</i>				
Property revaluation				
Tax	(255)	327	(433)	6
Other comprehensive income after tax	14.829	17.067	31.649	14.475
Total comprehensive income for the period	73.055	76.810	37.966	660
Attributable to:				
Owners of the Company	84.729	94.138	37.314	9.379
Non-controlling interests	(11.674)	(17.328)	652	(8.719)
Total comprehensive income for the period	73.055	76.810	37.966	660

BANK OF CYPRUS GROUP
Interim Consolidated Balance Sheet

		30 September 2015	31 December 2014 (represented)
	<i>Notes</i>	€000	€000
Assets			
Cash and balances with central banks	25	986.263	1.139.465
Placements with banks	25	1.398.647	1.646.886
Derivative financial assets	14	50.620	62.598
Investments	13	1.001.682	1.871.136
Investments pledged as collateral	13	426.028	669.786
Loans and advances to customers	16	17.979.722	18.168.323
Life insurance business assets attributable to policyholders		468.757	472.992
Other assets	18	341.815	336.262
Property and equipment		293.778	316.101
Investment properties	15	539.020	488.598
Intangible assets		130.970	127.402
Investments in associates and joint ventures	34	112.859	116.776
Deferred tax assets		443.492	456.871
Non-current assets and disposal groups classified as held for sale	17	23.027	916.206
Total assets		24.196.680	26.789.402
Liabilities			
Amounts due to banks	19	322.752	161.896
Funding from central banks	20	5.402.601	8.283.773
Repurchase agreements		367.690	579.682
Derivative financial liabilities	14	54.205	71.967
Customer deposits	21	13.608.325	12.623.558
Insurance liabilities		565.038	576.701
Other liabilities	23	289.526	350.431
Debt securities in issue	22	1.199	1.185
Deferred tax liabilities		47.270	47.963
Non-current liabilities and disposal groups classified as held for sale	17	-	611.199
Total liabilities		20.658.606	23.308.355
Equity			
Share capital	24	892.294	892.238
Share premium	24	552.618	552.539
Capital reduction reserve	24	1.952.486	1.952.486
Shares subject to interim orders	24	-	441
Revaluation and other reserves		208.226	146.809
Accumulated losses		(87.163)	(79.021)
Equity attributable to owners of the Company		3.518.461	3.465.492
Non-controlling interests		19.613	15.555
Total equity		3.538.074	3.481.047
Total liabilities and equity		24.196.680	26.789.402

Dr. J. Ackermann
Mr. I. Zographakis
Mr. J. P. Hourican
Dr. Chr. Patsalides
Mrs. E. Livadiotou

Chairman
Director
Chief Executive Officer
Finance Director
Chief Financial Officer

BANK OF CYPRUS GROUP
Interim Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company													Non-controlling interests	Total equity
	Share capital (Note 24)	Share premium (Note 24)	Capital reduction reserve (Note 24)	Shares subject to interim orders (Note 24)	Accumulated losses	Property revaluation reserve	Revaluation reserve of available-for-sale investments	Other reserves	Life insurance in-force business reserve	Foreign currency translation reserve	Treasury shares (Note 24)	Reserve of disposal groups and assets held for sale (Note 17)	Total		
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
1 January 2015	892.238	552.539	1.952.486	441	(79.021)	98.211	2.226	6.059	97.698	22.929	(88.051)	7.737	3.465.492	15.555	3.481.047
Reclassification from disposal groups	-	-	-	-	-	17.619	-	-	-	-	-	(17.619)	-	-	-
1 January 2015 (represented)	892.238	552.539	1.952.486	441	(79.021)	115.830	2.226	6.059	97.698	22.929	(88.051)	(9.882)	3.465.492	15.555	3.481.047
Profit/(loss) for the period	-	-	-	-	73.209	-	-	-	-	-	-	-	73.209	(14.983)	58.226
Other comprehensive (loss)/income for the period	-	-	-	-	-	(255)	(2.510)	-	-	(14.374)	-	28.659	11.520	3.309	14.829
Total comprehensive income/(loss) for the period	-	-	-	-	73.209	(255)	(2.510)	-	-	(14.374)	-	28.659	84.729	(11.674)	73.055
Issue of share capital	56	79	-	-	-	-	-	-	-	-	-	-	135	-	135
Transfer of realised profits on sale of property	-	-	-	-	(1.565)	1.641	-	-	-	-	-	(76)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	(68)	-	-	-	-	-	-	-	(68)	68	-
Disposal of subsidiaries	-	-	-	-	6.805	-	-	-	-	-	-	(6.805)	-	(18.112)	(18.112)
Increase in shareholding of subsidiaries (Note 32)	-	-	-	-	(37.094)	-	-	-	-	11.693	-	-	(25.401)	25.401	-
Debt capitalisation for subsidiary non-controlling interests	-	-	-	-	(9.293)	-	-	-	-	-	-	-	(9.293)	9.293	-
Increase in value of in-force life insurance business	-	-	-	-	(1.323)	-	-	-	1.323	-	-	-	-	-	-
Tax on increase in value of in-force life insurance business	-	-	-	-	121	-	-	-	(121)	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(918)	(918)
Disposals of treasury shares	-	-	-	(441)	(38.934)	-	-	-	-	-	42.242	-	2.867	-	2.867
Reclassification from assets held-for-sale	-	-	-	-	-	272	-	-	-	11.624	-	(11.896)	-	-	-
30 September 2015	892.294	552.618	1.952.486	-	(87.163)	117.488	(284)	6.059	98.900	31.872	(45.809)	-	3.518.461	19.613	3.538.074

BANK OF CYPRUS GROUP
Interim Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company												Non-controlling interests	Total equity
	Share capital (Note 24)	Share premium (Note 24)	Capital reduction reserve (Note 24)	Shares subject to interim orders (Note 24)	Retained earnings/ (accumulated losses)	Property revaluation reserve	Revaluation reserve of available-for-sale investments	Other reserves	Life insurance in-force business reserve	Foreign currency translation reserve	Treasury shares (Note 24)	Total		
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
1 January 2014	4.683.985	-	-	58.922	(2.151.835)	115.958	42.450	6.059	92.297	(96.462)	(88.051)	2.663.323	74.353	2.737.676
Profit/(loss) for the period	-	-	-	-	75.650	-	-	-	-	-	-	75.650	(15.907)	59.743
Other comprehensive income/(loss) for the period	-	-	-	-	-	238	(37.787)	-	-	56.037	-	18.488	(1.421)	17.067
Total comprehensive income/(loss) for the period	-	-	-	-	75.650	238	(37.787)	-	-	56.037	-	94.138	(17.328)	76.810
Bail-in of deposits and structured products	150	-	-	-	-	-	-	-	-	-	-	150	-	150
Issue of share capital	416.667	583.333	-	-	-	-	-	-	-	-	-	1.000.000	-	1.000.000
Share issue costs	-	(29.960)	-	-	-	-	-	-	-	-	-	(29.960)	-	(29.960)
Reduction in the nominal value of share capital and reduction of share premium	(4.280.140)	-	1.952.486	-	2.327.654	-	-	-	-	-	-	-	-	-
Shares subject to interim orders	58.625	-	-	(58.625)	-	-	-	-	-	-	-	-	-	-
Acquisitions	12.951	-	-	-	(12.951)	-	-	-	-	-	-	-	-	-
Transfer of realised profits on sale of property	-	-	-	-	(92)	92	-	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(51)	(51)
Increase in value of in-force life insurance business	-	-	-	-	(5.286)	-	-	-	5.286	-	-	-	-	-
Tax on increase in value of in-force life insurance business	-	-	-	-	586	-	-	-	(586)	-	-	-	-	-
30 September 2014	892.238	553.373	1.952.486	297	233.726	116.288	4.663	6.059	96.997	(40.425)	(88.051)	3.727.651	56.974	3.784.625

BANK OF CYPRUS GROUP
Interim Consolidated Statement of Cash Flows

		Nine months ended 30 September	
		2015	2014 (represented)
	Notes	€000	€000
Net cash flows from operating activities			
Profit before tax from continuing operations	7	140.964	290.006
Loss before tax from discontinued operations	7	(65.062)	(215.929)
Profit for the period before tax		75.902	74.077
Share of profit from associates and joint ventures		(3.641)	(1.637)
Gain on disposal of joint ventures	8	(10.005)	-
Provisions for impairment of loans and advances to customers and other customer credit losses and changes in expected cash flows on acquired loans		372.037	513.217
Loss on disposal of discontinued operations	7	17.392	114.228
Depreciation of property and equipment and amortisation of intangible assets		15.411	20.331
Increase in value of in-force life insurance policies		(1.323)	(5.286)
Impairment upon remeasurement of disposal group at fair value less costs to sell	7	3.288	4.351
Impairment of other financial instruments	10	37.105	33.205
Amortisation of discounts/premiums and catch-up adjustment of debt securities		(20.114)	(115.269)
Losses/(income) from investments and disposals of property, equipment and intangible assets less interest on subordinated loan stock and funding from central banks		69.439	(187.260)
		555.491	449.957
Net decrease in loans and advances to customers and other accounts		249.939	1.612.779
Net increase/(decrease) in customer deposits and other accounts		835.105	(1.444.400)
		1.640.535	618.336
Tax paid		(1.310)	(10.625)
Net cash flow from operating activities		1.639.225	607.711
Cash flows from investing activities			
Purchase of bonds, treasury bills and shares		(28.473)	-
Proceeds on disposal/redemption of investments		991.684	1.066.700
Interest received from debt securities and treasury bills		30.536	152.850
Dividend income from equity securities		629	245
Proceeds on disposal of subsidiaries and operations		3.396	98.860
Proceeds on disposal of joint ventures		89.011	-
Purchases of property and equipment		(6.676)	(7.967)
Proceeds on disposal of property and equipment		305	609
Purchases of intangible assets		(10.669)	(8.410)
Proceeds on disposal of intangible assets		-	1.162
Proceeds on disposal of investment property		18.098	18.589
Proceeds on disposal of assets held for sale		-	1.720
Net cash flow from investing activities		1.087.841	1.324.358
Cash flows from financing activities			
Proceeds from the issue of shares		135	894.000
Share issue costs paid		-	(624)
Net repayment of funding from central banks		(2.881.172)	(2.352.597)
Proceeds from the issue of debt securities in issue		-	3.133
Redemption of debt securities in issue		(1.733)	-
Interest on subordinated loan stock		(25)	(63)
Proceeds from disposal of treasury shares		2.867	-
Interest on funding from central banks		(63.821)	(113.378)
Dividend paid by subsidiaries to non-controlling interests		(918)	-
Net cash flow used in financing activities		(2.944.667)	(1.569.529)
Net (decrease) / increase in cash and cash equivalents for the period		(217.601)	362.540
Cash and cash equivalents			
1 January		2.238.601	1.463.243
Foreign exchange adjustments		18.373	10.568
Net (decrease)/increase in cash and cash equivalents for the period		(217.601)	362.540
30 September	25	2.039.373	1.836.351
Non-cash transactions			
Share capital – bail-in of deposits and structured products		-	58.775
Share capital – additional shares issued to Laiki Bank for 2013 acquisition		-	12.951
Reduction in the nominal value of share capital		-	(4.280.140)
Share issue costs to be paid		-	(29.336)
Deferred proceeds from the disposal of the overseas operations		41.849	100.000
		41.849	(4.137.750)

1. Corporate information

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

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

Interim Condensed Consolidated Financial Statements

The Interim Condensed Consolidated Financial Statements include the financial statements of the Company and its subsidiaries. They were approved and authorised for issue by a resolution of the Board of Directors on 23 November 2015.

2. Operating environment in Cyprus

Economic performance has been driven mainly by tourism and business services on the supply side and by gradually recovering private consumption on the expenditure side. This was supported by the depreciation of the euro and the drop in oil prices. Economic activity has continued on a positive trend since early 2015. Real GDP grew by 2,2% year-on-year in the third quarter on a seasonally adjusted basis after growing by 0,6% in the second quarter and by 0,1% in the first quarter. In total for the first three quarters the economy grew by 1% year-on-year seasonally adjusted.

In the labour market, unemployment peaked in 2014 at 16,1% and is expected to drop to 15,6% in 2016 according to the European Commission. Consumer inflation dropped by 1,4% in 2014 and continued to drop in 2015, down by 2,2% year-on-year to October (Cyprus Statistical Service). In the real economy output growth in the secondary sectors except from construction activity turned positive. Additionally, the services sector recorded positive growth in most cases (Cyprus Statistical Service).

As per the Troika statement on 16 November 2015 following their review of Cyprus' economic reform programme, fiscal targets continued to be met with substantial margins in the third quarter of 2015, and the authorities continued to make progress on their structural reform agenda. There is evidence that the pace of debt restructuring is picking up. However, non-performing loans remain high and the pace of lending is subdued. Thus increasing the pace of reform under the programme will be essential to entrench the progress achieved. The reduction of the high levels of non-performing loans remains a top priority and it is a pre-requisite for a sustainable stabilisation of the banking system and the resumption of lending.

The Troika also noted the recent adoption of a law to facilitate the sale of loans as a key programme commitment. The Troika believes that in order to decisively reduce non-performing loans, the authorities will need to take all necessary actions to effectively implement all relevant legislation including the insolvency and foreclosure frameworks.

In relation to public finances, the primary balance turned positive in 2014 and the total state budget was near balanced when the cost of recapitalisation of the credit cooperative sector is excluded. The budget deficit is expected to marginally deteriorate in 2015 due to the cost of liquidating the state-owned airline and additional capitalisation of the credit cooperative sector. However, the budget is expected to turn positive from 2016 onwards according to the European Commission. The Troika also believes that continued sound public finances are needed to ensure debt sustainability and the reduction of public debt to acceptable levels. This requires a continuation of the structural reforms including the privatisation process and the reform of public sector.

The conclusion of the review is subject to the approval processes of both the European Union and the IMF, expected to be initiated in January 2016.

Domestic risks relate mostly to the high level of non-performing loans and worsening external conditions, particularly the recession in Russia and the Greek crisis.

Since the beginning of April 2015, there are no longer any restrictive measures or capital controls in Cyprus.

2. Operating environment in Cyprus (continued)

In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have upgraded the credit ratings for the Cypriot sovereign, paving the way for the sovereign to access the international capital markets. In May 2015 and in October 2015, the Cyprus Government issued a €1 billion bond maturing in year 2022, with a coupon rate of 3,875% per annum and a €1 billion bond maturing in year 2025 within a coupon rate of 4,25% per annum.

2.1 The insolvency and foreclosure framework

The insolvency framework was enacted in May 2015 and as a result of this, the foreclosure law which was passed by the Cypriot Parliament in September 2014 has also come into force.

The implementation of the foreclosure law aims to achieve the following:

- Improve the Group's negotiating power against the defaulted customers in order to be more cooperative and reach a viable solution.
- Decrease the recovery period in case of re-possession of an asset from defaulted customers, which will be tested in reality as cases go through the legal system.
- Provide the potential to improve the Group's liquidity risk management as proceeds from an earlier repayment period and/or better repayment of loans should facilitate the Group's management of its assets and liabilities.

The main objectives of the insolvency framework are to modernise and increase the efficiency of liquidation and bankruptcy proceedings for individuals and companies and create appropriate incentives for debt repayment, thus contributing to the reduction of non-performing loans, while at the same time provide certain protections and benefits to debtors including the following:

- Protecting the primary residence of debtors based upon strict eligibility criteria.
- Providing for the economic rehabilitation of bankrupt individuals where possible.
- Providing incentives for the preservation and rehabilitation of companies.
- Introducing a new mechanism for the relief of individual debtors with no income or assets and low total debt.

In general, the Group views the new insolvency and foreclosure framework as a useful tool that is likely to assist and enhance the current legal and operational framework that it operates.

3. Unaudited financial statements

The Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2015 have not been audited by the Group's external auditors.

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

4. Basis of preparation

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

4.1 Statement of compliance

The Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2015 have been prepared in accordance with the International Accounting Standard applicable to interim financial reporting as adopted by the European Union ('IAS 34').

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the annual Consolidated Financial Statements for the year ended 31 December 2014.

4. Basis of preparation (continued)

4.2 Comparative information

The comparative consolidated income statement has been represented to reflect the presentation of the Russian operations disposed of during the third quarter of 2015 as discontinued operations (Note 7). In addition, comparatives have been reclassified to reflect the change in presentation of impairment losses of other financial and non-financial instruments and results from revaluation and disposal of investment properties within the consolidated income statement. The presentation of "Gain on derecognition of loans and advances to customers and changes in expected cash flows on acquired loans" (Note 10) has been changed in order to present this adjoining to the "Provisions for impairment of loans and advances to customers and other customer credit losses" in the consolidated income statement. The Group considers this presentation to be more relevant as it considers such gains and changes in expected cash flows (mainly arising from the fair value adjustment on initial recognition for acquired loans) to be credit risk related. This change in presentation did not have an impact on the profit for the period.

The consolidated balance sheet has been represented to reflect the reclassification of the Kermia Hotel business out of the held for sale category (Note 17) as it no longer qualifies for classification as held for sale. There was no impact on equity from the cessation of the classification of the disposal group as held for sale.

5. Accounting policies

New and amended standards and interpretations

The accounting policies adopted for the preparation of the Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2015 are consistent with those followed for the preparation of the annual Consolidated Financial Statements for the year ended 31 December 2014. In addition, the Group has adopted the following new standards, amendments and interpretations, which did not have a material impact on the Interim Condensed Consolidated Financial Statements:

- IFRIC 21 Levies
- Annual Improvements 2011 – 2013 Cycle issued by the IASB which is a collection of amendments to IFRS. These improvements are effective from 1 July 2014 and include:
 - IFRS 3 Business Combinations - Amendments
 - IFRS 13 Fair Value Measurement - Amendments
 - IAS 40 Investment Properties - Amendments

6. Significant judgements, estimates and assumptions

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

The key assumptions concerning the future and other key sources of estimation of uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described in the annual Consolidated Financial Statements for the year ended 31 December 2014.

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

6.1 Going concern

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

The conditions that existed during the nine months ended 30 September 2015 and the developments up to the date of approval of these Interim Condensed Consolidated Financial Statements that have been considered in management's going concern assessment include, amongst others, the macroeconomic environment in Cyprus described in Note 2 and the following considerations.

6. Significant judgements, estimates and assumptions (continued)

6.1 Going concern (continued)

6.1.1 Regulatory capital ratios and supervisory review process

The Common Equity Tier 1 (CET1) ratio of the Group at 30 September 2015 stands at 15,6% (transitional). The capital position of the Group was strengthened significantly by the €1 billion capital increase completed in September 2014 (Note 24).

The minimum CET1 ratio under the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV) was set by the Central Bank of Cyprus (CBC) at 8% on a transitional basis (Pillar I capital requirement). The Group is also subject to additional capital requirements for risks which are not covered by the Pillar I capital requirements (Pillar II add-ons). The CET1 Pillar II add-on capital requirement at 30 September 2015 stands at 5,2% (resulting in a total minimum CET1 of 13,2%) and it may be further reduced by future losses of up to €658 million, up to a CET1 ratio of 8%. The Group's capital position at 30 September 2015 exceeds its Pillar I and its Pillar II add-on capital requirements, providing a loss-absorbing buffer to the Group. However, the Group's Pillar II add-on capital requirements are a point in time assessment and therefore are subject to change over time.

The European Central Bank (ECB), as part of its supervisory role under Council Regulation (EU) No 1024/2013, has been conducting the Supervisory Review and Evaluation Process (SREP) and onsite inspections on the Group. SREP is a holistic assessment of, amongst other things: the Group's business model, internal governance and institution-wide control arrangements, risks to capital and adequacy of capital to cover these risks and risks to liquidity and adequacy of liquidity resources to cover these risks. The objective of SREP is for the ECB to form an up-to-date supervisory view of the Group's risks and viability and to form the basis for supervisory measures and dialogue with the Group. An onsite inspection on credit quality was performed by the ECB with a reference date of 31 December 2014, and its scope included the review and assessment of the Group's non-performing and restructured but performing exposures.

The onsite inspection and related draft recommendation letter state that, on the basis of a modified set of assumptions there is, in the ECB's view, a provision-related adjustment of around €300 million for the judgemental (i.e. specifically assessed) portfolio and around €700 million for the statistical (i.e. collectively assessed) portfolio, mostly relating to the recovery value of real estate collateral. The Group is contesting certain of the assumptions used and is engaged in a supervisory dialogue with the ECB. The Group has in any case already, in the normal application of its provisioning methodology, substantially recognised the provisions for the judgmental portfolio reviewed by the ECB and part (around €100 million) of the provisions for the reviewed statistical portfolio in its consolidated financial results for the nine months ended 30 September 2015. The Group considers that the ECB calculated adjustments do not indicate that the Group is not in compliance with IFRS. In any case, the Group will continue monitoring and re-assessing its provisioning assumptions, estimates and methodology in the context of the prevailing market conditions and other relevant developments, always in the context and guidance provided by the IFRS.

If the impact of the provision-related adjustment calculated by the ECB and which, in the view of the Group, has not been recognised to date amounting to around €600 million was to be considered, there would be a decrease of 2,4% on CET1 ratio (pre-tax).

The Group estimates that the ECB's current SREP dialogue and onsite inspection process and related considerations will be concluded by the end of 2015. As part of this process, the Group will, in due course, be submitting a multi-year capital plan to the ECB for its review to demonstrate that the level of capital held by the Group is sufficient.

The revised Pillar II CET1 capital requirement was preliminarily determined by the ECB to be 3,75%, resulting in a total minimum CET1 of 11,75%. Taking into account the Group's CET1 ratio of 15,6% as at 30 September 2015 and the expectations for the outcome of the SREP process, even after adjusting for potential additional capital requirements as a result of the credit risk inspection, the Group expects to be compliant with both its Pillar I and revised Pillar II add-on capital requirements and therefore does not expect to be required to raise any capital.

6. Significant judgements, estimates and assumptions (continued)

6.1 Going concern (continued)

6.1.2 Asset quality

The challenging macroeconomic environment in Cyprus is affecting the Group's asset quality. The Group's loans that are impaired or past due for more than 90 days (90+ DPD) at 30 September 2015 amounted to €11.998 million, noting a decrease of €655 million compared to 31 December 2014 of €12.653 million. The level of loans 90+ DPD at 30 September 2015 was €649 million lower compared to 30 June 2015, partly due to the disposal of the Group's Russian operations and partly due to a decrease in Cyprus. The 90+ DPD loans represent 52% of gross loans (Note 27) and the provision coverage ratio stands at 41% (including provisions for off balance sheet exposures). Taking into account tangible collateral at fair value, 90+ DPD loans are fully covered. The Group's non-performing exposures (NPEs) as defined by the European Banking Authority amounted to €14.225 million at 30 September 2015 and accounted for 62% of gross loans. The provision coverage ratio of NPEs at 30 September 2015 stands at 35%.

The Group's strategy is to address these challenges through the set up of independent, centralised and specialised restructuring and recovery units to manage large or distressed exposures. Through these units, the Group aims to proactively and efficiently manage problem loans in order to contain the provisions for impairment expected to arise from the ongoing economic slowdown.

The enactment of the foreclosure and insolvency framework (Note 2.1) and the law governing the sale of loans provide the Company with additional tools and power to address its asset quality challenges.

6.1.3 Liquidity

The Group currently has limited access to interbank and wholesale markets which, combined with a reduction in deposits in Cyprus in 2013, the deposit bail-in and the acquisition of certain operations of Laiki Bank in March 2013 has resulted in increased reliance on central bank funding.

The level of central bank funding as at 30 September 2015 amounted to €5,4 billion, comprising €501 million of ECB funding and €4,9 billion of Emergency Liquidity Assistance (ELA) funding (Notes 20 and 28). As at 23 November 2015, the level of ELA funding has been further reduced by €600 million to €4,3 billion. The Group intends to continue with further ELA repayments, the pace of which will be dependent on the prevailing market conditions.

Following the recent restructuring of the Company's Covered Bond Programme and the notes issued by the Company which resulted in their rating being upgraded to Baa3 by Moody's Investors Service, the covered bonds became eligible for Eurosystem credit operations. This eligibility provided access to ECB funding which was used for further ELA repayments. The Group also intends to resume issuing debt instruments in the capital markets as part of its funding strategy going forward, when market conditions allow it.

Since the beginning of April 2015 there are no longer any restrictive measures or capital controls in Cyprus. On 31 January 2015, the Company released the last tranche of the twelve-month time deposits of approximately €300 million out of a total of €2,8 billion that were blocked as per the decrees relating to the recapitalisation of the Company completed in July 2013.

Group customer deposits totalled €13.608 million at 30 September 2015 compared to €13.629 million at 30 June 2015 and €13.169 million at 31 December 2014. Despite the full abolition of capital controls in April 2015, customer deposits in Cyprus increased by €844 million during the first nine months of 2015, reaching €12.158 million at 30 September 2015 compared with €11.314 million at 31 December 2014.

Details on regulatory liquidity ratios are disclosed in Note 28.

Although the Group has received no specific guarantees, the management expects that the Group will continue to have access to the central bank liquidity facilities, in line with applicable rules. In this respect, the House of Representatives approved on 27 January 2014 the issuance of additional government guarantees of up to €2,9 billion. The Company expects that it will be able to make use of these guarantees.

6. Significant judgements, estimates and assumptions (continued)

6.1 Going concern (continued)

6.1.3 Liquidity (continued)

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

6.1.4 Pending litigation and claims

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

Despite the novelty of the said claims and the uncertainties inherent in a unique situation, based on the information available at present and on the basis of the law as it currently stands, the management considers that the said claims seem unlikely to have a material adverse impact on the financial position and capital adequacy of the Group (Note 23.1).

6.1.5 Going concern assessment

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

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

- The Group's CET1 ratio at 30 September 2015 stands at 15,6%, improved by 1,6% since the 31 December 2014 level of 14,0%.
- The Group is compliant with its Pillar I and Pillar II add-on capital requirements and expects to continue to be compliant with its Pillar I and revised Pillar II add-on capital requirements after the completion of the current SREP process.
- The liquidity position of the Group and the positive customer flows in Cyprus which continued during the third quarter of 2015.
- The sharp decrease of its reliance on ELA funding, which on 23 November 2015 stands at €4,3 billion, compared to €4,9 billion at 30 September 2015, €7,4 billion at 31 December 2014 and its peak level of €11,4 billion in April 2013. The intention of the Group is to resume issuing debt instruments in the capital markets as part of its funding strategy going forward, provided market conditions allow it.
- The Group's core operations in Cyprus are profitable (Note 7).
- The Group has completed the sale of the majority of its Russian operations, thus further deleveraging its consolidated balance sheet and achieving a positive impact on its CET1 ratio.
- The improved ratings of both the Group (Fitch upgrade of Long-term Issuer Default Rating from 'CC' to 'CCC' in April 2015) and the Republic of Cyprus (Fitch upgrade by two notches to B+ with a positive outlook in October 2015, S&P's by one notch to BB- with a positive outlook in September 2015 and Moody's Investors Service by two notches to B1 with a stable outlook in November 2015).

6.2 Provision for impairment of loans and advances to customers

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

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

6. Significant judgements, estimates and assumptions (continued)

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

Assumptions have been made about the future changes in property values, as well as the timing for the realisation of the collateral and for taxes and expenses on the repossession and subsequent sale of the collateral. Indexation has been used to estimate updated market values of properties while assumptions were made on the basis of a macroeconomic scenario for future changes in property values. The timing of recovery from mortgages has been estimated to be on average 3 years with the exception of specific cases where a different period has been used based on specific facts and circumstances. In accordance with the Loan Impairment and Provisioning Directives of 2014 and 2015 of the CBC, the cumulative average future change in property values during this period has been capped at zero.

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

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

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

Impairment assessment also includes off-balance sheet credit exposures represented by guarantees given and by irrevocable commitments to disburse funds. Off-balance sheet credit exposures of the individually assessed assets require assumptions on the probability, timing and amount of cash outflows; otherwise the provision is calculated on a collective basis, taking into account the probability of loss for the portfolio in which the customer is included for on-balance sheet exposures impairment assessment.

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

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

Further disclosures on impairment allowances and related credit information are set out in Note 27.

6. Significant judgements, estimates and assumptions (continued)

6.3 Tax

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

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

Further information on the movement during the period is disclosed in Note 11.

6.4 Fair value of properties held for own use and investment properties

The Group's accounting policy for property held for own use, as well as for investment property, requires that it is measured at fair value. In the case of property held for own use, valuations are carried out periodically so that the carrying value is not materially different from the fair value, whereas in the case of investment properties, the valuation is performed at each reporting date. Valuations are carried out by qualified valuers by applying valuation models recommended by the International Valuation Standards Council.

Depending on the nature of the underlying asset and available market information, the determination of the fair value of property may require the use of estimates such as future cash flows from assets and discount rates applicable to those assets. All these estimates are based on local market conditions existing at the reporting date.

Since the acceleration of the economic crisis in Cyprus in 2010, transaction activity in both commercial and residential properties has recorded a significant decrease and according to local published indices, prices have declined by approximately 15% to 45% since 2011 (depending on the location and type of property). Forced sales activity is expected to accelerate as a result of pressures on the banks to enforce security on property collaterals. The high prevailing uncertainty over the economic developments in Cyprus in the financial and property sectors in particular, make forecasts of the future developments in the real estate market extremely difficult.

In arriving at their estimates of market values of properties, the valuers used their market knowledge and professional judgement and did not rely solely on historical transactional comparables, taking into consideration that there is a greater degree of uncertainty than that which exists in a more active market.

Further details on the movement of investment properties during the period are disclosed in Note 15.

6.5 Disposal groups held for sale and discontinued operations

In December 2014 the Group determined that its Russian operations met the criteria for classification as held for sale, for the following reasons: (a) the operations were available for immediate sale in their current condition, and (b) the actions to dispose the operations had been initiated and were expected to be completed within one year from the date of classification. In September 2015, the Group completed the sale of the majority of its Russian operations (Note 33.2). As a result of the disposal, the results of the Russian operations disposed of are presented as discontinued.

6. Significant judgements, estimates and assumptions (continued)

6.5 Disposal groups held for sale and discontinued operations (continued)

The results of the Russian operations not disposed of did not meet the criteria for classification as held for sale, at 30 September 2015 and are therefore presented within continuing operations.

More details on discontinued operations and assets held for sale are presented in Notes 7 and 17.

6.6 Provisions

The accounting policy for provisions is described in Note 3.31 in the annual Consolidated Financial Statements for the year ended 31 December 2014. Judgement is involved in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. Provisions for pending litigations, claims or regulatory matters require a higher degree of judgement than other types of provisions.

For a detailed description of the nature of uncertainties and assumptions and the effect on the amount and timing of pending litigation and claims refer to Note 23.1.

7. Segmental analysis

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

At 31 December 2014 the Group classified its Russian operations as a disposal group held for sale. The disposal of the majority of the Russian operations was completed in September 2015 (Note 33.2) and results of the Russian operations which have been disposed of are presented as discontinued.

The results of the remaining Russian operations, being the management of a loan portfolio are presented within continuing operations.

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

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

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

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

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

7. Segmental analysis (continued)

Continuing operations

	Cyprus	Other countries	Total continuing operations
Nine months ended 30 September 2015	€000	€000	€000
Net interest income	602.782	41.566	644.348
Net fee and commission income	110.144	4.893	115.037
Net foreign exchange gains/(losses)	32.719	(1.756)	30.963
Net gains/(losses) on financial instrument transactions	29.403	(1.149)	28.254
Insurance income net of claims and commissions	31.104	714	31.818
Losses from revaluation and disposal of investment properties	(15.865)	(20.263)	(36.128)
Other income/(expenses)	16.608	(3.916)	12.692
	806.895	20.089	826.984
Staff costs	(163.907)	(12.692)	(176.599)
Other operating expenses	(106.379)	(13.395)	(119.774)
Restructuring costs (Note 9)	(22.495)	(4.316)	(26.811)
	514.114	(10.314)	503.800
Gains on derecognition of loans and advances to customers and changes in expected cash flows on acquired loans	257.113	6.279	263.392
Provisions for impairment of loans and advances to customers and other customer credit losses	(511.249)	(81.515)	(592.764)
Impairment of other financial instruments	(25.943)	(11.162)	(37.105)
Share of profit from associates and joint ventures	3.641	-	3.641
Profit / (loss) before tax	237.676	(96.712)	140.964
Tax	(16.428)	(1.203)	(17.631)
Profit / (loss) after tax	221.248	(97.915)	123.333
Non-controlling interests – (profit)/loss	(173)	5.888	5.715
Profit / (loss) after tax attributable to the owners of the Company	221.075	(92.027)	129.048

7. Segmental analysis (continued)

Discontinued operations

	Russia	Subsidiary acquired with a view to resale	Total discontinued operations
Nine months ended 30 September 2015	€000	€000	€000
Net interest income	16.353	-	16.353
Net fee and commission income	8.108	-	8.108
Net foreign exchange gains	1.537	-	1.537
Losses from revaluation and disposal of investment properties	(160)	-	(160)
Other income	1.156	18.833	19.989
	26.994	18.833	45.827
Staff costs	(17.010)	(5.433)	(22.443)
Other operating expenses	(17.147)	(7.954)	(25.101)
	(7.163)	5.446	(1.717)
Provisions for impairment of loans and advances to customers and other customer credit losses	(42.665)	-	(42.665)
Impairment upon remeasurement of disposal group at fair value less costs to sell	(3.288)	-	(3.288)
(Loss)/profit on disposal of discontinued operations	(23.032)	5.640	(17.392)
(Loss) / profit before tax	(76.148)	11.086	(65.062)
Tax	(45)	-	(45)
(Loss) / profit after tax	(76.193)	11.086	(65.107)
Non-controlling interests – loss/(profit)	10.630	(1.362)	9.268
(Loss) / profit after tax attributable to the owners of the Company	(65.563)	9.724	(55.839)

As part of its management of large exposures, the Group acquired a 75% shareholding in Aphrodite Holdings Ltd and in Aphrodite Hills (Lakkos tou Frangou) Ltd, collectively referred to as 'Aphrodite group', in November 2014. The management had assessed the acquisition of the Aphrodite group and concluded that it met the criteria for a subsidiary acquired exclusively with a view to resale, and has therefore presented the operations of the Aphrodite group as discontinued. In September 2015 the Company completed the disposal of 65% of the shares of Aphrodite group (Note 17).

7. Segmental analysis (continued)

Continuing operations

	Cyprus	Other countries	Total continuing operations
Nine months ended 30 September 2014 (represented)	€000	€000	€000
Net interest income	703.784	39.439	743.223
Net fee and commission income	111.065	5.722	116.787
Net foreign exchange losses	(19.314)	(925)	(20.239)
Net gains/(losses) on financial instrument transactions	195.074	(9.704)	185.370
Insurance income net of claims and commissions	33.197	2.245	35.442
(Losses)/gains from revaluation and disposal of investment properties	(15.134)	12.135	(2.999)
Other income/(expenses)	14.409	(6.737)	7.672
	1.023.081	42.175	1.065.256
Staff costs	(165.439)	(10.963)	(176.402)
Other operating expenses	(113.748)	(21.713)	(135.461)
Restructuring costs (Note 9)	(25.050)	(2.400)	(27.450)
	718.844	7.099	725.943
Gains on derecognition of loans and advances to customers and changes in expected cash flows on acquired loans	9.622	7.978	17.600
Provisions for impairment of loans and advances to customers and other customer credit losses	(341.848)	(75.770)	(417.618)
Impairment of other financial instruments	(33.205)	-	(33.205)
Impairment of non-financial instruments	-	(4.351)	(4.351)
Share of profit from associates and joint ventures	1.637	-	1.637
Profit / (loss) before tax	355.050	(65.044)	290.006
Tax	(3.630)	(6.403)	(10.033)
Profit / (loss) after tax	351.420	(71.447)	279.973
Non-controlling interests – (profit)/loss	(433)	2.298	1.865
Profit / (loss) after tax attributable to the owners of the Company	350.987	(69.149)	281.838

7. Segmental analysis (continued)*Discontinued operations*

	Russia	Ukraine	Total discontinued operations
Nine months ended 30 September 2014 (represented)	€000	€000	€000
Net interest income	47.171	4.064	51.235
Net fee and commission income	13.961	270	14.231
Net foreign exchange gains	3.033	617	3.650
Net losses on financial instrument transactions	(31)	-	(31)
(Losses)/gains from revaluation and disposal of investment properties	(56)	560	504
Other income	841	492	1.333
	64.919	6.003	70.922
Staff costs	(26.232)	(1.233)	(27.465)
Other operating expenses	(29.076)	(2.883)	(31.959)
	9.611	1.887	11.498
Provisions for impairment of loans and advances to customers and other customer credit losses	(74.671)	(38.528)	(113.199)
Loss on disposal of Ukrainian operations	-	(114.228)	(114.228)
Loss before tax	(65.060)	(150.869)	(215.929)
Tax	(4.955)	654	(4.301)
Loss after tax	(70.015)	(150.215)	(220.230)
Non-controlling interests – loss	14.003	39	14.042
Loss after tax attributable to the owners of the Company	(56.012)	(150.176)	(206.188)

7. Segmental analysis (continued)

Analysis of total revenue

Total revenue includes net interest income, net fee and commission income, net foreign exchange gains, net gains on financial instrument transactions, insurance income net of claims and commissions and other income.

Continuing operations

	Cyprus	Other countries	Total continuing operations
Nine months ended 30 September 2015	€000	€000	€000
Banking and financial services	763.488	29.978	793.466
Insurance services	30.261	965	31.226
Property and hotel business	2.330	(38)	2.292
Total revenue from third parties	796.079	30.905	826.984
Inter-segment revenue/(expense)	10.816	(10.816)	-
Total revenue	806.895	20.089	826.984

Discontinued operations

	Russia	Subsidiary acquired with a view to resale	Total discontinued operations
Nine months ended 30 September 2015	€000	€000	€000
Banking and financial services	26.994	-	26.994
Property and hotel business	-	18.833	18.833
Total revenue	26.994	18.833	45.827

Continuing operations

	Cyprus	Other countries	Total continuing operations
Nine months ended 30 September 2014 (represented)	€000	€000	€000
Banking and financial services	982.080	44.766	1.026.846
Insurance services	34.377	2.303	36.680
Property and hotel business	1.809	(79)	1.730
Total revenue from third parties	1.018.266	46.990	1.065.256
Inter-segment revenue/(expense)	4.815	(4.815)	-
Total revenue	1.023.081	42.175	1.065.256

Discontinued operations

	Russia	Ukraine	Total discontinued operations
Nine months ended 30 September 2014 (represented)	€000	€000	€000
Total banking and financial services revenue from third parties	64.919	6.003	70.922

7. Segmental analysis (continued)

Analysis of assets

	Operating segments		Russia-discontinued operations	Total
	Cyprus	Other countries		
30 September 2015	€000	€000	€000	€000
Assets	22.955.204	2.393.604	-	25.348.808
Inter-segment assets				(1.152.128)
Total assets				24.196.680
31 December 2014				
Assets	25.164.546	2.112.860	715.428	27.992.834
Inter-segment assets				(1.203.432)
Total assets				26.789.402

Analysis of liabilities

	Operating segments		Russia-discontinued operations	Total
	Cyprus	Other countries		
30 September 2015	€000	€000	€000	€000
Liabilities	19.123.968	2.689.062	-	21.813.030
Inter-segment liabilities				(1.154.424)
Total liabilities				20.658.606
31 December 2014				
Liabilities	21.247.697	2.408.893	857.381	24.513.971
Inter-segment liabilities				(1.205.616)
Total liabilities				23.308.355

By business line

In addition to monitoring operations by geographical location, from 2015 onwards, Group management also monitors the operating results of each business line for the Cyprus segment of the Group, and such disclosures are presented to the Group Executive Committee. No comparative information has been disclosed for the results of the new business lines as their reorganisation was completed in 2014.

Income and expenses directly associated with each business line are included in determining the line's performance. Transfer pricing methodologies are applied between the business lines to present their results on an arm's length basis. The business line 'Other' includes group and head office functions such as treasury, finance, risk management, compliance, legal, corporate affairs and human resources. Head office functions provide services to the operating segments.

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7. Segmental analysis (continued)

By business line (continued)

	Corporate	Small and medium-sized enterprises	Retail	Restructuring and recoveries	International banking services	Wealth management	Insurance	Other	Total Cyprus
Nine months ended 30 September 2015	€000	€000	€000	€000	€000	€000	€000	€000	€000
Net interest income	51.726	51.702	187.196	221.105	45.612	4.900	504	40.037	602.782
Net fee and commission income/(expense)	5.726	6.686	40.971	10.884	36.257	1.209	(1.992)	10.403	110.144
Total other operating income	476	453	3.434	236	5.358	2.835	31.749	49.428	93.969
	57.928	58.841	231.601	232.225	87.227	8.944	30.261	99.868	806.895
Staff costs and other operating expenses	(7.847)	(9.162)	(89.204)	(24.006)	(16.101)	(3.764)	(11.479)	(108.723)	(270.286)
Restructuring costs	-	-	-	-	-	-	-	(22.495)	(22.495)
	50.081	49.679	142.397	208.219	71.126	5.180	18.782	(31.350)	514.114
Gains on derecognition of loans and advances to customers and changes in expected cash flows on acquired loans	31.134	26.755	58.180	127.238	2.332	1.546	-	9.928	257.113
(Provisions for impairment)/reversal of provisions of loans and advances and other customer credit losses	(4.250)	6.797	(37.503)	(466.959)	(3.280)	(6.225)	-	171	(511.249)
Impairment of other financial instruments	-	-	-	-	-	-	-	(25.943)	(25.943)
Share of profit from associates and joint ventures	-	-	-	-	-	-	-	3.641	3.641
Profit / (loss) before tax	76.965	83.231	163.074	(131.502)	70.178	501	18.782	(43.553)	237.676
Tax	(9.621)	(10.404)	(20.384)	16.438	(8.772)	(63)	(2.131)	18.509	(16.428)
Profit / (loss) after tax	67.344	72.827	142.690	(115.064)	61.406	438	16.651	(25.044)	221.248
Non-controlling interests - profit	-	-	-	-	-	-	-	(173)	(173)
Profit / (loss) after tax attributable to the owners of the Company	67.344	72.827	142.690	(115.064)	61.406	438	16.651	(25.217)	221.075

Analysis of loans and advances to customers in Cyprus in the above business lines is disclosed in Note 27.

8. Net gains / (losses) on financial instrument transactions

	Nine months ended 30 September		Three months ended 30 September	
	2015	2014 (represented)	2015	2014 (represented)
	€000	€000	€000	€000
Trading portfolio:				
- equity securities	310	1.412	(366)	282
- debt securities	11	72	-	3
- derivative financial instruments	(13.324)	5.394	198	4.251
Other investments at fair value through profit or loss:				
- debt securities	379	1.988	(22)	159
- equity securities	157	-	275	-
Net gains/(losses) on disposal of available-for-sale investments:				
- equity securities	971	48.948	27	(26)
- debt securities	(12)	2.860	-	234
Net gains on disposal/repayment of loans and receivables:				
- debt securities	30.820	99.929	-	87
Realised gains/(losses) on disposal of loans and deposits	35	25.432	35	(1.907)
Revaluation of financial instruments designated as fair value hedges:				
- hedging instruments	8.948	(11.937)	345	(2.542)
- hedged items	(10.046)	11.272	(898)	1.455
Gain/(loss) on disposal of joint ventures	10.005	-	(57)	-
Other gains on financial instruments	-	-	-	55
	28.254	185.370	(463)	2.051

The gain on disposal of debt securities classified as loans and receivables relates to the gain from the earlier than expected partial repayment of a Cyprus Government Bond.

The gain on disposal of joint ventures relates mainly to the disposal of Marfin Diversified Strategy Fund Plc (MDSF) in April 2015, and represents the recycling of the related foreign currency reserves into the consolidated income statement. Further details are disclosed in Note 17.

9. Staff costs and other operating expenses

Staff costs

	Nine months ended 30 September		Three months ended 30 September	
	2015	2014 (represented)	2015	2014 (represented)
	€000	€000	€000	€000
Salaries	140.676	140.402	46.932	47.099
Employer's contributions to state social insurance and pension funds	19.826	19.134	7.236	6.264
Retirement benefit plan costs	16.097	16.807	4.414	5.661
	176.599	176.343	58.582	59.024
Restructuring costs-Voluntary Retirement Schemes	-	59	-	59
	176.599	176.402	58.582	59.083

The number of persons employed by the Group as at 30 September 2015 was 4.610 (31 December 2014: 6.726, 30 September 2014: 6.729).

Other operating expenses

	Nine months ended 30 September		Three months ended 30 September	
	2015	2014 (represented)	2015	2014 (represented)
	€000	€000	€000	€000
Operating lease rentals for property and equipment	7.770	9.187	2.551	3.266
Advertising and marketing	8.585	8.841	5.591	2.975
Repairs and maintenance of property and equipment	16.257	15.203	5.687	6.495
Other property-related costs	10.078	9.295	4.776	3.932
Insurance expenses	11.067	10.696	3.804	3.934
Communication expenses	5.586	6.927	2.071	2.029
Printing and stationery	3.137	3.413	1.181	961
Depreciation of property and equipment	9.259	10.218	3.100	3.265
Amortisation of intangible assets	5.259	4.045	1.833	682
Contributions to depositor protection schemes	274	36	29	(4)
Special levy on deposits of credit institutions in Cyprus	12.761	14.415	4.253	4.805
Provisions and settlements of litigations or claims	1.630	12.650	(374)	950
Consultancy and other professional services fees	11.966	9.971	4.438	5.148
Local cash transfer expenses	1.992	1.539	669	452
Other operating expenses	14.153	19.084	4.217	5.328
	119.774	135.520	43.826	44.218
Advisory and other restructuring costs	26.811	27.391	5.358	6.622
	146.585	162.911	49.184	50.840

9. Staff costs and other operating expenses (continued)

Other operating expenses (continued)

Restructuring costs comprise mainly costs of external advisors and other expenses including property transfer fees relating to the restructuring process of the Group and costs incurred in closing down branches and operations.

10. Impairment of loans and advances to customers and other credit risk related (gains) / charges

	Nine months ended 30 September		Three months ended 30 September	
	2015	2014 (represented)	2015	2014 (represented)
	€000	€000	€000	€000
Gains on derecognition of loans and advances to customers and changes in expected cash flows on acquired loans	(263.392)	(17.600)	(33.353)	(6.352)

<i>Net provisions for impairment of loans and advances to customers and other customer credit losses</i>				
Loans and advances to customers (Note 27)	628.801	417.618	161.692	127.862
Financial guarantees and commitments	(36.037)	-	(32.854)	-
	592.764	417.618	128.838	127.862

<i>Net impairment of other financial instruments</i>				
Available-for-sale debt securities	-	66	-	-
Available-for-sale equity securities	2.426	1.699	403	205
Loans and receivables debt securities	(167)	-	-	-
Placements with banks	13.270	16.440	(200)	(1.000)
Other receivables (Note 18)	21.576	15.000	5.734	-
	37.105	33.205	5.937	(795)

The gains on derecognition of loans and advances to customers and changes in expected cash flows on acquired loans arose on settlement of loans acquired in 2013 through the acquisition of Laiki Bank operations, at an amount which is higher than their carrying amount on settlement date and on changes in expectations of future cash flows on acquired loans compared to the initial expectations.

11. Tax

	Nine months ended 30 September		Three months ended 30 September	
	2015	2014 (represented)	2015	2014 (represented)
	€000	€000	€000	€000
Current tax:				
- Cyprus	1.867	2.468	512	957
- overseas	2.119	5.237	1.362	2.844
Cyprus defence contribution	113	101	23	24
Deferred tax	12.687	2.328	5.226	1.785
Prior year tax adjustments	845	(101)	33	(83)
	17.631	10.033	7.156	5.527

12. Earnings per share

	Nine months ended 30 September		Three months ended 30 September	
	2015	2014 (represented)	2015	2014 (represented)
Basic and diluted earnings / (losses) per share attributable to the owners of the Company				
Profit/(loss) for the period attributable to the owners of the Company (€ thousand)	73.209	75.650	12.989	(5.774)
Weighted average number of shares in issue during the period, excluding treasury shares (thousand)	8.909.583	4.918.027	8.909.583	5.284.327
Basic and diluted earnings/(losses) per share (€ cent)	0,82	1,54	0,15	(0,11)

Basic and diluted earnings per share attributable to the owners of the Company – continuing operations				
Profit after tax attributable to the owners of the Company – continuing operations (€ thousand)	129.048	281.838	39.724	21.799
Weighted average number of shares in issue during the period, excluding treasury shares (thousand)	8.909.583	4.918.027	8.909.583	5.284.327
Basic and diluted earnings per share – continuing operations (€ cent)	1,45	5,73	0,45	0,41

Basic and diluted losses per share attributable to the owners of the Company – discontinued operations				
Loss after tax attributable to the owners of the Company – discontinued operations (€ thousand)	(55.839)	(206.188)	(26.735)	(27.573)
Weighted average number of shares in issue during the period, excluding treasury shares (thousand)	8.909.583	4.918.027	8.909.583	5.284.327
Basic and diluted losses per share – discontinued operations (€ cent)	(0,63)	(4,19)	(0,30)	(0,52)

13. Investments

	30 September 2015	31 December 2014
Investments	€000	€000
Investments at fair value through profit or loss	34.740	34.347
Investments available-for-sale	50.352	53.480
Investments classified as loans and receivables	916.590	1.783.309
	1.001.682	1.871.136

13. Investments (continued)

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

	30 September 2015	31 December 2014
Investments pledged as collateral	€000	€000
Investments available-for-sale	426.028	669.786

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

Loans and receivables at 30 September 2015 include €166.595 thousand (31 December 2014: €169.365 thousand) of debt securities issued by the Cyprus government and listed on the Cyprus Stock Exchange which have been determined to be individually impaired, in prior years.

13. Investments (continued)

Reclassification of investments

The tables below present the debt securities reclassified by the Group, by date of reclassification.

	Reclassification date	Carrying and fair value on reclassification date	30 September 2015		31 December 2014		Nine months ended 30 September 2015		Effective interest rate on reclassification date
			Carrying value	Fair value	Carrying value	Fair value	Additional loss in the income statement had the debt securities not been reclassified	Additional income/(loss) in other comprehensive income had the debt securities not been reclassified	
		€000	€000	€000	€000	€000	€000	€000	
Reclassification of trading investments to:									
- loans and receivables	1 April 2010	34.810	35.261	34.934	36.722	35.056	(122)	-	1,2%-4,4%
Reclassification of available-for-sale investments to:									
- loans and receivables	1 October 2008	129.497	129.214	140.954	130.500	130.520	-	11.740	4,6%-4,7%
- loans and receivables	30 June 2011	151.967	167.959	165.306	166.724	157.918	-	(2.653)	2,8%-6,3%
Reclassification of held-to-maturity investments to:									
- available-for-sale	1 November 2012	42.151	41.773	41.773	43.358	43.358	-	-	0,4%-3,1%

13. Investments (continued)

Reclassification of investments (continued)

	Reclassification date	Carrying and fair value on reclassification date	30 September 2014		31 December 2013		Nine months ended 30 September 2014		Effective interest rate on reclassification date
			Carrying value	Fair value	Carrying value	Fair value	Additional profit in the income statement had the debt securities not been reclassified	Additional income/(loss) in other comprehensive income had the debt securities not been reclassified	
		€000	€000	€000	€000	€000	€000	€000	
Reclassification of trading investments to:									
- loans and receivables	1 April 2010	34.810	36.802	35.110	38.059	32.204	2.906	-	1,2%-4,4%
Reclassification of available-for-sale investments to:									
- loans and receivables	1 October 2008	163.407	164.412	165.747	164.875	145.171	-	1.335	4,6%-4,7%
- loans and receivables	30 June 2011	164.035	178.228	170.253	176.586	149.088	-	(7.975)	2,8%-6,3%
Reclassification of held-to-maturity investments to:									
- available-for-sale	1 November 2012	87.725	89.195	89.195	90.114	90.114	-	-	0,4%-3,1%

14. Derivative financial instruments

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

	30 September 2015			31 December 2014		
	Contract amount	Fair value		Contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	€000	€000	€000	€000	€000	€000
Trading derivatives						
Forward exchange rate contracts	483.597	23.392	350	108.599	18.927	433
Currency swaps	1.058.567	19.049	4.081	1.268.923	22.623	7.196
Interest rate swaps	48.103	283	2.414	205.661	11.930	3.773
Currency options	77	5	72	995	76	919
Equity options	3.183	597	331	3.113	580	346
Interest rate caps/floors	6.658	-	78	5.194	-	153
GDP warrant securities	-	-	-	1.208	13	-
	1.600.185	43.326	7.326	1.593.693	54.149	12.820
Derivatives qualifying for hedge accounting						
Fair value hedges - interest rate swaps	503.736	859	46.879	674.883	-	59.147
Net investments – forward exchange rate contracts	155.675	6.435	-	60.616	8.449	-
	659.411	7.294	46.879	735.499	8.449	59.147
Total	2.259.596	50.620	54.205	2.329.192	62.598	71.967

Hedge accounting*Hedges of net investments*

The Group's consolidated balance sheet is affected by foreign exchange differences between the Euro and all non-Euro functional currencies of overseas subsidiaries and branches and other foreign operations. The Group hedges its structural currency risk when it considers that the cost of such hedging is within an acceptable range (in relation to the underlying risk). This hedging is effected by financing with borrowings in the same currency as the functional currency of the overseas subsidiaries and branches, as well as overseas associates and joint ventures and forward exchange rate contracts. As at 30 September 2015, deposits and forward exchange rate contracts amounting to €179.626 thousand and €155.675 thousand respectively (31 December 2014: €249.967 thousand and €60.616 thousand respectively) have been designated as hedging instruments and have given rise to a loss of €9.227 thousand (31 December 2014: gain of €2.580 thousand) which was recognised in the 'Foreign currency translation reserve' in the consolidated statement of comprehensive income, against the profit or loss from the retranslation of the net assets of the overseas subsidiaries and branches and other foreign operations.

15. Fair value measurement

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

	30 September 2015		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
	€000	€000	€000	€000
Financial assets				
Cash and balances with central banks	986.263	986.263	1.139.465	1.139.465
Placements with banks	1.398.647	1.407.370	1.646.886	1.620.413
Investments at fair value through profit or loss	34.740	34.740	34.347	34.347
Investments available-for-sale	476.380	476.380	723.266	723.266
Investments classified as loans and receivables	916.590	956.467	1.783.309	1.861.909
Derivative financial assets	50.620	50.620	62.598	62.598
Loans and advances to customers	17.979.722	19.121.559	18.168.323	18.365.310
Life insurance business assets attributable to policyholders	456.194	456.194	459.912	459.912
Financial assets included in disposal groups held for sale	-	-	673.104	624.961
Other assets – financial assets	211.033	211.033	151.155	151.155
	22.510.189	23.700.626	24.842.365	25.043.336
Financial liabilities				
Obligations to central banks and amounts due to banks	5.725.353	5.725.353	8.445.669	8.445.669
Repurchase agreements	367.690	374.222	579.682	592.113
Derivative financial liabilities	54.205	54.205	71.967	71.967
Customer deposits	13.608.325	13.613.638	12.623.558	12.609.522
Debt securities in issue	1.199	1.199	1.185	1.185
Financial liabilities included in disposal groups held for sale	-	-	579.930	578.666
Other liabilities – financial liabilities	107.900	107.900	128.785	128.785
	19.864.672	19.876.517	22.430.776	22.427.907

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

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

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

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

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

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

15. Fair value measurement (continued)

Derivative financial instruments

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

Credit Valuation adjustments and Debit Valuation adjustments

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

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

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

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

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

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

Loans and advances to customers

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

Customer deposits

The fair value of customer deposits is determined by calculating the present value of future cash flows. The discount rate takes into account current market rates and the credit profile of the Company. The fair value of a deposit repayable on demand is approximated by its carrying value.

Repurchase agreements

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

Placements with banks

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

15. Fair value measurement (continued)*Deposits by banks*

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

Model inputs for valuation

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

Analysis of financial instruments recorded at fair value by level of the fair value hierarchy

	Level 1	Level 2	Level 3	Total
30 September 2015	€000	€000	€000	€000
Financial assets				
<i>Trading derivatives</i>				
Forward exchange rate contracts	-	23.392	-	23.392
Currency swaps	-	19.049	-	19.049
Interest rate swaps	-	283	-	283
Currency options	-	5	-	5
Equity options	-	597	-	597
	-	43.326	-	43.326
<i>Derivatives designated as fair value hedges</i>				
Interest rate swaps	-	859	-	859
<i>Derivatives designated as net investment hedges</i>				
Forward exchange rate contracts	-	6.435	-	6.435
<i>Investments at fair value through profit or loss</i>				
Trading investments	12.998	-	339	13.337
Other investments at fair value through profit or loss	3.505	17.739	159	21.403
	16.503	17.739	498	34.740
<i>Investments available-for-sale</i>	474.891	40	1.449	476.380
	491.394	68.399	1.947	561.740

15. Fair value measurement (continued)

Analysis of financial instruments recorded at fair value by level of the fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
30 September 2015	€000	€000	€000	€000
Financial liabilities				
<i>Trading derivatives</i>				
Forward exchange rate contracts	-	350	-	350
Currency swaps	-	4.081	-	4.081
Interest rate swaps	-	2.414	-	2.414
Currency options	-	72	-	72
Equity options	-	331	-	331
Interest rate caps/floors	-	78	-	78
	-	7.326	-	7.326
<i>Derivatives designated as fair value hedges</i>				
Interest rate swaps	-	46.879	-	46.879
	-	54.205	-	54.205

31 December 2014				
Financial assets				
<i>Trading derivatives</i>				
Forward exchange rate contracts	-	18.927	-	18.927
Currency swaps	-	22.623	-	22.623
Interest rate swaps	-	11.930	-	11.930
Currency options	-	76	-	76
Equity options	-	580	-	580
GDP warrant securities	-	13	-	13
	-	54.149	-	54.149
<i>Derivatives designated as net investment hedges</i>				
Forward exchange rate contracts	-	8.449	-	8.449
<i>Investments at fair value through profit or loss</i>				
Trading investments	16.205	-	-	16.205
Other investments at fair value through profit or loss	431	17.711	-	18.142
	16.636	17.711	-	34.347
<i>Investments available-for-sale</i>	719.373	205	3.688	723.266
	736.009	80.514	3.688	820.211

15. Fair value measurement (continued)

Analysis of financial instruments recorded at fair value by level of the fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
31 December 2014	€000	€000	€000	€000
Financial liabilities				
<i>Trading derivatives</i>				
Forward exchange rate contracts	-	433	-	433
Currency swaps	-	7.196	-	7.196
Interest rate swaps	-	3.773	-	3.773
Currency options	-	919	-	919
Equity options	-	346	-	346
Interest rate caps/floors	-	153	-	153
	-	12.820	-	12.820
<i>Derivatives designated as fair value hedges</i>				
Interest rate swaps	-	59.147	-	59.147
	-	71.967	-	71.967

During the nine months ended 30 September 2015 and during the year 2014 there were no material transfers between Level 1 and Level 2.

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

	30 September 2015	31 December 2014
	€000	€000
1 January	3.688	4.308
Disposals	(45)	(855)
Unrealised (losses)/gains recognised in the consolidated statement of comprehensive income	(1.884)	416
Impairment charge – continuing operations	-	(181)
Transfers from level 1 and 2	171	-
Foreign exchange adjustments	17	-
30 September 2015 / 31 December 2014	1.947	3.688

15. Fair value measurement (continued)*Non-financial instruments (investment properties) recorded at fair value*

	30 September 2015	31 December 2014
	€000	€000
1 January	488.598	495.658
Additions	96.803	117.257
Disposals	(13.923)	(19.531)
Disposal of Ukrainian operations	-	(34.395)
Transfer from own use properties to investment properties	19.143	19.847
Transfer to non-current assets and disposal groups held for sale	(17.352)	(46.841)
Transfer from investment properties to inventories	-	(893)
Transfer to equipment	-	(277)
Revaluation losses – continuing operations	(35.045)	(11.771)
Revaluation gains – discontinued operations	-	949
Foreign exchange adjustments	796	(31.405)
30 September 2015 / 31 December 2014	539.020	488.598

16. Loans and advances to customers

	30 September 2015	31 December 2014
	€000	€000
Gross loans and advances to customers	21.596.601	21.240.277
Provisions for impairment of loans and advances to customers (Note 27)	(3.616.879)	(3.071.954)
	17.979.722	18.168.323

Additional analysis and information regarding the credit risk and the provisions for impairment of loans and advances to customers are set out in Note 27.

17. Non-current assets and disposal groups classified as held for sale

	30 September 2015	31 December 2014 (represented)
	€000	€000
Disposal groups classified as held for sale	-	715.428
Subsidiary acquired with a view to resale	-	115.965
Non-current assets classified as held for sale:		
- investment properties	23.027	11.130
- investment in joint venture	-	73.683
	23.027	916.206

Non-current liabilities of disposal groups classified as held for sale

	30 September 2015	31 December 2014 (represented)
	€000	€000
Disposal groups classified as held for sale	-	586.001
Subsidiary acquired with a view to resale	-	25.198
	-	611.199

The following non-current assets and disposal groups were classified as held for sale as at 30 September 2015 and 31 December 2014:

Investment properties

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

Investment in joint venture

The Group's investment in joint venture comprised MDSF acquired by the Group as part of the acquisition of certain operations of Laiki Bank. The Group held approximately 90% of the units of the fund.

As at 31 December 2014 the investment was classified as held for sale and upon measurement at fair value less costs to sell, an impairment loss of €29.757 thousand was recognised. On 30 April 2015, the Group completed the sale of its investment in MDSF. The sale consideration was approximately €84.000 thousand and the gain on disposal was approximately €10.000 thousand (Note 8).

Subsidiaries acquired with a view to resale

The subsidiaries acquired with a view to resale related to the Aphrodite group (Note 7), which the Group acquired in November 2014, as part of its strategy in managing large borrower exposures and which the Group was in the process of disposing and had therefore classified as a subsidiary acquired with a view to resale upon initial recognition. Upon initial recognition, the Aphrodite group was measured at fair value less costs to sell.

In September 2015, the Group completed the sale of shares and disposed of a 65% shareholding in Aphrodite group, to an investment structure managed by a foreign institutional investment management firm, for the amount of €500 thousand. Following the sale, the Group retained 10% minority equity state in Aphrodite group. The transaction also involved the restructuring of the debt owed by these companies to the Group.

17. Non-current assets and disposal groups classified as held for sale (continued)

Subsidiaries acquired with a view to resale (continued)

The holding in Aphrodite group disposed of, comprised a 75% holding in Aphrodite Hills Resort Ltd and Aphrodite Hills (Lakkos tou Frangou) Ltd and 100% their subsidiaries listed below.

Malta: Aphrodite Holdings Ltd and Thalassa Holdings Ltd.

Cyprus: Aphrodite Hotels Ltd, Aphrodite Hills Property Management Ltd, The Aphrodite Tennis and Spa Ltd and Aphrodite Hills Services Ltd.

Disposal groups classified as held for sale

The disposal group classified as held for sale as at 31 December 2014 related to the Russian operations of the Group for which a plan to dispose was initiated in 2014 and management had assessed that a disposal within 12 months from classification was highly probable. In September 2015, the Company completed the sale of the majority of its Russian operations (Note 33.2). The part of the operations not disposed of has ceased to be classified as held for sale and its results are presented as part of the continuing operations. The remaining operations in Russia relate to the management of a loan portfolio.

The major classes of assets and liabilities of the disposal groups classified as held for sale at 30 September 2015 and 31 December 2014 are set out below:

	Russian operations	
	30 September 2015	31 December 2014
Assets	€000	€000
Cash and balances with central banks	-	85.952
Placements with banks	-	35.994
Investments	-	348
Loans and advances to customers	-	549.830
Investment properties	-	33.436
Other assets	-	9.868
	-	715.428
Liabilities		
Amounts due to banks	-	29.650
Customer deposits	-	545.620
Derivative financial liabilities	-	589
Debt securities in issue	-	1.770
Subordinated loan stock	-	2.301
Other liabilities	-	6.071
	-	586.001
	-	129.427

17. Non-current assets and disposal groups classified as held for sale (continued)

Disposal groups classified as held for sale (continued)

Following the classification of the Russian operations as a disposal group held for sale and measurement of the disposal group at fair value less costs to sell, an impairment loss of €84.098 thousand was recognised during 2014, to reduce the carrying amount of the scoped-in non-current assets (namely the property and equipment, intangible and other non-financial assets) of the disposal group to fair value less costs to sell, based on management's expectations. During the nine months ended 30 September 2015 additional impairment of €3.288 thousand was recognised. As a result, the carrying value of the scoped-in non-current assets had been reduced to zero prior to disposal.

The results of the Russian operations and the results of the Aphrodite group which are presented as discontinued operations are disclosed in Note 7.

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

	30 September 2015	31 December 2014 (represented)
	€000	€000
Revaluation reserve of available-for-sale investments	-	973
Property revaluation reserve	-	7.153
Foreign currency translation reserve	-	(18.008)
Reserve of disposal groups classified as held for sale	-	(9.882)

In addition, during the nine months ended 30 September 2015, the subsidiary of the Group, Kermia Hotels Ltd, which was classified as held for sale in the financial statements for the year ended 31 December 2014, ceased meeting the IFRS 5 classification criteria and as a result classification of items out of the held for sale category has been applied retrospectively. There was no profit/loss impact from the classification out of the held for sale category.

18. Other assets

	30 September 2015	31 December 2014 (represented)
	€000	€000
Debtors	22.878	21.279
Stock of property held for sale	22.426	13.430
Taxes refundable	37.914	48.607
Retirement benefit plan assets	407	42
Reinsurers' share of insurance contract liabilities	61.686	66.177
Prepaid expenses	1.395	1.279
Receivable relating to disposals of operations	113.784	101.550
Other assets	81.325	83.898
	341.815	336.262

As at 30 September 2015 the receivable relating to disposals of operations relates to the disposal of the Ukrainian and the Russian operations, whereas the balance at 31 December 2014 relates to the Ukrainian operations.

During the nine months ended 30 September 2015, an impairment loss of €21.576 thousand was recognised in relation to the above other assets (Note 10).

19. Amounts due to banks

Amounts due to banks represent interbank takings and bear interest based on the interbank rate of the relevant term and currency.

20. Funding from central banks

Funding from central banks comprises funding from the CBC under Eurosystem monetary policy operations, including standing facilities, and Emergency Liquidity Assistance (ELA) as set out in the table below.

	30 September 2015	31 December 2014
	€000	€000
Emergency Liquidity Assistance (ELA)	4.902.001	7.403.741
Monetary policy operations	-	380.001
Targeted Long Term Refinancing Operations (TLTRO)	500.600	500.031
	5.402.601	8.283.773

The funding under monetary policy operations bears interest at the ruling main refinancing operations (MRO) rate of the Eurosystem and it was fully repaid during the second quarter of 2015.

In 2014 the Group participated in the targeted long term refinancing operations (TLTRO) of the ECB. The interest rate on the TLTRO is fixed over its life at 15 bps (being a fixed spread of 10 bps over the MRO level prevailing at the time of allotment). The TLTRO matures in 2018.

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

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

21. Customer deposits

	30 September 2015	31 December 2014
	€000	€000
By type of deposit		
Demand	4.631.572	4.237.590
Savings	1.012.997	955.556
Time or notice	7.963.756	7.430.412
	13.608.325	12.623.558
By geographical area		
Cyprus	12.158.055	11.314.137
United Kingdom	1.444.850	1.304.844
Romania	5.420	4.577
	13.608.325	12.623.558

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

The Russian operations disposed of during September 2015 were classified as a disposal group held for sale as at 31 December 2014, hence the respective Russian deposits were included in the liabilities of the disposal group held for sale in Note 17.

22. Debt securities in issue

	Contractual interest rate	30 September 2015 €000	31 December 2014 €000
Medium term senior debt			
€2 million 2010/2016	DJ EUROSTOXX 50 index	531	531
USD 2 million 2010/2016	S&P 500 index	176	162
		707	693
Other debt securities in issue			
Interest-free loan from the European Development Bank	-	492	492
		1.199	1.185

Debt securities in issue are not secured and the rights and claims of debt security holders rank pari passu with the claims of depositors and other creditors of the Group.

Medium term senior debt

The Company maintains a Euro Medium Term Note (EMTN) Programme under which debt securities with an aggregate nominal amount up to €4.000 million (31 December 2014: €4.000 million) may be issued.

Covered Bonds

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

Under the Programme, the Company issued in December 2011 covered bonds of €1.000 million. The covered bonds issued had a maturity of 3 years with a potential extension of their repayment by one year, bore interest at the three month Euribor plus 1,25% annually and were traded on the Luxemburg Bourse. The terms of the €1.000 million covered bond secured by residential mortgage loans originated in Cyprus were amended and its revised maturity date is 12 June 2017. The covered bonds bear annual interest rate at the three month Euribor plus 3,25% on a quarterly basis.

On 29 September 2015 the terms of the Covered Bond Programme and outstanding €1 billion Covered Bond were amended to a Conditional Pass-Through structure. As part of the restructuring, €350.000 thousand of the retained covered bond was repurchased and cancelled. The outstanding principal of the retained covered bond following the above actions stood at €650.000 thousand. The credit rating of the covered bonds was upgraded to an investment grade rating and as a result these have become eligible collateral for the Eurosystem credit operations.

Loans and advances pledged as collateral for covered bonds are disclosed in Note 28.

No liability from the issue of covered bonds is presented in debt securities in issue in the consolidated balance sheet as all the bonds issued are held by the Company.

Bonds guaranteed by the Republic of Cyprus

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

23. Other liabilities

Other liabilities at 30 September 2015 include retirement benefit plan liabilities of €15.584 thousand (31 December 2014: €16.201 thousand) and provisions for financial guarantees and commitments of €49.714 thousand (31 December 2014: €85.751 thousand).

23.1 Pending litigation and claims

Other liabilities at 30 September 2015 include provisions for pending litigation or claims of €28.864 thousand (31 December 2014: €27.329 thousand).

The recognition of provisions for litigation and claims is determined in accordance with the accounting policies set out in Note 3.31.1 of the annual Consolidated Financial Statements for the year ended 31 December 2014.

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

Apart from what is described below, the Group considers that none of these matters are material, either individually or in aggregate. Where an individual provision is material, the fact that a provision has been made is stated and quantified. Any provision recognised does not constitute an admission of wrongdoing or legal liability.

While the outcome of these matters is inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of legal proceedings and regulatory matters as at 30 September 2015 and hence it is not believed that such litigation, when concluded, will have a material impact upon the financial position of the Group. It is not practicable to provide an aggregate estimate of potential liability for the Company's legal procedures and regulatory matters as a class of contingent liabilities.

Investigations and litigation on securities issued by the Company

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

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

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

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

23. Other liabilities (continued)**23.1 Pending litigation and claims (continued)***The Hellenic Capital Market Commission Investigation (HCMC)*

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

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

In addition to the above, the HCMC is currently in the process of investigating matters concerning the Group's investment in Greek government bonds.

The Cyprus Securities and Exchange Commission Investigations (CySEC)

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

CySEC has also concluded (in two stages) during 2013 and 2014 its investigation in respect of the Group's exposure to Greek Government bonds, related non-disclosure of material information and other corporate governance deficiencies. In this respect, CySEC has issued two decisions, coming to the conclusion that the Company was in breach of certain laws regarding disclosure of information and has imposed administrative fines upon the Company of a total sum of €1.110 thousand. It has also imposed fines upon certain of the then members of the Board of Directors and management of the Company. The Company has filed recourses before the Supreme Court regarding the decisions of CySEC and the fines imposed upon it. CySEC has meanwhile filed legal actions against the Company for the non-payment of the fines imposed.

CySEC has also conducted an investigation in relation to the level of goodwill of CB Uniastrium Bank LLC in the interim financial statements of the Group in 2012. In October 2014, the Company and certain of its former officers and members of the Board were invited to submit written addresses in respect of this investigation which have since been submitted. The matter is now before the CySEC. There is information obtained from CySEC that it has referred the matter to the Attorney-General for consideration of any criminal issues or matters arising therefrom, and will take no action itself in respect of the matter (at least in the foreseeable future).

23. Other liabilities (continued)

23.1 Pending litigation and claims (continued)

The Cyprus Securities and Exchange Commission Investigations (CySEC) (continued)

In addition to the above, CySEC is currently in the process of investigating:

- Matters concerning the Bank's investment in Banca Transilvania.
- The non-disclosure of certain terms and conditions of the Group's ELA funding.
- The non-disclosure of the Company's request to the Ministry of Finance for granting additional government guarantees of up to €3 billion, for bonds that the Company could issue to enhance its liquidity position.
- The adequacy of provisions for impairment of loans and advances in years 2011 and 2012.
- The reclassification of Greek Government bonds on 1 April 2010 and;
- The adequacy of provisions for impairment of loans and advances in year 2013 in light of the results of the AQR.

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

The above investigations are in progress and therefore it is not practical at this stage for the Company to estimate reliably any possible liability that might arise.

Bail-in related litigation

Depositors

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

Shareholders

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

Claims based on set-off

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

Laiki Bank depositors and shareholders

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

23. Other liabilities (continued)**23.1 Pending litigation and claims (continued)***Bail-in related litigation (continued)*

Implementation of Decrees

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

Legal position of the Group

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

Commission for the Protection of Competition Investigation

Following an investigation, which began in 2010, the Cypriot Commission for the Protection of Competition (the CPC) in April 2014 issued a statement of objections, alleging violations of Cypriot and EU competition law relating to the activities and/or omissions in respect of card payment transactions by, among others, the Company. The CPC has alleged that the market conduct of JCC Payment Systems Ltd (JCC), a card-processing business owned and controlled by its shareholder banks, which includes the Company (which owns 75% of the shares of JCC) together with the conduct of other banks, violates competition law in various respects.

There was also an allegation concerning the Company's arrangements with American Express, namely that such exclusive arrangements violated competition law. The Company vigorously defended the relevant proceedings but the CPC has concluded that the Company (in common with other banks and institutions, namely JCC) has breached in respect of both matters the relevant provisions of the applicable law for the protection of competition. The CPC has invited further representations regarding the size of the administrative penalty to be imposed upon the Company. The Company will make the appropriate representations (but will also consider taking other steps in consultation with the Commission to remove those features of its operation which are regarded as anti-competitive) so that the administrative penalty to be imposed will not be significant (though the CPC has the power to impose a fine as a percentage of the Company's turnover). In any event, the Company will file a recourse before the Supreme Court challenging the CPC's decision. Such recourse will be filed upon the notification of the fine. The Company assesses that the outcome will not have a material impact on the financial position of the Group.

CNP Arbitration

CNP Cyprus Insurance Holdings Ltd (a company in which the Group has a 49,9% shareholding, acquired as part of the Laiki Bank acquisition) had certain exclusive arrangements with Laiki Bank with respect to insurance products offered in Cyprus through the formation of a local company (CNP Cyprus). CNP France held 50,1% of the shares of CNP Cyprus and Laiki Bank held 49,9% of the shares. In the context of the total arrangement between the parties, two agreements were in place between CNP and Laiki Bank, a Shareholding Agreement and a Distribution Agreement. As regards the Shareholding Agreement, the Company (pursuant to the Resolution Law and the Decrees made thereunder) has succeeded to the shareholding of Laiki Bank, thus becoming a 49,9% shareholder of CNP Cyprus.

Following the resolution of Laiki Bank, CNP has instituted arbitration proceedings in London under the auspices of the International Chamber of Commerce, alleging that the Company is a successor to Laiki Bank in respect of both the Shareholding and Distribution Agreements and that the said Agreements (particularly the Distribution Agreement) have been violated. The claims of CNP amount to approximately €240 million (including interest and grossed-up for tax). The Company considers that it has viable defences in respect of both proceedings which it intends to contest vigorously. One of the defences raised by the Company is that of frustration, namely that as a result of the very significant changes of March 2013, the Agreements as concluded between CNP and Laiki Bank cannot possibly operate in the context of the new realities. The hearing of the Arbitration is planned to take place in May 2016.

Other litigation

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

23. Other liabilities (continued)

23.1 Pending litigation and claims (continued)

Other litigation (continued)

Provident fund cases

Twenty three claims are pending before the Labour Disputes Tribunal by former employees with respect to their retirement benefits; judgement has been reserved. These employees retired and/or departed in 1999 and claim that the Company and/or the Company's provident fund did not calculate their benefits correctly. In the event that the claims succeed, the total amount will be approximately €24 million. Provision has been made based on management's best estimate of probable outflows.

Employment litigation

Former senior officers of the Company have instituted claims for unfair dismissal and for provident fund entitlements against the Company and Trustees of the Company's provident fund. The Company does not consider that any results in the context of these cases will have a material impact upon the financial position of the Company.

Greek case against the Company

For one of these cases relating to the discontinued operations in Greece, a provision was formed in previous periods (30 June 2014: €38.000 thousand) following a court judgement. This provision was reversed as at 31 December 2014 following the dismissal of the said judgement by the Supreme Court in March 2015. The case may be sent for retrial. The Company has indemnified Piraeus Bank SA (the acquirer of its Greek operations in March 2013) through a letter of guarantee, for any claim brought against it in connection with this case.

Swiss Francs loans Litigation in Cyprus and UK

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

UK cases against the Company

The Company is the defendant in certain proceedings alleging that the Company is legally responsible in respect of various alleged irregularities involving, inter alia, the advance and mis-selling of loans for the purchase by UK nationals of real property in Cyprus. The Company's defence will vary depending on whether the purchasers can be categorised as consumers or investors. However, all the proceedings in the UK are currently stayed. The Company does not expect that the results of these proceedings will have any material adverse impact on the Company.

Ukrainian case against the Company

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

Private criminal prosecutions

Six private criminal prosecutions have been instituted by certain customers against the Company and certain of its directors and officers advancing their own grievances and complaints. These are proceedings instituted by individuals and not the State. Two of these concern allegations of failure to restructure loan obligations of clients, another two concern alleged misrepresentations in the financial statements, one concerns alleged conspiracy with respect to a claim under a guarantee and one refers to the registration of mortgages under false pretences. The Company expects that these prosecutions will be dismissed. The Company has asked the Attorney-General to discontinue the proceedings (*nolle prosequi*) but such request has been rejected. The Company has renewed its request for a *nolle prosequi* in respect of such cases. The two private criminal prosecutions concerning alleged misrepresentations in the financial statements were withdrawn in September 2015.

23. Other liabilities (continued)

23.1 Pending litigation and claims (continued)

Other litigation (continued)

Private criminal prosecutions (continued)

Another private criminal prosecution has been instituted in October 2015 by a customer against the Company and certain of its directors and officers. This concerns allegations regarding interest rates charged on a credit facility. The Company has asked the Attorney-General to discontinue the proceedings (*nolle prosequi*).

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

General criminal investigations

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

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

The Attorney-General has filed another criminal case against the Company and six former members of the Board of Directors for alleged breach of Article 19 of the Manipulation of Insider Information and Market Manipulation (Market Abuse) Law, with respect to the Greek Government Bonds. The case is scheduled for first appearance in December 2015 and the alleged offence refers to the non-publication of the purchase and sale of the Greek Government Bonds during a specified period. The Company denies all allegations. The hearing of the case has not yet commenced and the maximum penalty on the Company, if found guilty, will be the imposition of a fine that is not expected to be significant.

23.2 Other contingent liabilities

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

24. Share capital

	30 September 2015		31 December 2014	
	Shares (thousand)	€000	Shares (thousand)	€000
<i>Authorised</i>				
Ordinary shares of €0,10 each	47.677.593	4.767.759	47.677.593	4.767.759
<i>Issued</i>				
1 January	8.922.378	892.238	4.683.985	4.683.985
Bail-in of deposits and structured products	-	-	150	150
Shares subject to interim orders withdrawn/cancelled	-	-	58.625	58.625
Additional shares issued to Laiki Bank for 2013 acquisition	-	-	12.951	12.951
Reduction of nominal value of share capital	-	-	-	(4.280.140)
Issue of share capital	567	56	4.166.667	416.667
30 September 2015 / 31 December 2014	8.922.945	892.294	8.922.378	892.238

24. Share capital (continued)

Issued share capital

2015

During the nine months ended 30 September 2015 the issued share capital was increased by 567 thousand shares of a nominal value of €0,10 each as a result of the Retail Offer, the third and the last phase of the Capital Raising. Phase 3 was completed on 9 January 2015 and the new ordinary shares were issued on 14 January 2015.

2014

During 2014 the Company reduced the nominal value of its authorised capital from €1,00 each to €0,10 each share.

During August 2014, the nominal value of the ordinary shares in issue, was reduced from €1 each to €0,10 each. Additionally, in September 2014 the Company completed a €1 billion Capital Raising, which comprised a private placement to qualified institutional investors and an offer to existing shareholders to acquire up to 20% of the issue. As a result, the issued share capital was increased by 4.166.667 thousand shares of a nominal value of €0,10 leading to an increase of the Company's share capital by €416.667 thousand. The shares issued had a subscription price of €0,24 each. Additionally, the issued share capital increased by 58.625 thousand shares as a result of the cancellation and withdrawal in 2014 of interim orders prohibiting the Company from converting deposits to shares as a result of the bail-in in 2013. Consequently, 12.951 thousand shares were issued to Laiki Bank in accordance with the provisions of the decrees.

All issued ordinary shares carry the same rights.

Shares subject to interim orders

Following the issue of the Bail-in Decrees, a number of the affected depositors have filed claims against the Company and other parties (CBC, Ministry of Finance, etc) on the ground, inter alia, that the 'Resolution of Credit and Other Institutions Law of 2013' and the various Decrees issued by virtue of the Law to implement the bail-in, were in conflict with the Constitution of the Republic and the European Convention of Human Rights.

In some of the actions, interim orders were issued prohibiting the Company from treating the deposits of the applicants in question as bailed-in, i.e. converted into shares. The said actions were being contested by the Company and were pending before the District Courts.

The shares which as per the bail-in Decrees corresponded to the deposits which were subject to these interim orders were included in equity in the consolidated balance sheet as 'Shares subject to interim orders', with an equivalent debit balance included in 'Other liabilities' within total liabilities. As at 30 September 2015 there were no shares subject to interim orders (31 December 2014: €441 thousand).

Share premium

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

During the nine months ended 30 September 2015, as a result of the issuance of 567 thousand shares of a nominal value of €0,10 each at a subscription price of €0,24 each, the Company's share premium increased by €79 thousand.

In 2014, as a result of the issuance of 4.166.667 thousand shares of a nominal value of €0,10 each at a subscription price of €0,24 each, the Company's share premium increased by €583.333 thousand. Transaction costs of €30.794 thousand associated with the issue of new shares were deducted from share premium.

Capital reduction reserve

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

24. Share capital (continued)

Treasury shares of the Company

Shares of the Company held by entities controlled by the Group are deducted from equity on the purchase, sale, issue or cancellation of such shares. No gain or loss is recognised in the consolidated income statement. The number of these shares at 30 September 2015 was 5.627 thousand of a nominal value of €0,10 each (31 December 2014: 20.751 thousand of a nominal value of €0,10 each). The total cost of acquisition of treasury shares was €45.809 thousand (31 December 2014: €88.051 thousand).

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

In addition, the life insurance subsidiary of the Group held, as at 30 September 2015, a total of 2.889 thousand (31 December 2014: 3.043 thousand) shares of the Company, as part of their financial assets which are invested for the benefit of insurance policyholders. The cost of acquisition of these shares was €21.463 thousand (31 December 2014: €21.463 thousand).

25. Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Cash Flows comprise:

	30 September 2015	30 September 2014
	€000	€000
Cash and non-obligatory balances with central banks	870.059	432.262
Treasury bills repayable within three months	21.846	179.305
Placements with banks with maturity of less than three months	1.147.468	1.224.784
	2.039.373	1.836.351

Analysis of cash and balances with central banks and placements with banks

	30 September 2015	31 December 2014
	€000	€000
Cash and non-obligatory balances with central banks	870.059	655.263
Obligatory balances with central banks	116.204	484.202
Total cash and balances with central banks	986.263	1.139.465
Placements with banks with original maturity less than three months	1.147.468	1.304.358
Other restricted placements with banks	64.079	70.771
Other placements with banks	187.100	271.757
Total placements with banks	1.398.647	1.646.886

Other restricted placements with banks relate to collateral under derivative transactions of €64.079 thousand (31 December 2014: €70.771 thousand) which is not immediately available for use by the Group, but is released once the transactions are terminated.

26. Analysis of assets and liabilities by expected maturity

	30 September 2015			31 December 2014		
	Less than one year	Over one year	Total	Less than one year	Over one year	Total
Assets	€000	€000	€000	€000	€000	€000
Cash and balances with central banks	871.375	114.888	986.263	660.104	479.361	1.139.465
Placements with banks	1.218.596	180.051	1.398.647	1.522.315	124.571	1.646.886
Derivative financial assets	49.519	1.101	50.620	61.896	702	62.598
Investments	655.323	772.387	1.427.710	571.863	1.969.059	2.540.922
Loans and advances to customers	4.762.303	13.217.419	17.979.722	4.487.855	13.680.468	18.168.323
Life insurance business assets attributable to policyholders	20.446	448.311	468.757	20.906	452.086	472.992
Other assets	155.587	186.228	341.815	236.469	99.793	336.262
Property, equipment and intangible assets	147	424.601	424.748	8.086	435.417	443.503
Investment properties	-	539.020	539.020	-	488.598	488.598
Investments in associates and joint ventures	-	112.859	112.859	-	116.776	116.776
Deferred tax assets	19.406	424.086	443.492	9.905	446.966	456.871
Non-current assets and disposal groups held for sale	23.027	-	23.027	916.206	-	916.206
	7.775.729	16.420.951	24.196.680	8.495.605	18.293.797	26.789.402
Liabilities						
Amounts due to banks	264.492	58.260	322.752	113.651	48.245	161.896
Funding from central banks	1.222.407	4.180.194	5.402.601	1.554.000	6.729.773	8.283.773
Repurchase agreements	66.621	301.069	367.690	230.305	349.377	579.682
Derivative financial liabilities	9.787	44.418	54.205	13.371	58.596	71.967
Customer deposits	4.864.556	8.743.769	13.608.325	4.416.865	8.206.693	12.623.558
Insurance liabilities	87.825	477.213	565.038	93.837	482.864	576.701
Other liabilities	267.243	22.283	289.526	317.664	32.767	350.431
Debt securities in issue	492	707	1.199	492	693	1.185
Deferred tax liabilities	-	47.270	47.270	565	47.398	47.963
Non-current liabilities and disposal groups held for sale	-	-	-	611.199	-	611.199
	6.783.423	13.875.183	20.658.606	7.351.949	15.956.406	23.308.355

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

In accordance with the Group's approved restructuring plan, most of the funding from central banks has been included in the over one year time band, since it is expected that it will continue to be required and available. It is noted, however, that funding under ELA has a contractual maturity of less than one year whereas funding under TLTRO has a contractual maturity of more than one year.

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

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

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

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

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

The expected maturity of all other assets and liabilities is the same as their contractual maturity.

27. Risk management – Credit risk

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

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

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

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

The loan portfolio is analysed on the basis of assessments about the customers' creditworthiness, their economic sector of activity and the country in which they operate. The portfolio is regularly reviewed by a specialist unit of Group Internal Audit.

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

The Group's policy regarding the definition of impaired loans and advances and the determination of the level of provisions for impairment is described in Note 3 'Summary of accounting policies' of the annual Consolidated Financial Statements for the year ended 31 December 2014.

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

Following the March 2013 events relating to the Group's recapitalisation and restructuring, the Group has applied stricter lending criteria and has significantly reduced the approval limits of the various credit authorities.

27. Risk management – Credit risk (continued)**Maximum exposure to credit risk and collateral and other credit enhancements**

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

	30 September 2015	31 December 2014
	€000	€000
Balances with central banks	851.157	954.412
Placements with banks	1.398.647	1.646.886
Trading investments - debt securities	1	1
Debt securities at fair value through profit or loss	17.264	17.151
Debt securities classified as available-for-sale and loans and receivables	1.381.578	2.491.167
Derivative financial instruments (Note 14)	50.620	62.598
Loans and advances to customers (Note 16)	17.979.722	18.168.323
Assets held for sale (Note 17)	-	625.207
Debtors (Note 18)	22.878	21.279
Reinsurers' share of insurance contract liabilities (Note 18)	61.686	66.177
Other assets	188.155	129.876
On-balance sheet total	21.951.708	24.183.077
<i>Contingent liabilities</i>		
Acceptances and endorsements	7.351	9.227
Guarantees	784.651	972.673
Guarantees related to the disposal group held for sale	-	8.547
<i>Commitments</i>		
Documentary credits	14.493	16.217
Undrawn formal stand-by facilities, credit lines and other commitments to lend	2.132.467	2.273.433
Undrawn formal stand-by facilities other credit lines and commitments to lend for disposal group held for sale	-	71.379
Off-balance sheet total	2.938.962	3.351.476
Total credit risk exposure	24.890.670	27.534.553

27. Risk management – Credit risk (continued)**Maximum exposure to credit risk and collateral and other credit enhancements (continued)**

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

	30 September 2015	31 December 2014
On-balance sheet	€000	€000
Cyprus	19.821.662	21.443.313
Greece	82.684	110.459
Russia	99.958	625.207
United Kingdom	1.630.661	1.525.666
Romania	316.743	478.432
	21.951.708	24.183.077
Off-balance sheet		
Cyprus	2.764.559	3.067.737
Greece	132.300	185.271
Russia	20.000	79.926
United Kingdom	21.791	18.225
Romania	312	317
	2.938.962	3.351.476
Total on and off balance sheet		
Cyprus	22.586.221	24.511.050
Greece	214.984	295.730
Russia	119.958	705.133
United Kingdom	1.652.452	1.543.891
Romania	317.055	478.749
	24.890.670	27.534.553

27. Risk management – Credit risk (continued)

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

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

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

Loans and advances to customers

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

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

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

Other financial instruments

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

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

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

Credit risk concentration of loans and advances to customers

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

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

Fair value adjustment on initial recognition

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

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27. Risk management – Credit risk (continued)

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

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

	Cyprus	Greece	United Kingdom	Romania	Russia	Total	Fair value adjustment on initial recognition	Gross loans after fair value adjustment on initial recognition
30 September 2015	€000	€000	€000	€000	€000	€000	€000	€000
By economic activity								
Trade	2.285.438	-	24.073	12.439	62.488	2.384.438	(125.975)	2.258.463
Manufacturing	815.493	-	9.866	7.777	16.488	849.624	(33.975)	815.649
Hotels and catering	1.512.985	-	97.558	6.189	-	1.616.732	(81.583)	1.535.149
Construction	4.043.335	-	27.882	58.860	11.299	4.141.376	(356.515)	3.784.861
Real estate	2.147.480	45.103	864.944	258.698	67.722	3.383.947	(141.628)	3.242.319
Private individuals	7.361.202	219	44.492	5.836	-	7.411.749	(278.933)	7.132.816
Professional and other services	1.639.276	-	59.463	38.361	99.319	1.836.419	(105.590)	1.730.829
Other sectors	1.171.241	26.081	12.125	28.824	-	1.238.271	(141.756)	1.096.515
	20.976.450	71.403	1.140.403	416.984	257.316	22.862.556	(1.265.955)	21.596.601
By customer sector								
Corporate	9.391.033	71.184	849.724	395.863	246.919	10.954.723	(701.500)	10.253.223
Small and medium-sized enterprises (SMEs)	4.471.280	-	251.500	18.230	10.397	4.751.407	(275.638)	4.475.769
Retail								
- housing	4.327.269	-	18.408	1.365	-	4.347.042	(111.132)	4.235.910
- consumer, credit cards and other	2.177.017	219	20.771	1.526	-	2.199.533	(162.184)	2.037.349
International banking services	542.582	-	-	-	-	542.582	(8.512)	534.070
Wealth management	67.269	-	-	-	-	67.269	(6.989)	60.280
	20.976.450	71.403	1.140.403	416.984	257.316	22.862.556	(1.265.955)	21.596.601

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27. Risk management – Credit risk (continued)

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

	Cyprus	Greece	United Kingdom	Romania	Russia	Total	Fair value adjustment on initial recognition	Gross loans after fair value adjustment on initial recognition
30 September 2015	€000	€000	€000	€000	€000	€000	€000	€000
By business line								
Corporate	2.292.354	71.184	849.724	312.956	246.919	3.773.137	(92.322)	3.680.815
Small and medium-sized enterprises (SMEs)	1.547.460	-	251.500	18.230	10.397	1.827.587	(51.924)	1.775.663
Retail								
- housing	3.729.544	-	18.408	1.365	-	3.749.317	(47.701)	3.701.616
- consumer, credit cards and other	1.460.579	219	20.771	1.526	-	1.483.095	(44.672)	1.438.423
Restructuring								
- corporate	4.837.066	-	-	35.755	-	4.872.821	(277.194)	4.595.627
- SMEs	1.412.478	-	-	-	-	1.412.478	(75.656)	1.336.822
Recoveries								
- corporate	2.261.613	-	-	47.152	-	2.308.765	(331.984)	1.976.781
- SMEs	1.511.342	-	-	-	-	1.511.342	(148.058)	1.363.284
- retail housing	597.725	-	-	-	-	597.725	(63.431)	534.294
- retail other	716.438	-	-	-	-	716.438	(117.512)	598.926
International banking services	542.582	-	-	-	-	542.582	(8.512)	534.070
Wealth management	67.269	-	-	-	-	67.269	(6.989)	60.280
	20.976.450	71.403	1.140.403	416.984	257.316	22.862.556	(1.265.955)	21.596.601

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27. Risk management – Credit risk (continued)

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

	Cyprus	Greece	United Kingdom	Romania	Total	Fair value adjustment on initial recognition	Gross loans after fair value adjustment on initial recognition
31 December 2014	€000	€000	€000	€000	€000	€000	€000
By economic activity							
Trade	2.280.096	-	22.058	12.904	2.315.058	(169.687)	2.145.371
Manufacturing	819.309	-	10.079	7.620	837.008	(46.564)	790.444
Hotels and catering	1.411.823	-	87.487	6.379	1.505.689	(94.943)	1.410.746
Construction	3.839.921	-	46.487	47.164	3.933.572	(407.901)	3.525.671
Real estate	2.030.507	44.274	645.641	279.266	2.999.688	(170.448)	2.829.240
Private individuals	7.447.640	234	37.733	8.767	7.494.374	(336.364)	7.158.010
Professional and other services	1.503.453	-	51.446	39.342	1.594.241	(122.444)	1.471.797
Other sectors	1.867.190	129.632	13.183	116.753	2.126.758	(217.760)	1.908.998
	21.199.939	174.140	914.114	518.195	22.806.388	(1.566.111)	21.240.277
By customer sector							
Corporate	9.435.472	173.906	488.868	486.900	10.585.146	(868.788)	9.716.358
Small and medium-sized enterprises (SMEs)	4.504.394	-	392.422	27.992	4.924.808	(339.515)	4.585.293
Retail							
- housing	4.358.366	-	24.327	1.577	4.384.270	(125.294)	4.258.976
- consumer, credit cards and other	2.228.198	234	8.497	1.726	2.238.655	(210.372)	2.028.283
International banking services	603.557	-	-	-	603.557	(12.472)	591.085
Wealth management	69.952	-	-	-	69.952	(9.670)	60.282
	21.199.939	174.140	914.114	518.195	22.806.388	(1.566.111)	21.240.277

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27. Risk management – Credit risk (continued)

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

	Cyprus	Greece	United Kingdom	Romania	Total	Fair value adjustment on initial recognition	Gross loans after fair value adjustment on initial recognition
31 December 2014	€000	€000	€000	€000	€000	€000	€000
By business line							
Corporate	2.028.081	173.906	488.868	400.806	3.091.661	(168.703)	2.922.958
Small and medium-sized enterprises (SMEs)	1.715.930	-	392.422	27.992	2.136.344	(77.973)	2.058.371
Retail							
- housing	3.795.958	-	24.327	1.577	3.821.862	(56.086)	3.765.776
- consumer, credit cards and other	1.538.872	234	8.497	1.726	1.549.329	(83.560)	1.465.769
Restructuring							
- corporate	5.317.892	-	-	35.609	5.353.501	(348.013)	5.005.488
- SMEs	1.401.022	-	-	-	1.401.022	(110.044)	1.290.978
Recoveries							
- corporate	2.089.499	-	-	50.485	2.139.984	(352.072)	1.787.912
- SMEs	1.387.442	-	-	-	1.387.442	(151.498)	1.235.944
- retail housing	562.408	-	-	-	562.408	(69.208)	493.200
- retail other	689.326	-	-	-	689.326	(126.812)	562.514
International banking services	603.557	-	-	-	603.557	(12.472)	591.085
Wealth management	69.952	-	-	-	69.952	(9.670)	60.282
	21.199.939	174.140	914.114	518.195	22.806.388	(1.566.111)	21.240.277

The customer loans and advances in Cyprus include lending exposures to Greek entities granted by the Company in Cyprus in its normal course of business with a carrying value of €71.175 thousand (31 December 2014: €94.703 thousand) and lending exposures in Cyprus with collaterals in Greece with a carrying value of €67.550 thousand (31 December 2014: €71.473 thousand).

27. Risk management – Credit risk (continued)

Credit risk concentration of loans and advances to customers classified as held for sale

The geographical and industry concentrations of loans and advances to customers which are classified as held for sale are presented below:

	Russia	
	30 September 2015	31 December 2014
By economic activity	€000	€000
Trade	-	160.632
Manufacturing	-	59.466
Construction	-	43.932
Real estate	-	131.943
Private individuals	-	294.733
Professional and other sectors	-	275.018
	-	965.724
By customer sector		
Corporate	-	507.838
Small and medium-sized enterprises (SMEs)	-	163.152
Retail		
- housing	-	25.999
- consumer, credit cards and other	-	204.867
International banking services	-	63.868
	-	965.724
By business line		
Corporate	-	507.838
Small and medium-sized enterprises (SMEs)	-	163.152
Retail		
- housing	-	25.999
- consumer, credit cards and other	-	204.867
International banking services	-	63.868
	-	965.724

27. Risk management – Credit risk (continued)

Currency concentration of loans and advances to customers

	Cyprus	Greece	United Kingdom	Romania	Russia	Total	Fair value adjustment on initial recognition	Gross loans after fair value adjustment on initial recognition
30 September 2015	€000	€000	€000	€000	€000	€000	€000	€000
Euro	19,508,583	71,403	28,523	415,848	16,121	20,040,478	(1,183,129)	18,857,349
US Dollar	273,039	-	817	21	135,623	409,500	(11,589)	397,911
British Pound	58,700	-	1,084,558	93	-	1,143,351	(12,102)	1,131,249
Russian Rouble	136	-	-	-	105,572	105,708	(2)	105,706
Romanian Lei	2	-	-	1,022	-	1,024	-	1,024
Swiss Franc	1,064,422	-	13,481	-	-	1,077,903	(54,714)	1,023,189
Other currencies	71,568	-	13,024	-	-	84,592	(4,419)	80,173
	20,976,450	71,403	1,140,403	416,984	257,316	22,862,556	(1,265,955)	21,596,601
31 December 2014								
Euro	19,692,806	172,587	41,166	516,875	-	20,423,434	(1,453,728)	18,969,706
US Dollar	279,609	-	866	21	-	280,496	(12,212)	268,284
British Pound	56,206	-	854,962	95	-	911,263	(16,359)	894,904
Russian Rouble	555	-	-	-	-	555	(2)	553
Romanian Lei	1	-	-	1,204	-	1,205	-	1,205
Swiss Franc	1,078,751	1,553	12,326	-	-	1,092,630	(77,424)	1,015,206
Other currencies	92,011	-	4,794	-	-	96,805	(6,386)	90,419
	21,199,939	174,140	914,114	518,195	-	22,806,388	(1,566,111)	21,240,277

27. Risk management – Credit risk (continued)

Currency concentration of loans and advances to customers classified as held for sale

	Russia	
	30 September 2015	31 December 2014
	€000	€000
Euro	-	98.575
US Dollar	-	193.991
Russian Rouble	-	673.158
	-	965.724

Credit quality of loans and advances to customers

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

	30 September 2015			31 December 2014		
	Gross loans before fair value adjustment on initial recognition	Fair value adjustment on initial recognition	Gross loans after fair value adjustment on initial recognition	Gross loans before fair value adjustment on initial recognition	Fair value adjustment on initial recognition	Gross loans after fair value adjustment on initial recognition
	€000	€000	€000	€000	€000	€000
Neither past due nor impaired	9.925.140	(154.192)	9.770.948	9.629.157	(181.393)	9.447.764
Past due but not impaired	3.610.480	(84.092)	3.526.388	4.281.050	(106.020)	4.175.030
Impaired	9.326.936	(1.027.671)	8.299.265	8.896.181	(1.278.698)	7.617.483
	22.862.556	(1.265.955)	21.596.601	22.806.388	(1.566.111)	21.240.277

Past due loans are those with delayed payments or in excess of authorised credit limits. Impaired loans for the purposes of the above table are those for which a provision for impairment has been recognised on an individual basis or for which incurred losses exist at their initial recognition.

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

	30 September 2015	31 December 2014
	€000	€000
Past due analysis:		
- up to 30 days	584.914	550.070
- 31 to 90 days	354.898	480.961
- 91 to 180 days	199.664	432.947
- 181 to 365 days	373.596	908.614
- over one year	2.097.408	1.908.458
	3.610.480	4.281.050

27. Risk management – Credit risk (continued)**Credit quality of loans and advances to customers (continued)**

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

The fair value of the collateral that the Group holds (to the extent that they mitigate credit risk) in respect of loans and advances to customers that are past due but not impaired as at 30 September 2015 is €3.036.473 thousand (31 December 2014: €3.459.628 thousand).

Impaired loans and advances to customers

	30 September 2015		31 December 2014	
	Gross loans and advances	Fair value of collateral	Gross loans and advances	Fair value of collateral
By geographic area:	€000	€000	€000	€000
Cyprus	8.619.904	5.986.874	8.265.182	6.045.030
Greece	71.373	17.875	173.906	19.950
Russia	255.664	102.714	-	-
United Kingdom	60.700	19.365	81.840	50.198
Romania	319.295	175.913	375.253	219.462
	9.326.936	6.302.741	8.896.181	6.334.640

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

	30 September 2015	31 December 2014
Past due analysis:	€000	€000
- no arrears	847.960	1.045.979
- up to 30 days	65.833	83.946
- 31 to 90 days	60.020	133.984
- 91 to 180 days	152.261	136.512
- 181 to 365 days	464.041	671.093
- over one year	7.736.821	6.824.667
	9.326.936	8.896.181

Interest income on impaired loans

Interest income from loans and advances to customers includes interest on the recoverable amount of impaired loans and advances to customers amounting to €179.657 thousand (corresponding period of 2014: €197.087 thousand).

27. Risk management – Credit risk (continued)**Credit quality of loans and advances to customers classified as held for sale**

	Russia	
	30 September 2015	31 December 2014
	€000	€000
Neither past due nor impaired	-	435.912
Past due but not impaired:		
- up to 30 days	-	12.655
- 31 to 90 days	-	10.178
- 91 to 180 days	-	7.166
- 181 to 365 days	-	17.246
- over one year	-	84.663
	-	131.908
Impaired:		
- no arrears	-	106.624
- up to 30 days	-	65.538
- 31 to 90 days	-	8.049
- 91 to 180 days	-	6.463
- 181 to 365 days	-	14.385
- over one year	-	196.845
	-	397.904
	-	965.724

There are no loans and advances to customers classified as held for sale as at 30 September 2015. The fair value of the collateral for the impaired and past due but not impaired loans and advances to customers classified as held for sale at 31 December 2014 amounted to €154.543 thousand and €15.192 thousand respectively.

27. Risk management – Credit risk (continued)**Provisions for impairment of loans and advances to customers, including loans and advances held for sale**

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

	Cyprus	Greece	Russia	Other countries	Total
30 September 2015	€000	€000	€000	€000	€000
1 January	2.887.343	9.275	415.894	175.336	3.487.848
Disposal of Russian operations	-	-	(238.012)	-	(238.012)
Foreign exchange and other adjustments	66.423	-	4.729	2.028	73.180
Transfer between geographical areas	(83.378)	6.329	-	77.049	-
Applied in writing off impaired loans and advances	(87.527)	(16.700)	(60.723)	(59.583)	(224.533)
Interest accrued on impaired loans and advances	(158.407)	(1.100)	-	(40)	(159.547)
Collection of loans and advances previously written off	2.561	-	-	3.916	6.477
Charge for the period – continuing operations	550.786	13.230	33.400	31.385	628.801
Charge for the period – discontinued operations	-	-	42.665	-	42.665
30 September	3.177.801	11.034	197.953	230.091	3.616.879
Individual impairment	2.575.448	11.034	197.732	222.943	3.007.157
Collective impairment	602.353	-	221	7.148	609.722

There are no loans and advances to customers classified as held for sale as at 30 September 2015. The balance of provisions for impairment of loans and advances to customers at 31 December 2014 includes €415.894 thousand for loans and advances to customers classified as held for sale. The above table does not include the provisions for impairment on financial guarantees and commitments which is part of 'Other liabilities'.

	Cyprus	Greece	Russia	Other countries	Total
30 September 2014	€000	€000	€000	€000	€000
1 January	2.554.672	189	286.366	235.043	3.076.270
Disposal of Ukrainian operations	-	-	-	(108.342)	(108.342)
Foreign exchange adjustments	21.731	-	(17.463)	(4.384)	(116)
Applied in writing off impaired loans and advances	(19.163)	(12)	(198)	(46)	(19.419)
Interest accrued on impaired loans and advances	(135.817)	(546)	(250)	(1.981)	(138.594)
Collection of loans and advances previously written off	120	-	-	1.003	1.123
Charge for the period - continuing operations	341.848	14.082	415	61.273	417.618
Charge for the period – discontinued operations	-	-	74.671	38.528	113.199
30 September	2.763.391	13.713	343.541	221.094	3.341.739
Individual impairment	2.013.157	13.713	181.898	208.052	2.416.820
Collective impairment	750.234	-	161.643	13.042	924.919

27. Risk management – Credit risk (continued)

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

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

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

Assumptions have been made about the future changes in property values, as well as the timing for the realisation of the collateral and for taxes and expenses on the repossession and subsequent sale of the collateral. Indexation has been used to estimate updated market values of properties, while assumptions were made on the basis of a macroeconomic scenario for future changes in property values. The timing of recovery from mortgages has been estimated to be on average 3 years with the exception of specific cases where a different period has been used, based on specific facts and circumstances. In accordance with the Loan Impairment and Provisioning Directives of 2014 and 2015 of the CBC, the cumulative average future change in property values during this period has been capped at zero.

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

Indicatively, for the customers that were assessed on a collective basis, if the timing of recovery from mortgages is increased by 1 year to an average of 4 years, then the provisions for impairment of loans and advances would increase by €54.243 thousand. Alternatively if the timing of recovery from mortgages is decreased by 1 year to an average of 2 years, then the provisions for impairment of loans and advances would decrease by €50.257 thousand.

If the actual recoverable amount from collateral of impaired loans in Cyprus is lower than the amount estimated as at 30 September 2015 by 5% and 10%, then the provisions for impairment of loans and advances would increase by €160.260 thousand and €339.601 thousand respectively. Alternatively, if the collateral values in Cyprus increased by 5% and 10%, then the provisions for impairment of loans and advances would decrease by €174.589 thousand and €329.236 thousand respectively.

Forbearance

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

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

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

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

27. Risk management – Credit risk (continued)

Forbearance (continued)

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

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

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

Short-term restructuring solutions are defined as restructured repayment solutions of duration of less than five years. In the case of loans for the construction of commercial property and project finance, a short-term solution may not exceed 3 years.

Short-term restructuring solutions can include the following:

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

Long-term restructuring solutions can include the following:

- Extension of maturity: extension of the maturity of the loan which allows a reduction in instalment amounts by spreading the repayments over a longer period.
- Additional security: when additional liens on unencumbered assets are obtained as additional security from the borrower in order to compensate for the higher risk exposure and as part of the restructuring process.
- Forbearance of penalties in loan agreements: waiver, temporary or permanent, of violations of covenants in the loan agreements.
- Rescheduling of payments: the existing contractual repayment schedule is adjusted to a new sustainable repayment program based on a realistic, current and forecasted, assessment of the cash flow generation of the borrower.
- Strengthening of the existing collateral: a restructuring solution may entail the pledge of additional security for instance, in order to compensate for the reduction in interest rates or to balance the advantages the borrower receives from the restructuring.
- New loan facilities: new loan facilities may be granted during a restructuring agreement, which may entail the pledge of additional security and in the case of inter-creditor arrangements the introduction of covenants in order to compensate for the additional risk incurred by the Group in providing a new financing to a distressed borrower.
- Debt consolidation: the combination of multiple exposures into a single loan or limited number of loans.
- Debt/equity swaps: partial set-off of the debt and obtaining of an equivalent amount of equity by the Group, with the remaining debt right-sized to the cash flows of the borrower to allow repayment to the Group from repayment on the re-sized debt and from the eventual sale of the equity stake in the business. This solution is used only in exceptional cases and only where all other efforts for restructuring are exhausted and after ensuring compliance with the banking law.

27. Risk management – Credit risk (continued)**Forbearance (continued)**

- Debt write-off: cancellation of part or the whole of the amount of debt outstanding by the borrower. The Group applies the debt forgiveness solution only as a last resort and in remote cases having taken into consideration the ability of the borrower to repay the remaining debt in the agreed timeframe and the moral hazard.

Rescheduled loans and advances to customers

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

27. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

	Cyprus	Greece	Russia	United Kingdom	Romania	Ukraine	Total
30 September 2015	€000	€000	€000	€000	€000	€000	€000
1 January	7.024.847	75.778	234.659	136.421	184.585	-	7.656.290
Disposal of Russian operations	-	-	(118.313)	-	-	-	(118.313)
New loans and advances rescheduled in the period	1.724.708	-	17.999	31.671	-	-	1.774.378
Assets no longer classified as rescheduled (including repayments)	(770.520)	(34.684)	-	(50.033)	(29.612)	-	(884.849)
Applied in writing off rescheduled loans and advances	(72.475)	(16.700)	-	-	(33.888)	-	(123.063)
Interest accrued on rescheduled loans and advances	257.946	1.687	7.774	1.519	1.256	-	270.182
Foreign exchange adjustments	44.633	-	900	7.697	1.463	-	54.693
30 September	8.209.139	26.081	143.019	127.275	123.804	-	8.629.318

30 September 2014							
1 January	7.070.764	-	187.031	107.624	127.308	62.051	7.554.778
Disposal of Ukrainian operations	-	-	-	-	-	(78.708)	(78.708)
New loans and advances rescheduled in the period	1.206.247	70.048	39.908	77.073	26.282	4.481	1.424.039
Assets no longer classified as rescheduled (including repayments)	(2.654.205)	-	(38.045)	(49.431)	(23.850)	(3.975)	(2.769.506)
Interest accrued on rescheduled loans and advances	224.549	780	3.689	2.272	2.049	2.460	235.799
Foreign exchange adjustments	3.859	-	(17.343)	8.845	1.515	13.691	10.567
30 September	5.851.214	70.828	175.240	146.383	133.304	-	6.376.969

27. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Credit quality

	Cyprus	Greece	Russia	United Kingdom	Romania	Total
30 September 2015	€000	€000	€000	€000	€000	€000
Neither past due nor impaired	3.199.684	-	-	100.290	64.290	3.364.264
Past due but not impaired	1.784.782	-	767	22.981	484	1.809.014
Impaired	3.224.673	26.081	142.252	4.004	59.030	3.456.040
	8.209.139	26.081	143.019	127.275	123.804	8.629.318
31 December 2014						
Neither past due nor impaired	2.546.020	-	61.677	109.269	70.899	2.787.865
Past due but not impaired	1.764.528	-	16.468	21.814	3.247	1.806.057
Impaired	2.714.299	75.778	156.514	5.338	110.439	3.062.368
	7.024.847	75.778	234.659	136.421	184.585	7.656.290

At 31 December 2014, the rescheduled loans and advances to customers in Russia were classified as held for sale.

The comparatives above include rescheduled loans and advances to customers acquired from Laiki Bank which had been rescheduled prior to the acquisition date (29 March 2013), previously disclosed separately.

27. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Fair value of collateral

	Cyprus	Russia	United Kingdom	Romania	Total
30 September 2015	€000	€000	€000	€000	€000
Neither past due nor impaired	2.938.974	-	193.313	64.012	3.196.299
Past due but not impaired	1.564.572	765	38.688	366	1.604.391
Impaired	2.813.532	27.636	3.032	41.248	2.885.448
	7.317.078	28.401	235.033	105.626	7.686.138
31 December 2014					
Neither past due nor impaired	2.241.882	58.144	108.699	70.899	2.479.624
Past due but not impaired	1.534.072	15.764	21.579	3.150	1.574.565
Impaired	2.556.664	86.725	3.267	50.943	2.697.599
	6.332.618	160.633	133.545	124.992	6.751.788

The fair value of the collateral presented above has been computed based on the extent that the collateral mitigates credit risk. The fair value of collateral at 31 December 2014 includes the fair value of collateral for rescheduled loans and advances to customers classified as held for sale.

27. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Credit risk concentration

	Cyprus	Greece	Russia	United Kingdom	Romania	Total
30 September 2015	€000	€000	€000	€000	€000	€000
By economic activity						
Trade	681.458	-	33.802	335	2.960	718.555
Manufacturing	280.742	-	15.326	136	1.263	297.467
Hotels and catering	628.951	-	-	9.556	6.175	644.682
Construction	2.105.650	-	8.778	15.214	2.499	2.132.141
Real estate	1.041.925	-	-	67.585	87.586	1.197.096
Private individuals	2.555.934	-	-	2.720	118	2.558.772
Professional and other services	579.205	-	85.113	20.786	22.349	707.453
Other sectors	335.274	26.081	-	10.943	854	373.152
	8.209.139	26.081	143.019	127.275	123.804	8.629.318
By customer sector						
Corporate	4.164.910	26.081	138.176	101.693	120.952	4.551.812
Small and medium-sized enterprises (SMEs)	1.715.948	-	4.843	23.173	2.734	1.746.698
Retail						
- housing	1.713.014	-	-	233	-	1.713.247
- consumer, credit cards and other	565.103	-	-	2.176	118	567.397
International banking services	41.066	-	-	-	-	41.066
Wealth management	9.098	-	-	-	-	9.098
	8.209.139	26.081	143.019	127.275	123.804	8.629.318

27. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Credit risk concentration (continued)

	Cyprus	Greece	Russia	United Kingdom	Romania	Total
30 September 2015	€000	€000	€000	€000	€000	€000
By business line						
Corporate	693.953	26.081	138.176	101.693	120.211	1.080.114
Small and medium-sized enterprises (SMEs)	581.756	-	4.843	23.173	2.734	612.506
Retail						
- housing	1.607.114	-	-	233	-	1.607.347
- consumer, credit cards and other	472.426	-	-	2.176	118	474.720
Restructuring						
- corporate	2.741.715	-	-	-	621	2.742.336
- SMEs	770.250	-	-	-	-	770.250
Recoveries						
- corporate	729.242	-	-	-	120	729.362
- SMEs	363.942	-	-	-	-	363.942
- retail housing	105.900	-	-	-	-	105.900
- retail other	92.677	-	-	-	-	92.677
International banking services	41.066	-	-	-	-	41.066
Wealth management	9.098	-	-	-	-	9.098
	8.209.139	26.081	143.019	127.275	123.804	8.629.318

27. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Credit risk concentration (continued)

	Cyprus	Greece	Russia	United Kingdom	Romania	Total
31 December 2014	€000	€000	€000	€000	€000	€000
By economic activity						
Trade	530.047	-	49.794	645	2.935	583.421
Manufacturing	226.724	-	23.934	3.630	523	254.811
Hotels and catering	550.447	-	-	9.467	6.213	566.127
Construction	1.867.156	-	29.411	18.239	1.088	1.915.894
Real estate	849.667	-	-	83.656	89.933	1.023.256
Private individuals	2.121.324	-	-	2.411	63	2.123.798
Professional and other services	355.101	-	131.520	17.798	21.366	525.785
Other sectors	524.381	75.778	-	575	62.464	663.198
	7.024.847	75.778	234.659	136.421	184.585	7.656.290
By customer sector						
Corporate	3.590.159	75.778	210.689	75.085	180.885	4.132.596
Small and medium-sized enterprises (SMEs)	1.490.020	-	17.733	60.756	3.636	1.572.145
Retail						
- housing	1.405.686	-	1.463	62	-	1.407.211
- consumer, credit cards and other	492.791	-	4.774	518	64	498.147
International banking services	32.355	-	-	-	-	32.355
Wealth management	13.836	-	-	-	-	13.836
	7.024.847	75.778	234.659	136.421	184.585	7.656.290

27. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Credit risk concentration (continued)

	Cyprus	Greece	Russia	United Kingdom	Romania	Total
31 December 2014	€000	€000	€000	€000	€000	€000
By business line						
Corporate	412.853	75.778	210.689	75.085	180.069	954.474
Small and medium-sized enterprises (SMEs)	564.493	-	17.733	60.756	3.636	646.618
Retail						
- housing	1.316.481	-	1.463	62	-	1.318.006
- consumer, credit cards and other	409.038	-	4.774	518	64	414.394
Restructuring						
- corporate	2.613.905	-	-	-	699	2.614.604
- SMEs	629.956	-	-	-	-	629.956
Recoveries						
- corporate	563.401	-	-	-	117	563.518
- SMEs	295.571	-	-	-	-	295.571
- retail housing	89.205	-	-	-	-	89.205
- retail other	83.753	-	-	-	-	83.753
International banking services	32.355	-	-	-	-	32.355
Wealth management	13.836	-	-	-	-	13.836
	7.024.847	75.778	234.659	136.421	184.585	7.656.290

At 31 December 2014, the rescheduled loans and advances to customers in Russia were classified as held for sale.

27. Risk management – Credit risk (continued)

Rescheduled loans and advances to customers (continued)

Provisions for impairment

	Cyprus	Greece	Russia	United Kingdom	Romania	Total
30 September 2015	€000	€000	€000	€000	€000	€000
Individual impairment	903.259	6.181	114.818	2.103	32.598	1.058.959
Collective impairment	261.928	-	54	480	2.019	264.481
	1.165.187	6.181	114.872	2.583	34.617	1.323.440
31 December 2014						
Individual impairment	732.657	15.310	103.704	1.836	60.385	913.892
Collective impairment	203.113	-	10.133	12	1.671	214.929
	935.770	15.310	113.837	1.848	62.056	1.128.821

Provisions for impairment for rescheduled loans and advances to customers at 31 December 2014 above, include provisions for impairment for rescheduled loans and advances to customers which were classified as held for sale.

28. Risk management – Liquidity risk and funding

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

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

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

Management structure

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

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

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

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

Temporary restrictions on withdrawal of deposits

Since the beginning of April 2015 there are no longer any restrictive measures or capital controls in Cyprus.

Monitoring process*Daily*

Due to the deposit bail-in, imbalances in the banking sector and the resulting low liquidity position, the daily monitoring of cash flows and highly liquid assets has become important to safeguard and ensure the uninterrupted operations of the Group's activities. Market Risk prepares a report for submission to the CBC and ECB/Single Supervision Mechanism (SSM), indicating the cash inflows and outflows observed in customer balances and other balances, as well as the opening and closing balances of cash. Also, Group Treasury monitors daily the inflows and outflows in the main currencies used by the Group.

Weekly

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

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

Monitoring process (continued)

Monthly

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

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

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

Quarterly

Market risk perform stress testing for three scenarios: Bank specific, Market wide and Combined and reports results to ALCO.

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

Annually

The Company has completed in mid May 2015 its Internal Liquidity Adequacy Assessment (ILAA). Market Risk co-ordinated the preparation of the report, which was discussed at the ALCO and approved by the Board through its Risk committee and submitted to the CBC/ECB.

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

As from 4 November 2014 reports are sent not only to the CBC, but also to the ECB/SSM due to the assumption of its role as supervisor of the Group.

Liquidity ratios

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

The Group's liquidity ratio was as follows:

	Nine months to 30 September 2015	Twelve months to 31 December 2014
	%	%
At 30 September 2015/31 December 2014	16	21
Average ratio for the period	18	15
Highest ratio for the period	22	21
Lowest ratio for the period	16	12

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

Liquidity ratios (continued)

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

As at 30 September 2015 and 31 December 2014 the other banking units of the Group comply with their liquidity regulatory ratios, with the exception of Romania.

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

	Nine months to 30 September 2015	Twelve months to 31 December 2014
	%	%
At 30 September 2015/31 December 2014	132	141
Average ratio for the period	137	147
Highest quarter ratio for the period	141	151
Lowest quarter ratio for the period	132	142

Sources of funding

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

The Group currently has limited access to interbank and wholesale markets which, combined with a reduction in deposits in Cyprus in 2013, the deposit bail-in and the acquisition of certain operations of Laiki Bank in March 2013, has resulted in increased reliance on central bank funding. As at 30 September 2015, the funding from the ELA amounted to €4.902.001 thousand (31 December 2014: €7.403.741 thousand) (Note 20).

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

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

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

Any new funding to subsidiaries requires approval from the CBC.

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

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

Collateral requirements

The carrying values of the Group's encumbered assets as at 30 September 2015 and 31 December 2014 are summarised below:

	30 September 2015	31 December 2014
	€000	€000
Cash and other liquid assets	139.816	191.968
Investments	1.375.422	2.435.766
Loans and advances	13.238.389	13.531.026
Non-current assets and disposal groups classified as held for sale	537	54.536
Property	97.996	99.468
	14.852.160	16.312.764

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

Investments are mainly used as collateral for repurchase transactions with the ECB and other commercial banks as well as supplementary assets for covered bonds, while loans are mainly used as collateral for funding from the CBC and for covered bonds.

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

In addition, bonds guaranteed by the Cyprus government amounting to €1.000 million are pledged as collateral for obtaining funding from the CBC (Note 22).

On 29 September 2015 the terms of the Covered Bond Programme and outstanding €1 billion Covered Bond were amended to a Conditional Pass-Through structure. As part of the restructuring, €350.000 thousand of the retained covered bond was repurchased and cancelled. The outstanding principal of the retained covered bond following the above actions stood at €650.000 thousand. The credit rating of the covered bonds was upgraded to an investment grade rating and as a result these have become eligible collateral for the Eurosystem credit operations. As from 2 October 2015 the covered bond has been placed as collateral for accessing funding from the ECB. Through this transaction, the Company has raised €550.000 thousand of ECB funding for the repayment of ELA. Prior to the rating upgrade, the covered bonds were used as collateral for ELA.

The assets used as collateral for the Covered Bond are already included in the table above.

29. Risk management – Market risk

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

Interest rate risk

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

Currency risk

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

29. Risk management – Market risk (continued)

Price risk

Equity securities price risk

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

Debt securities price risk

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

The Group considers that the profile of its market risk has remained similar to the one prevailing at 31 December 2014, as presented in Note 47 of the annual Consolidated Financial Statements for the year 2014.

30. Capital management

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

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

The Group has complied with the minimum capital requirements (Pillar I and Pillar II) during the nine months ended 30 September 2015.

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

31. Related party transactions

	30 September 2015	31 December 2014
	€000	€000
Loans and advances:		
- members of the Board of Directors and other key management personnel	3.518	3.615
- connected persons	934	1.084
	4.452	4.699
Deposits:		
- members of the Board of Directors and other key management personnel	2.743	18.368
- connected persons	4.003	11.206
	6.746	29.574

The above table does not include period/year-end balances i.e. 30 September 2015 and 31 December 2014 respectively, for members of the Board of Directors and their connected persons who resigned/were removed during the period/year.

Interest income and expense from related parties for the nine months ended 30 September 2015 amounted to €106 thousand and €164 thousand respectively (corresponding period of 2014: €110 thousand and €321 thousand respectively).

31. Related party transactions (continued)

In addition to loans and advances, there were contingent liabilities and commitments in respect of members of the Board of Directors and their connected persons, mainly in the form of documentary credits, guarantees and commitments to lend amounting to €129 thousand (31 December 2014: €175 thousand). There were also contingent liabilities and commitments to other key management personnel and their connected persons amounting to €822 thousand (31 December 2014: €689 thousand).

The total unsecured amount of the loans and advances and of the contingent liabilities and commitments to members of the Board of Directors, key management personnel and their connected persons (using forced-sale values for tangible collaterals and assigning no value to other types of collateral), at 30 September 2015 amounted to €1.257 thousand (31 December 2014: €1.586 thousand).

There were no transactions during the nine months ended 30 September 2015 with connected persons of the current members of the Board of Directors. During the nine months ended 30 September 2014, the Group paid €96 thousand relating to insurance transactions to Universal Insurance Agency Ltd, a subsidiary of Universal Life Insurance Public Company Limited in which Mr Xanthos Vrachas is the CFO.

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

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

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

	Nine months ended 30 September	
	2015	2014
Director emoluments	€000	€000
<i>Executives</i>		
Salaries and other short term benefits	732	633
Employer's contributions	44	34
Retirement benefit plan costs	95	83
	871	750
<i>Non-executives</i>		
Fees	194	336
Total directors' emoluments	1.065	1.086
Other key management personnel emoluments		
Salaries and other short term benefits	2.570	1.646
Employer's contributions	116	120
Retirement benefit plan costs	136	159
Total other key management personnel emoluments	2.822	1.925
Total	3.887	3.011

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

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

32. Group companies

The main subsidiary companies and branches included in the Interim Condensed Consolidated Financial Statements of the Group, their country of incorporation, their activities, and the percentage held by the Company (directly or indirectly) as at 30 September 2015 are:

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

32. Group companies (continued)

In addition to the above companies, at 30 September 2015 the Company had 100% shareholding in the companies listed below, whose main activity is the ownership and management of immovable property and other assets:

Cyprus: Timeland Properties Ltd, Cobhan Properties Ltd, Bramwell Properties Ltd, Birkdale Properties Ltd, Newington Properties Ltd, Innerwick Properties Ltd, Lameland Properties Ltd, Fairford Properties Ltd, Citlali Properties Ltd, Endar Properties Ltd, Ramendi Properties Ltd, Ligosimo Properties Ltd, Thames Properties Ltd, Moonland Properties Ltd, Polkima Properties Ltd, Nalmosa Properties Ltd, Smooland Properties Ltd, Emovera Properties Ltd, Estaga Properties Ltd, Skellom Properties Ltd, Blodar Properties Ltd, Spaceglowing Properties Ltd, Threelfield Properties Ltd, Lepidoland Properties Ltd, Stamoland Properties Ltd, Ecunaland Properties Ltd, Tebane Properties Ltd, Cranmer Properties Ltd, Calomland Properties Ltd, Vieman Ltd, Les Coraux Estates Ltd, Natakou Company Ltd, Karmazi (Apartments) Ltd, Kermia Palace Enterprises Ltd, Oceania Ltd, Dominion Industries Ltd, Ledra Estates Ltd, Eurolife Properties Ltd, Laiki Lefkothea Center Ltd, Labancor Ltd, Paneuropean Ltd, Philiki Ltd, Cyprialife Ltd, Imperial Life Assurance Ltd, Philiki Management Services Ltd, Nelcon Transport Co. Ltd, Steparco Ltd, Joberco Ltd, Zecomex Ltd, Domita Estates Ltd, Memdes Estates Ltd, Obafemi Holdings Ltd, Pamaco Platres Complex Ltd, Gosman Properties Ltd, Odaina Properties Ltd, Vameron Properties Ltd, Thryan Properties Ltd, Icecastle Properties Ltd, Otoba Properties Ltd, Edoric Properties Ltd, Belvesi Properties Ltd, Ingane Properties Ltd, Indene Properties Ltd, Canosa Properties Ltd, Silen Properties Ltd, Kernland Properties Ltd, Unduma Properties Ltd, Iperi Properties Ltd, Warmbaths Properties Ltd, Danoma Properties Ltd, Kimrar Properties Ltd, Jobelis Properties Ltd, Tavoni Properties Ltd, Metin Properties Ltd, Pekiro Properties Ltd, Melsolia Properties Ltd, Nimoland Properties Ltd, Lozzaria Properties Ltd, Koralmmon Properties Ltd, Petrassimo Properties Ltd, Kedonian Properties Ltd, Lasteno Properties Ltd and Armozio Properties Ltd.

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

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

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

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

Cyprus: Laiki Bank (Nominees) Ltd and Laiki EDAK Ltd.

Ukraine: Leasing Finance LLC, Corner LLC and Omiks Finance LLC.

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

Change in the control holding of MC Investment Assets Management LLC

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

32. Group companies (continued)

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

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

Dissolution and disposal of subsidiaries

As at 30 September 2015, the following subsidiaries were in the process of dissolution or in the procedure of erasing: Samarinda Navigation Co Ltd, Kyprou Securities SA, BOC Ventures Ltd, Tefkros Investments Ltd, Tefkros Investments (CI) Ltd, Salecom Ltd, Longtail Properties Ltd, Turnmill Properties Ltd, Limestone Holdings Ltd, Guarded Path Properties Ltd, Bank of Cyprus Mutual Funds Ltd and Diners Club (Cyprus) Ltd.

Misthosis Funding Plc and Misthosis Funding (Holding) Ltd, were dissolved on 13 June and 30 June 2015 respectively.

Elswick Properties Ltd was disposed on 27 July 2015.

33. Acquisitions and disposals

33.1 Acquisitions during 2015

Acquisition of shares of Laiki Financial Services Ltd

On 30 January 2015, the AGM of the shareholders of Laiki Financial Services Ltd approved the disposal of the shares of Laiki Financial Services Ltd to the Company for a consideration of €3 million. Previously, Laiki Financial Services Ltd was 100% owned by LCP Holdings and Investments Public Ltd (formerly Laiki Capital Public Co Ltd), a subsidiary of the Company. As a result, the increase of the Company's holding from 67% to 100% in Laiki Financial Services Ltd is accounted for as an equity transaction.

33.2 Disposals during 2015

Disposal of the majority of the Group's Russian operations

On 25 September 2015, the Group completed the disposal of the majority of its Russian operations, comprising (i) its 100% holding in its subsidiary, BOC Russia (Holdings) Ltd, its 80% holding in its Russian banking subsidiary, CB Uniastrum Bank LLC, and its 80% holding in its Russian leasing subsidiary, Leasing Company Uniastrum Leasing LLC and (ii) certain other Russian loan exposures.

The transaction resulted in a loss on disposal of €23.032 thousand, comprising a loss of €28.237 thousand representing the recycling of the foreign currency translation reserve from other comprehensive income to the income statement and a profit of €5.205 thousand against the net book value of the assets as at the disposal date. As part of the sales agreement the parties agreed an asset swap arrangement which involved the exchange of certain assets between them that resulted in €41.849 thousand receivable for the Group.

Following the disposal of the Group's Russian operations, the remaining net exposure (on and off balance sheet) in Russia is €120.478 thousand, comprising of customer loans and the €41.849 thousand deferred component of the asset swap arrangement.

33. Acquisitions and disposals (continued)

33.2 Disposals during 2015 (continued)

Disposal of the majority of the Group's Russian operations (continued)

The results of the Group's Russian operations from 1 January 2015 until the date of their disposal are presented in Note 7 of these financial statements and are classified as discontinued operations.

The assets and liabilities of the Group's Russian operations disposed as at the date of their disposal are presented below:

Assets	€000
Cash and balances with central banks	64.291
Placements with banks	26.269
Investments	12.726
Loans and advances to customers	343.909
Other assets	41.950
	489.145
Liabilities	
Amounts due to banks	24.422
Customer deposits	494.274
Debt securities in issue	139
Subordinated loan stock	2.673
Other liabilities	4.976
	526.484
Net liabilities	(37.339)

The sale consideration is analysed below:

	€000
Net cash consideration received	2.896

The net cash flows of the Russian operations are as follows:

	Nine months ended 30 September	
	2015	2014
	€000	€000
Operating	(34.108)	-
Investing	(15.927)	-
Financing	(1.733)	-
Net cash outflow for the period	(51.768)	-

33. Acquisitions and disposals (continued)

33.2 Disposals during 2015 (continued)

Disposal of Aphrodite group

In September 2015, the Group completed the sale of shares representing a 65% shareholding in the Aphrodite Hills Resort Ltd and Aphrodite Hills (Lakkos tou Frangou) Ltd. For additional information refer to Note 17.

Disposal of Kyprou Leasing SA

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

33.3 Disposals during 2014

Disposal of the Group's Ukrainian operations

In April 2014, the Group completed the disposal of its Ukrainian operations, comprising (i) its holding of 99.77% in its subsidiary bank in Ukraine, PJSC Bank of Cyprus, (ii) the funding provided by the Company to PJSC Bank of Cyprus, and (iii) its loans with Ukrainian exposures, to Alfa group. The sale consideration was €198.860 thousand, comprising €98.860 thousand received and €100.000 thousand deferred up to 31 March 2015. In 2015 the settlement terms of the deferred consideration and the related interest rate were amended. The deferred consideration is due to be paid to the Group under a repayment programme which extends until 1 June 2019.

The accounting loss from the sale was €114.228 thousand and represented the difference of the consideration and the carrying value of the assets and liabilities disposed, as well as the unwinding of the related foreign currency reserve of €55.796 thousand as at the disposal date.

The results of the Group's Ukrainian operations from 1 January 2014 until the date of its disposal are presented in Note 7 of these financial statements and are classified as discontinued operations.

The assets and liabilities of the Group's Ukrainian operations as at the date of their disposal are presented below:

	€000
Cash and balances with central banks	10.181
Placements with banks	15.924
Loans and advances to customers	250.076
Investment properties	34.395
Other assets	1.168
Customer deposits	(47.235)

The net cash flows of the Group's Ukrainian business are presented below:

	2014
	€000
Net cash flow used in operating activities	(999)
Net cash flow used in investing activities	-
Net cash flow used in financing activities	-
Net decrease in cash and cash equivalents	(999)

34. Investments in associates and joint venture**Carrying value of the investments in associates and joint venture**

	30 September 2015	31 December 2014
	€000	€000
CNP Cyprus Insurance Holdings Ltd	110.731	108.467
Byron Capital Partners Ltd	-	5.322
Interfund Investments Plc	2.128	2.987
Aris Capital Management LLC	-	-
Rosequeens Properties Limited	-	-
Rosequeens Properties SRL	-	-
	112.859	116.776

The Group's investments in associates comprise of CNP Cyprus Insurance Holdings Ltd (shareholding of 49,90%), Aris Capital Management LLC (shareholding of 30,00%), Interfund Investments Plc (shareholding of 23,12%), Rosequeens Properties Limited (effective shareholding of 33,33%) and Rosequeens Properties SRL (effective shareholding of 33,33%). The carrying value of Rosequeens Properties Limited, Rosequeens Properties SRL and Aris Capital Management LLC is restricted to zero. In September 2014, the Group sold its 35,3% holding in its associate Grand Hotel Enterprises Society Ltd, which also had a zero carrying value as at the date of the disposal.

The Group's investment in joint venture comprised of Byron Capital Partners Ltd (BCP) acquired by the Group as part of the acquisition of certain operations of Laiki Bank. BCP managed 100% of the shares of MDSF (Note 17). During the third quarter of 2015, BCP bought back all its shares held by the Group.

35. Capital commitments

Capital commitments for the acquisition of property, equipment and intangible assets as at 30 September 2015 amount to €10.923 thousand (31 December 2014: €5.203 thousand).

36. Events after the reporting date**36.1 Covered bonds upgrade**

The covered bonds were upgraded to an investment grade rating and have become eligible collateral for the Eurosystem credit operations. As from 2 October 2015 the covered bond has been placed as collateral for accessing funding from the ECB. Through this transaction, the Company has raised €550.000 thousand of ECB funding for the repayment of ELA. Prior to the rating upgrade, the covered bonds were used as collateral for ELA.

36.2 Repayment of ELA

In the period since 30 September 2015, the Company repaid €600 million of ELA funding.

Report of the statutory auditor to the Board of Directors of Bank of Cyprus Public Company Ltd on the review of the interim condensed consolidated financial statements as of 30 September 2015 and for the nine-month period then ended

Introduction

We have reviewed the interim condensed consolidated financial statements of Bank of Cyprus Public Company Ltd (the 'Company') and its subsidiaries (together with the Company the 'Group') on pages 1 to 87, which comprise the interim consolidated balance sheet as at 30 September 2015, the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended, the interim consolidated statements of income and comprehensive income for the three-month period then ended and explanatory notes. These statements show a consolidated balance sheet total with total equity of €3.538 million and with total assets of €24.197 million as at 30 September 2015 and a consolidated net profit for the nine-month period then ended of €58.226 thousand. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance International Financial Reporting Standards applicable to interim financial reporting, IAS 34 Interim Financial Reporting ("IAS 34") as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

We draw your attention to note 6 to the interim condensed consolidated financial statements which discusses the significant judgments, estimates and assumptions used in the preparation of the interim condensed financial statements on a going concern basis and the inherent risk and uncertainty related to the assumptions made for the determination of the provision for impairment of loans and advances to customers, which could result in significant changes in the amount of required provisions of the Group. Our conclusion is not qualified in respect of this matter.

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

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
Nicosia
23 November 2015