NBG FACTORS

Financial Statements as of 31.12.2012

(In accordance with the International Financial Reporting Standards – "IFRS")

Athens, June 2013

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Board of Directors' Report on the Financial Statements of Ethniki Factors S.A. for the financial year 2012

According to the provisions of Company's Act and Company's Articles of Association, are presented below the activities of the Company during its fourth fiscal year which was the period from 1 January to 31 December 2012.

Financial position and comprehensive income of the Company

The period from 1 January to 31 December 2012 was the fourth fiscal year for the Company during which main activities focused on constantly providing broad range of Factoring services to National Bank of Greece corporate customers, enhancing synergies with parent Bank aiming to support on liquidity enhancement for corporateds in a very adverse economic environment over the last years in our country. On 31 December 2012 Company's corporate portfolio, after provision amounted to € 425.060,4 thousand, resulting in an increase of 6,9% against 2011 whereas total Factoring turnover reached € €1.868,7 millions compared with € 1.670,9 millions in 2011 (+11,8%). Profit after taxes reached € 8.631,5 thousand related to € 5.469,4 thousand for 2011 (+57,8%).

Company's capital adequacy is supervised by Bank of Greece which is responsible for collecting necessary reporting data, according to the Bank of Greece Governor's Act 2640/18.01.2011 (as it has been replaced by Bank of Greece Governor's Act 2651/20.1.2012). Calculation of capital adequacy, from 1 January 2010, for Factoring Companies is carried under a new supervisory framework (Basel II), according to Law N3601/2007 that was enforced by Bank of Greece Governor's Act 2622/21.12.2009.

In 2012the capital adequacy ratios of basic and total equity amounted to 16,66% compared with 15,89% in 2011.

In its fourth financial year the Company's allowance for impairment on customers receivable amounted to € 781,5 thousand and as referred to in Note 3, the management believes that this provision clearly reflects the reality at that particular time.

Company's total operating income in 2012 amounted to €12.928,6 thousand (+43,6%) of which amount of €10.252,3 thousand (+57,3%) relates to net interest income and amount of €2.676,4 thousand (+7,6%) relates to net commission income. Total expenses, excluding credit provisions of €781,5 thousand, amounted to €1.367,1 thousand, of which €694 thousand relates to personnel expenses and the remaining amount of €673,1 thousand relates to other administrative expenses (office rentals, marketing expenses, third party expenses, depreciation of intangible assets etc). Therefore the cost (excluding credit provisions) to income ratio amounted to 10,6%.

Management actions during 2012 and for the first five months of 2013

During the fourth financial year the actions of the management were focused in maintaining the robust portfolio and further developing synergies with the parent Bank and especially the Corporate Units. In that direction the Company develops its turnover mainly through Recourse Factoring services but also enhancing Export and Reverse Factoring. Servicing export companies interests the Company Factored €118,6 millions of export business. Out of total export Factoring turnover, amount of €88 millions relates to Two Factors System Business Reverse Factoring turnover in 2012 reached €55,6 million (2011: €43,4 million) underlining substantial potential for this type of Factoring business.

As in previous years Company's strategic decisions focused on upgrading IT and operational infrastructure. In that direction the Company kept it actions on improving all of its software and since 2012 is using SAP/FI solution for its management accounting and bookkeeping activities, in order to be in compliance with NBG Group. As for 2013 the management aims to further improve application platforms in order to improve both efficiency and also corporate service.

In 2012 the Board of Directors has been seven times convened and as for operational activities approved and the Company adopted:

- Provisioning and Write Off Procedures,
- Compliance Procedures
- Client Complaints Handling Policy in compliance with Bank of Greece Governor's Act 2501/31.10.2002
- Company Regulation
- NBG Group Information Security Policy -NBG Information Security Framework

- NBG Group's AML/CFT Policy for Cross-Border Correspondent Banking

Also within 2012 the Board of Directors approved and the Company adopted the review of

- Factoring Credit Policy
- Collection, Administration, Business Development and Credit Control Departments' Operation procedures
- Debtors, Credit Insurance and Correspondents credit manual

As a result of the above mentioned actions the Company currently follows the following Manuals, Policies and Procedures:

A/A	Ethniki Factors Policies, Manuals, Procedures
1	Factoring Credit Policy
2	Company Regulation
3	Department Operation Procedures
4	Clients Complaints Handling Policy
5	Remuneration Policy
6	Outsourcing Policy
7	Code of Ethics
8	Policy for avoiding conflicts of interest policy for Directors and top management
9	Operational Risk Management Framework (Policy and Methodologies)
10	Operational Risk Management Strategy
11	Business Line Mapping Policy for operational risk capital adequacy purposes under Basel II Regulatory framework
12	Debtors, Credit Insurance and Correspondents credit manual
13	NBG Group's Anti-Money Laundering and Combating Financing of Terrorism Group Policy / Customer Acceptance Policy
14	Regulatory Compliance Policy
15	Compliance Procedures
16	NBG Group Information Security Policy - NBG Information Security Framework Provisions and Write – offs procedures

During 2012 three follow up internal audits took place carried by NBG Group Internal Audit Division namely

- Compliance Follow up Audit,
- Credit Procedures Follow up Audit and
- Financial Follow up Audit,

the reports of which and also progress on settlement of findings are periodically notified to all members of Board.

It is noted that since November 2009, the Company is, an inaugural member of Hellenic Factors Association represented in its Board of Directors.

Factoring market evolution

As a result of deep recession affecting Greek Economy, Factoring market in 2012 shows a decrease in terms of Factored volume of approximately 13,5% according to Factors Chain International and Hellenic Factoring Association data. However 2012 is the first year that Factoring Business in Greece decreases since the beginning of recession. Despite the trend of the market Ethniki Factors managed to increase both on income and factored volume broadening at the same time its portfolio and market share.

Events after the reporting period

There are no significant events after the reporting period.

Risk Management

The Company adopts Risk Management Policies of the Group. National Bank of Greece Group operates in a fast growing and changing environment and acknowledges its exposure to banking risks as well as the need for effective risk management. Efficient risk management and control reflect NBG Group and Company's commitment to achieve high returns for its shareholders.

Credit Risk

The Group pays particular attention to implementing the highest standards of credit risk management and control. Credit risk arises from an obligor's (or group of obligors) failure to meet the terms of any contract established with the Bank or a Bank's subsidiary. For all facilities, the Group employs credit risk rating and measurement systems, specifically designed to meet the particular characteristics of its various loan exposures (e.g. NBG Corporate Risk Rating Model for the corporate portfolio, internally developed application and behavioural scorecards for the retail portfolio, etc.). The objective of such credit risk rating systems is to appropriately classify an obligor to a particular credit rating class and estimate the parameters of expected and unexpected loss, with the ultimate goal of protecting the profitability and the capital base of the Group.

Active credit risk management is achieved through:

- The application of appropriate limits for exposures to a particular obligor, a group of associated obligors, obligors that belong in the same economic sector, etc.;
- The use of credit risk mitigation techniques (such as collateral and guarantees);
- The estimation of risk adjusted pricing for most products and services.

Operational risk

The Company, acknowledging the importance of operational risk, has established and maintained a firm wide and effective, high quality framework for its management.
The Company has outsourced to its parent Bank related to operational risk management responsibilities. The Company has since 2010 developed and an Operational Risk Management Framework (ORMF) considering qualitative and quantitative criteria of Standardised Approach

During 2012 the annual cycle of ORMF was implemented using the OpVar application (developed by Algorithmics)

Especially the implementation of this ORMF cycle consisted of:

- The identification, assessment and monitoring of operational risks (Risk Control Self Assessment);
- The determination of Action Plans for their mitigation
- The collection of operational risk loss events.

Risk related to the Greek crisis and the European debt crisis

The Company as a 100% subsidiary of the National Bank of Greece maintains significant synergies both with its parent Bank and also with the NBG Group companies. Those synergies mainly relate to a) funding for acquiring the level of liquidity to allow factoring advances to clients, b) to business development and credit assessment and c) to various operational issues. As a result the Company highly relates its operations to its parent Bank.
The escalation in the European crisis and in effect the crisis in the Greek economy, resulted in impairment losses for 2011 and 2012 from parent Bank in several classes of assets like Greek government bonds and other loans in Greece which have adversely impacted the financial position, the results, cash flows and regulatory ratios of NBG and consequently of the Group. Furthermore, the crisis has reduced NBG's access to liquidity from other financial institutions. The recapitalization program for Greek banks was established as an integral part of the financial assistance under the second economic adjustment program for Greece, was voted in the Greek Parliament on 14 February 2012 and adopted by the Council of the EU (the "Eurogroup") meetings on 21 February 2012 and 13 March 2012 (the "Program").

The Program, which has already been approved by the EU, the European Central Bank (ECB) and the International Monetary Fund (the "IMF"), along with a specific sequencing of disbursements, commits funds for the recapitalization plan, amounting to about €50 billion and is now in the implementation phase under the auspices

of the Bank of Greece (the "BoG"). On 28 May 2012, HFSF contributed 5 series of European Financial Stability Facility bonds, maturing from 2018 to 2022, with nominal amount of €1.486 million each, totaling €7.430 million, as an advance for the participation in the Bank's future share capital increase. On 21 December 2012 HFSF contributed additional € 2.326,0 millions of European Financial Stability Facility bonds as an additional prepayment of forthcoming capital increase of the Bank.
Despite parent Banks' funding raise difficulties, the Company remained well-capitalized, highly liquid, enhanced by quick financial assets turnover. The Company maintains sight deposits due from its parent company, National Bank of Greece S.A. amounting to €17.407,1 thousand and has issued bonds amounting to €365.013,3 thousand covered by the parent company National Bank of Greece S.A. and its affiliate company National Bank of Greece (Cyprus) Ltd maturing on 31 July 2012. The strong capital base in combination with a capital adequacy ratio of 16,66%, as disclosed in Note 26 enables the Company to face any reasonably foreseeable adversity. Management believes that the Company is well positioned to adequately support its business plan over the coming year.

2013 Perspectives

The successful joint completion of the 1st & 2nd Reviews and the concomitant disbursement of the 2nd tranche of the Program, the new reduction of sovereign debt through the successful debt buyback and the provision of more favourable sovereign financing terms in December, in conjunction with an explicit commitment of euro area member states to provide additional debt relief in the future and help Greece to absorb more effectively increasing EU and European Investment Bank ("EIB") financing, have contributed to a notable improvement in economic sentiment in late-2012 and early 2013. In this vein, private sector deposits in the Greek banking system increased by €11 billion in the second half of 2012 reversing about 45% of the €25 billion drop in private deposits in the first half of 2012. The above trends together with the gradual clearance of government arrears, the restoration of Greek banking system's direct access to Eurosystem financing and the prospected completion of core banks recapitalization in 2013, lay the foundation for a gradual but material improvement in macroeconomic conditions in the second half of 2013. An acceleration of economic activity in the euro area could boost exporting performance magnifying the benefits from the prospected strong increase in tourism arrivals in 2013. Nonetheless, the downward pressure on economic activity will remain high due to the additional fiscal drag from planned fiscal measures, the very gradual improvement of liquidity conditions and shrinking disposable income of Greek households.

In this respect GDP is expected to contract by 4,5% year-on-year in 2013 although the quarterly pace of contraction is expected to decline substantially in the third and fourth quarter of 2013 laying the ground for a bottoming out of GDP in 2014. Fiscal adjustment for 2013 is based on a credible mix of new spending cuts and largely realistic revenue targets backed by a sufficient amount of measures. Moreover, a solid progress in structural reforms and a fresh start in privatizations could provide further boost to the credibility of the country ameliorating recessionary headings and gradually soothing the severe social cost of recession and concomitant tensions which could undermine government's cohesion.

Concerning the sector 2013 is expected to be a year of increased demand for Factoring in high level from corporates. Considering however the continuing recession we predict that Factoring will further shrink on approximately 10%. Above mentioned decrease is expected to be asymmetrical with further reduction on non recourse factoring activities as credit insurance companies remain reluctant on covering large groups of buyers. On the other hand as exports are expected to be one of the key elements that will drive the Greek economy out of the crisis, export Factoring is expected to grow.

Among strategic goals of the Company for 2013 are:

1. The further development of synergies with the related Corporate Banking Divisions of the parent Bank supporting corporates
2. Further improvement of financial risk management practices
3. To maintain the high portfolio quality resulting in limited non performing loans
4. To focus on developing International and mainly export Factoring business as a contribution to the goal of the country to support exports
5. To enhance market share and sustain high profitability to maintain an efficient cost to Income ratio
6. To upgrade the basic IT platforms,
7. To develop an efficient pricing model
8. To enhance Company's Compliance procedures.

Board of Directors' Report

Dividend Policy

The Company will not distribute any dividend for financial year 2012. This decision is subject to the approval from the Annual General Meeting of the Shareholders. Also Management will propose to the Annual General Meeting of the shareholders to approve the appropriation of amount €431.577 as a statutory reserve according to provisions of Company Law 2190/1920.

Athens, 6 June 2013

The Chairman of the Board of Directors

Theofanis Panagiotopoulos

Deloitte.

TRUE TRANSLATION

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "ETHNIKI FACTORS S.A."

Report on the Financial Statements

We have audited the accompanying financial statements of "ETHNIKI FACTORS S.A." (the Company), which comprise the statement of financial position as at December 31, 2012, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting principles and policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making this risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

Independent Auditor's Report

Report on Other Legal Requirements

We have agreed and confirmed the content and consistency of the Director's Report to the accompanying financial statements according to the provisions of the article 43a and 37 of the Codified Law 2190/1920.

Athens, June 6, 2013

The Certified Public Accountant

Alexandra Kostara
Reg. No SOEL 19981
Deloitte.
Hadjipavlou Sofianos & Cambanis S.A.
Assurance & Advisory Services
Fragoklissias 3a & Granikou Str.
151 25 Marousi
Reg. No. SOEL: E 120

Statement of Comprehensive Income

For the period ended 31 December 2012

Amounts in €	Note	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Interest and similar income	4	24.726.569	20.184.759
Interest expense and similar charges	4	(14.474.263)	(13.667.674)
Net Interest Income		**10.252.306**	**6.517.085**
Fee and commission income	5	4.654.714	3.836.944
Commission expense	5	(1.978.300)	(1.348.428)
Net fee and commission income		**2.676.414**	**2.488.516**
Net trading income		(143)	35
Total Income		**12.928.577**	**9.005.636**
Personnel expenses	6	(693.936)	(615.555)
General, administrative and other operating expenses	7	(666.458)	(738.719)
Depreciation of intangible assets	12	(6.111)	-
Depreciation of property and equipment	13	(570)	(28.634)
Credit provisions	8	(781.500)	(846.354)
Total expenses		**(2.148.575)**	**(2.229.262)**
Profit before tax		**10.780.002**	**6.776.374**
Tax expense	9	(2.148.458)	(1.306.968)
Profit for the period		**8.631.544**	**5.469.406**
Total comprehensive income for the period, net of tax		**8.631.544**	**5.469.406**

Athens, 6 June 2013

THE CHAIRPERSON	THE CHIEF EXECUTIVE OFFICER	THE SUPERVISOR OF FINANCIAL SERVICES
THEOFANIS PANAGIOTOPOULOS	ALEXANDROS KONTOPOULOS	PANAGIOTIS MAVRAGANIS
No of Passport ID AE3595802	No of Pol. Identity X 549459	No of Pol. Identity X 010495

The notes on pages 14 to 39 form an integral part of these financial statements

Statement of Financial Position

as at 31 December 2012

Amounts in €	Note	31.12.2012	31.12.2011
ASSETS			
Cash and balances with banks	10	17.407.092	1.253.894
Customer receivables	11	425.060.440	397.779.251
Software and other intangible assets	12	355.889	315.000
Property and equipment	13	1.389	1.048
Other assets	15	12.550	6.050
Total assets		**442.837.360**	**399.355.243**
LIABILITIES			
Due to banks	16	47.513	-
Debt securities in issue		365.010.306	335.057.503
Due to customers	18	5.443.437	1.979.880
Current income tax liabilities	9	1.607.371	624.332
Deferred tax liabilities	14	567.755	330.753
Retirement benefit obligations	19	29.946	20.011
Other liabilities	20	1.902.171	1.745.447
Total liabilities		**374.608.499**	**339.757.926**
SHAREHOLDERS' EQUITY			
Share capital	21	10.000.000	10.000.000
Share premium	21	40.000.000	40.000.000
Reserves & retained earnings	22,23	18.228.861	9.597.317
Total Shareholders' Equity		**68.228.861**	**59.597.317**
Total Liabilities and Equity		**442.837.360**	**399.355.243**

Athens, 6 June 2013

THE CHAIRPERSON	THE CHIEF EXECUTIVE OFFICER	THE SUPERVISOR OF FINANCIAL SERVICES
THEOFANIS PANAGIOTOPOULOS	ALEXANDROS KONTOPOULOS	PANAGIOTIS MAVRAGANIS
No of Passp. Identity AE3595802	No of Pol. Identity X 549459	No of Pol. Identity X 010495

The notes on pages 14 to 39 form an integral part of these financial statements

Statement of Changes in Equity

For the period ended 31 December 2012

Amounts in €	Share Capital	Share Premium	Reserves	Retained earnings	Total
At 1 January 2011	**5.000.000**	**45.000.000**	**6.584**	**4.165.927**	**54.172.511**
Capitalization of share premium	5.000.000	(5.000.000)	-	-	-
Share capital issue costs, net of tax	-	-	-	(44.600)	(44.600)
Total comprehensive income	-	-	-	5.469.406	5.469.406
Statutory reserve	-	-	203.967	(203.967)	-
Balance at 31 December 2011 & at 1 January 2012	**10.000.000**	**40.000.000**	**210.551**	**9.386.766**	**59.597.317**
Total comprehensive income	-	-	-	8.631.544	8.631.544
Statutory reserve	-	-	273.470	(273.470)	-
Balance at 31 December 2012	**10.000.000**	**40.000.000**	**484.021**	**17.744.840**	**68.228.861**

The notes on pages 14 to 39 form an integral part of these financial statements

Cash Flow Statement

For the period ended 31 December 2012

Amounts in €	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Cash Flows from operating activities		
Profit before tax	**10.780.002**	**6.776.374**
Non cash items included in statement of comprehensive income and other adjustments:	**15.272.379**	**14.364.126**
Depreciation of property and equipment (Note 13)	570	28.634
Depreciation of intangible assets (Note 12)	6.111	-
Credit provisions (Note 8)	781.500	846.354
Provision for employee benefits (Note 19)	9.935	4.280
Interest expense and similar charges (Note 4)	14.474.263	13.484.858
Net (increase)/decrease in operating assets :	**(24.600.632)**	**(47.022.764)**
Due from / to customers (net amount)	(24.599.132)	(47.023.164)
Other assets	(1.500)	400
Net increase/(decrease) in operating liabilities:	**(715.422)**	**(346.828)**
Other Liabilities	212.995	1.281.733
Income tax paid	(928.417)	(1.628.561)
Net Cash flows from / (used in) operating activities	**736.327**	**(26.229.092)**
Cash flows from investing activities:		
Purchase of software and other intangibles (Note 12)	(52.000)	(200.000)
Purchase of property and equipment (Note 13)	(911)	(709)
Net Cash flows from/ (used in) investing activities	**(52.911)**	**(200.709)**
Cash flows from financing activities:		
Proceeds from debt securities (Note 17)	30.000.000	340.000.000
Repayment of debt securities	-	(300.000.000)
Debt securities issue costs (Note 17)	(36.000)	(39.500)
Repayment of debt securities interest expenses	(14.435.852)	(13.401.830)
Interest paid	(8.366)	-
Share capital issue costs (Note 21)	(50.000)	(5.000)
Net cash flows from / (used in) financing activities	**15.469.782**	**26.553.670**
Net increase / (decrease) in cash and cash equivalents	**16.153.198**	**123.869**
Cash and cash equivalents at beginning of period	1.253.894	1.130.025
Cash and cash equivalents at end of period	**17.407.092**	**1.253.894**

The notes on pages 14 to 39 form an integral part of these financial statements

Notes to the Financial Statements

NOTE 1: General information

The Company was founded on 19 May 2009 and operates under the name "ETHNIKI FACTORS S.A." (hereinafter the "Company"). The Company's headquarters are located at 128-132 Athinon Av. & Ifigeneias Str. Athens, Greece, (Reg. 68123/01/B/09/166). The Company's duration has been set to be fifty (50) years and may be extended by resolution of its Shareholders' General Meeting.

The Company's purpose is to provide all types of factoring services according to the provisions of law 1905/1990.
The Company is a subsidiary of National Bank of Greece S.A., which owns 100% of the Company's share capital.
The Board of Directors of the Company, whose term expires at the fourth General Meeting of the Shareholders that will be called in the first half of 2013 according to article 20 of the Articles of Association and the meeting held on March 20 2013, consists of the following members:

Theofanis Th. Panagiotopoulos, The Non-Executive Chairperson of the Board of Directors**

Dimitrios G. Dimopoulos, Non – Executive Member

Eleni A. Tzakou, Non – Executive Member**

Panagiotis – Ioannis A. Dasmanoglou, Non – Executive Member

Vasileios D. Gavroglou, Non – Executive Member

Ioannis G. Vagionitis, Non – Executive Member

Dimitrios A. Mavros, Non – Executive Member

Panagiotis P. Xatziantoniou, Non – Executive Member*

Georgios P. Skotidas, Independent Member

Alexandros V. Kontopoulos, Chief Executive Officer

*On 20 March 2013, Mr Panagiotis P. Xatziantoniou was elected as a member of the Board of Directors following the resignation of Mr Charalampos G Mazarakis. On 30 April 2013, Mr Panagiotis P. Xatziantoniou was resigned as a member of the Board of Directors with no replacement.
**On 20 March 2013, the above Board of Directors was constituted as a body and elected Mr Theofanis Th. Panagiotopoulos as Chairperson of the Board of Directors following the resignation of Mrs Eleni A. Tzakou who remained as a non-executive member.

These financial statements have been approved for issue by the Company's Board of Directors on June 6 2013.

NOTE 2: Summary of significant accounting policies

2.1 Basis of Preparation

The financial statements of the Company for the year ended 31 December 2012 (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the E.U. E.U.-endorsed IFRSs may differ from IFRSs as issued by the International Accounting Standards Board ("IASB") if, at any point in time, new or amended IFRSs have not been endorsed by the E.U. At 31 December 2012, there were no unendorsed standards effective for the year ended 31 December 2012, which affect these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company. Accordingly, Company's financial statements for the year ended 31 December 2012 are prepared in accordance with IFRSs as issued by the IASB. The amounts are stated in Euro, (unless otherwise stated).

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: retirement benefits obligation, impairment of loans and receivables, liabilities from

unaudited tax years and contingencies from litigation. Actual results in the future may differ from those reported.
The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Going Concern

The Company as a 100% fully subsidiary of the National Bank of Greece sustains important synergies with parent Bank and other companies of NBG Group. The aforementioned synergies are developed mainly a) in financing facilities from parent Bank b) by recommendation services through parent Bank clients' portfolio and valuate the credit risk and c) in operations. As far as, the Company is aligning its operating model with the corresponding of the Bank.

The escalation in the European crisis and in effect the crisis in the Greek economy, resulted in impairment losses in several classes of assets like Greek government bonds and other loans in Greece which have adversely impacted the financial position, the results, cash flows and regulatory ratios of NBG and consequently of the Group. Furthermore, the crisis has reduced NBG's access to liquidity from other financial institutions. The recapitalization program for Greek banks was established as an integral part of the financial assistance under the second economic adjustment program for Greece, adopted by the Council of the EU (the "Eurogroup") meetings on 21 February 2012 and 13 March 2012 (the "Program"). The Program, which has already been approved by the EU, the European Central Bank (ECB) and the International Monetary Fund (the "IMF"), along with a specific sequencing of disbursements, commits funds for the recapitalization plan, amounting to about €50 billion and is now in the implementation phase under the auspices of the Bank of Greece (the "BoG"). "). On 28 May 2012, HFSF contributed 5 series of European Financial Stability Facility bonds, maturing from 2018 to 2022, with nominal amount of €1.486 million each, totaling €7.430 million, as an advance for the participation in the Bank's future share capital increase. On 21 December 2012, the HFSF contributed European Financial Stability Facility (the "EFSF") bonds, with nominal amount totalling €2.326,0 million, as an additional advance for its participation in the Bank's future share capital increase

Despite the negative global trends in the financial services industry, the Company remained well-capitalized, highly liquid, enhanced by quick financial assets turnover. The Company maintains sight deposits due to Greek financial institutions amounting to €17.407,1 thousand and has issued bonds amounting to €365.010,3 thousand covered by parent company National Bank of Greece S.A. and its affiliate company National Bank of Greece (Cyprus) Ltd with a maturity up to 31 July 2012.
The strong capital base in combination with a capital adequacy ratio of 16,66%, as disclosed in Note 26 enables the Company to face any reasonably foreseeable adversity. Management believes that the Company is well positioned to adequately support its business plan over the coming year and continue to adopt the going concern basis in preparing the financial statements.

2.3 Adoption of International Financial Reporting Standards (IFRS).

2.3.1 New standards, amendments and interpretations to existing standards applied from 1 January 2012

- IFRS 7 "Financial Instruments: Disclosures" (Amendment) (effective for annual periods beginning on or after 1 July 2011). The amendment requires certain additional disclosures in relation to transferred financial assets that are not de-recognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. This amendment did not have an impact on the Company's financial statements.

- IAS 12 "Income Tax" (Amendment) (effective for annual periods beginning on or after 1 January 2012). The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 Investment Property. The Company has not applied this amendment, which will not have an impact on the Company's financial statements because the Company does not own investment property.

2.3.2 New standards, amendments and interpretations to existing standards effective after 2012

- **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements"** (Amendment)**, IAS 28 "Investments in Associates and Joint Ventures"** (Amendment) (effective for annual periods beginning on or after 1 January 2013, as issued by the IASB or after 1 January 2014 as endorsed by the EU).
IFRS 10 provides a single consolidation model and builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial

statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 replaces the consolidation requirements in IAS 27 “Consolidated and Separate Financial Statements” which now only deals with the requirements for separate financial statements and SIC-12 “Consolidation—Special Purpose Entities”.

IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities—Non-monetary Contributions by Venturers”. It requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures. Unlike IAS 31, the use of “proportionate consolidation” to account for joint ventures is not permitted.

IAS 28 “Investments in Associates and Joint Ventures” (2011) supersedes IAS 28 “Investments in Associates” and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

This amendment did not have an impact on the Company’s financial statements.

- **IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of Interests in Other Entities”** (Amendment), (effective for annual periods beginning on or after 1 January 2013, as issued by the IASB or after 1 January 2014 as endorsed by the EU). The amendments clarify the transition guidance in IFRS 10. The amendments also provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. This amendment does not apply to the Company as the Company does not have investments in associates and joint ventures.

- **IFRS 13 “Fair Value Measurement”** (effective for annual periods beginning on or after 1 January 2013). IFRS 13: defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price); sets out in a single IFRS a framework for measuring fair value; and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 explains how to measure fair value for financial reporting. It does not require fair value measurements in addition to those already required or permitted by other IFRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting.

This amendment did not have an impact on the Company’s financial statements.

- **IAS 1 “Presentation of Financial Statements”** (Amendment) (effective for annual periods beginning on or after 1 July 2012). The amendments require to group together items within OCI that may be reclassified to the profit or loss section of the income statement subsequently. The Company has not applied this amendment and will present the items in OCI as required by this amendment when it applies the amendment.

- - **IAS 19 “Employee Benefits”** (Amendment) (effective for annual periods beginning on or after 1 January 2013). The amendments:
- eliminate the option to defer the recognition of gains and losses, known as the “corridor method” and require companies to recognise these changes as they occur. As a result any deficit or surplus in a plan will be included on the statement of financial position;
- require to include service and finance cost in income statement and remeasurements in other comprehensive income (“OCI”);
- introduces more extensive disclosure requirements relating to the characteristics, risks and amounts in the financial statements regarding defined benefit plans, as well as the effect of the defined benefit plans on the amount, timing and uncertainty of the entity’s future cash flows.
- modify the accounting for termination benefits including distinguishing benefits provided in exchange for service
- and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits.

The Company has not applied these standards and amendments and is currently evaluating their impact on the Consolidated and Bank financial statements.

- IFRS 7 "Financial Instruments: Disclosures" (Amendment) (effective for annual periods beginning on or after 1 January 2013 and interim periods within those periods). The amendment requires information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendment also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The Company has not applied this amendment and will provide the required new disclosures when it applies the amendments.

- Annual Improvements to IFRSs 2009-2011 Cycle (effective for annual periods beginning on or after 1 January 2013), which clarified:

- the requirements for comparative information in IAS 1 and IAS 34;
- the classification of certain types of equipment as property, plant and equipment in IAS 16;
- the accounting for the tax effect of distributions to holders of equity instruments in IAS 32; and
- the requirements in IAS 34 on segment information for total assets and liabilities.

The Company has not applied these amendments, but they are not expected to have a material impact on the financial statements.

- IAS 32 "Financial Instruments: Presentation" (Amendment) (effective for annual periods beginning on or after 1 January 2014). The amendment provides clarifications on the application of the offsetting rules. The Company has not applied this amendment, but it is not expected to have a material impact on the financial statements.

- **IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements"** (Amendment)**,** (effective for annual periods beginning on or after 1 January 2014). These amendments provide "investment entities" (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss. The amendments also set out disclosure requirements for investment entities. "Investment entity" is defined as an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. This amendment does not apply to the Company as the Company does not have investments in associates and joint ventures.

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2015). IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The Company has not applied this standard and is currently evaluating the impact of IFRS 9 on the Company's financial statements and the timing of its adoption.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

2.4 Foreign currency transactions

The items included in the financial statements of the Company are measured and presented in Euro (€), which is the functional currency of the Company.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

When preparing the financial statements, monetary items are translated at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the translation of monetary items at the preparation of financial statements are recognised in the income statement.

2.5 Financial assets and liabilities

This category includes cash and cash equivalents, customer receivables, other assets and liabilities and finally debt securities issued and other bank borrowings.

Financial instruments are presented as assets, liabilities or equity in accordance with the substance of the contractual arrangements from which they derive. Interests, dividends, gains or losses derive from financial instruments characterized as assets or liabilities are recognized as income or expenses respectively. Dividends' distribution to shareholders is recognized directly in Equity.

The Company does not enter into derivative financial instruments used for hedging and trading.

2.6 Customer receivables

Customer receivables include financing to customers.

Customer receivables are recognised when cash is advanced to customers. Customers receivables are initially recorded at fair value, which is usually the net amount disbursed at inception including directly attributable origination costs and are subsequently measured at amortised cost using the effective interest rate method.

Interest income is recorded to interest and similar income and recognized when being accrued.

2.7 Allowance for Impairment on customer receivables

An allowance for impairment is established if there is objective evidence that the Company will be unable to collect all amounts due according to the original contractual terms. The term "receivables" includes discounting receivables from corporate customers and approved credit limits to customers.

The impairment loss is reported on the statement of financial position as a deduction from "Customer receivables". Provisions regarding off balance sheet items, such as a contractual obligation, are recorded as "Other liabilities". The Company assesses whether objective evidence of impairment exists individually for receivables that are considered individually significant and collectively for receivables that are not considered individually significant.

If there is objective evidence that an impairment loss on customer receivables has been incurred, the amount of the loss is measured as the difference between the customer receivables carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at a) the customer receivables original effective interest rate, if the customer receivables bears a fixed interest rate, or b) current effective interest rate, if the customer receivables bears a variable interest rate.

The calculation of the present value of the estimated future cash flows of a collateralised receivable reflects the cash flows that may result from obtaining and selling the collateral, whether or not confiscation is probable.

For the purposes of a collective evaluation of impairment, receivables are grouped on the basis of similar credit risk characteristics. Receivables from corporate customers are grouped based on days in arrears, product type, economic sector, size of business, collateral type and other relevant credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for pools of receivables by being indicative of the customers' ability to pay all amounts due and together with historical loss experience for receivables with credit risk characteristics similar to those in the pool form the foundation of the loss allowance computation. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects and conditions in the historical period that do not currently exist.

The Company reviews regularly the impairment losses on customer receivables and reassesses the existing estimations at least once a year. Any changes occurred to the expected future cash flows in relation to the previous estimations are considered for the evaluation of impairments on customer receivables and debited or credited to account “Allowance for impairment on customer receivables”. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

When a customer receivables is deemed to be uncollectible or forgiven, is written off against the related provision for customer receivables impairment. Subsequent recoveries are credited to “Credit provisions” in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Statement of Comprehensive Income as part of impairment losses on customer receivables.

2.8 Derecognitiom

2.8.2 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass through’ arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.8.3 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.9 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when there is a legally enforceable right to offset the recognized amounts and there is an intention to realize the asset and settle the liability simultaneously or on a net basis.

2.10 Interest income and expense

Interest income and expense are recognised in the Statement of Comprehensive Income for all interest bearing instruments using the effective interest rate method. Interest income mainly includes interest earned from customer receivables and secondly interests earned from banks.

Fees and direct costs relating to financing clients or to receivable commitments are deferred and amortised to interest income over the life of the instrument using the effective interest rate method.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.11 Fees and Commissions

Fees and commissions are generally recognised on an accrual basis over the period the factoring services are provided.

2.12 Property & Equipment

Property and equipment include mainly equipment, held by the Company for use in the supply of services or for operating purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into operating condition.

Subsequent to initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset, which is classified as property and equipment are capitalised, only when it is probable that they will result in future economic benefits to the Company beyond those originally anticipated for the asset, otherwise they are expensed as incurred.

Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognised. Therefore, the depreciation of an item of property and equipment that is retired from active use does not cease unless it is fully depreciated, but its useful life is reassessed. Property and equipment are depreciated on a straight-line basis over their estimated useful life (not exceeding a period of 5 years), however if the acquisition cost of the equipment is less than €600, fully depreciated within the fiscal year.

At each reporting date the Company assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

2.13 Software and other intangible assets

Software includes costs that are directly associated with identifiable and unique software products controlled by the Company that are anticipated to generate future economic benefits exceeding costs beyond one year. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software.

Software is amortized using the straight-line method over the useful life, not exceeding a period of 12 years.

Expenditure on starting up an operation or branch, training personnel, advertising and promotion is recognised as an expense when it is incurred.

2.14 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset.

2.14.2 The Company is the lessee

Finance lease: Leases where the Company has substantially all the risks and rewards of ownership of the asset are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the income statement over the lease period. All assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating lease: Leases where a significant portion of the risks and rewards of ownership of the asset are retained by the lessor, are classified as operating leases. The total payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, and amounts due from other banks with original maturities of less than three months from the date of acquisition, which are subject to insignificant risk of changes to fair value and are used by the Company in the management of its short-term commitments.

2.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.17 Retirement benefit obligations

Defined contribution plans relates to fixed payments in Social Security Funds. The Company's contributions to these funds are charged to the Statement of Comprehensive Income in the year to which they relate and are included in staff costs.

Defined benefit plans are pension plans that define an amount to be provided as pension, usually as a function of one or more factors such as years of service, age and salary. The difference with the defined contribution plans is that the employer is responsible for the payment obligation to the employee. The only existing defined benefit plan for the Company is the one imposed by Greek law relating to compensation under C.L. 2112/1920. This defined benefit plan is not sponsoring itself. For defined benefit plans, the liability is the present value of the defined benefit obligation as at the reporting date, including any adjustments for unrecognized actuarial gains/losses and past service cost. The Company follows the "corridor" approach of IAS 19 "Employee Benefits" according to which a certain amount of actuarial gains and losses remains unrecognized and is amortized over the average remaining service lives of the employees participating in the plan.

The defined benefit obligation and the related costs are calculated by independent actuaries on an annual basis using the projected unit credit method. The present value of the defined obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds and, which have terms to maturity approximating the terms of the related liability. Defined benefit plan costs, as estimated, are charged to the income statement over the service lives of employees.

2.18 Income taxes

Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise.

Deferred income tax is fully provided, using the liability method, on all temporary differences arising between the carrying amounts of assets and liabilities in the statement of financial position and their amounts as measured for tax purposes.

Deferred tax assets relating to the unused tax losses carried forward are recognised to the extent that it is probable that sufficient taxable profits will be available in the future against which these losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted or substantially enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the management intends to settle its current tax assets and liabilities on a net basis.

Deferred tax, related to fair value changes, which are charged or credited to other comprehensive income, is also credited or charged to other comprehensive income where applicable and is subsequently recognized in the income statement together with the deferred gain or loss.

2.19 Debt securities in issue and other borrowed funds

Debt securities issued and other borrowed funds are initially recognized at fair value net of transaction costs incurred. Subsequent measurement is at amortized cost and any difference between net proceeds and the redemption value of debt securities issued and other borrowed funds is recognized in the income statement over the period of borrowings using the effective interest rate method. Interest expenses are recognized as accrued.

The mid-long term borrowed funds of the Company consisted on bond loan issued according to law N.3156/2003.

2.20 Share capital

Share issue costs: Incremental external costs directly attributable to the issue of shares are deducted from equity net of any related income tax benefit.

Dividends on ordinary shares: Dividends on ordinary shares are recognised as a liability in the period in which they are approved by the Company's Shareholders at the Annual General Meeting.

2.21 Related party transactions

Related parties include entities of National Bank of Greece (NBG) Group. Furthermore, related parties include directors, their close relatives, companies owned or controlled by them and companies over which they can influence the financial and operating policies. All transactions entered into with related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and do not involve more than a normal amount of risk.

NOTE 3: Critical judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the Company's financial statements. The Company believes that the judgments, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as of 31 December 2012.

The most significant areas, for which judgments, estimates and assumptions are required in applying the Company's accounting policies, are the following:

Allowance for impairment on customer receivables

The amount of the allowance set aside for losses on customer receivables is based upon management's ongoing assessments of the probable estimated losses. Assessments are conducted by members of management responsible for various types of customers financing employing a methodology and guidelines, which are continually monitored and improved.

This methodology has two primary components: specific allowances and collective allowances and is described in Note 2.7.

Applying this methodology requires management to make estimates regarding the amount and timing of the cash flows, which are expected to be received. In estimating these cash flows, management makes judgements about the counterparty's financial situation and received guarantees. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently reviewed.

In assessing the need for collective customer receivables loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made both to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances and provisions depends on the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, management believes that impairments where recognised, are reasonable and supportable.

Net periodic benefit cost

The net periodic benefit cost is actuarially determined using assumed discount rates and assumed rates of compensation and retirement pension's increase. These assumptions are ultimately determined by reviewing the Company's salary increases each year..

NOTE 4: Net interest income

The net interest income is analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Interest earned on		
Amounts due from banks	255.621	1.983.698
Amounts due from customers	24.470.948	18.201.061
Total	**24.726.569**	**20.184.759**
Interest payable on		
Amounts due to banks	(49.608)	(182.816)
Debt securities in issue	(14.424.655)	(13.484.858)
Total	**(14.474.263)**	**(13.667.674)**
Net interest income	**10.252.306**	**6.517.085**

NOTE 5: Net fee and commission income

Net fee and commission income is exclusively derived from factoring services.

Amounts in €	31.12.2012	31.12.2011
Commission income		
Due to customers	4.654.714	3.836.944
Total	**4.654.714**	**3.836.944**
Commission expense		
Due to banks	(260.789)	(344.788)
Other	(1.717.511)	(1.003.640)
Total	**(1.978.300)**	**(1.348.428)**
Net fee and commission income	**2.676.414**	**2.448.516**

Other commission expense of €1.717.511 includes a fee of €1.688.097 to parent company National Bank of Greece S.A. for clients' recommendation services (2011: €978.675).

NOTE 6: Personnel expenses

The personnel expenses are analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Salaries	(529.264)	(481.162)
Social security costs	(130.875)	(116.312)
Defined benefit plans (Note 19)	(9.935)	(4.280)
Other staff related benefits	(23.862)	(13.801)
Total	**(693.936)**	**(615.555)**

Notes to the Financial Statements

NOTE 7: General, administrative & other operating expenses

General, administrative and other operating expenses are analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Rentals & software expenses	(44.537)	(46.213)
Duties and taxes	(1.165)	(1.425)
Promotion & advertising expenses	(14.268)	(20.680)
Insurance expenses	-	(944)
Third party fees	(521.978)	(564.069)
Other operating expenses	(84.510)	(105.388)
Total	**(666.458)**	**(738.719)**

NOTE 8: Credit provisions

Amounts in €	31.12.2012	31.12.2011
From loans to customers (Note 11)	(781.500)	(846.354)
Total	**(781.500)**	**(846.354)**

NOTE 9: Tax expense

The Tax expense is analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Current tax credited in the income statement	1.925.205	1.226.603
Discount due to lump sum payment of income tax	(13.749)	(21.778)
Deferred taxes (Note 14)	237.002	102.143
Total	**2.148.458**	**1.306.968**

The reconciliation between current and effective tax rate is as follows:

Amounts in €	31.12.2012	31.12.2011
Profit before tax	**10.780.002**	**6.776.374**
Tax calculated based on the current tax rate of 20%	2.156.000	1.355.275
Increase/(Decrease) arising from:		
Expenses not deductible for tax purposes	6.207	5.706
Untaxed income	(13.749)	(21.778)
Effect of changes in tax rates	-	(32.235)
Income tax expense	**2.148.458**	**1.306.968**
Effective tax rate for the period	**19,9%**	**19,3%**

Notes to the Financial Statements

The current income tax liability as of 31 December 2012 and 2011 is analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Current income tax liability	1.925.205	1.226.603
Increase/(Decrease) arising from:		
Income tax prepayment for the year	(292.272)	(403.902)
Withholding tax on time deposits	(25.562)	(198.369)
Total income tax liability	**1.607.371**	**624.332**

The nominal corporation tax rate for the Company for the years 2012 and 2011 is 20%. Furthermore, upon profit distribution a 25% withholding tax is imposed on distributed profits.

In January 2013, Law 4110/2013 provides that for the periods commencing from 1 January 2013 thereon, the nominal corporation tax rate is increased to 26%. Furthermore, for profit distributions approved from 1 January 2014 onwards the withholding tax is reduced to 10%.

The unaudited tax years of Company are 2010 and 2012. The financial year of 2010 will be audited by the tax authorities, whereas the financial year 2012 is audited by the certified auditors of the Company. Although during the tax audit additional tax liabilities may arise, it is not expected to have a material effect on the Company's financial statements. The financial year of 2011 was audited by the certified auditors of the Company, Deloitte Hadjipavlou Sofianos & Cambanis S.A., in accordance with article 82 of Law 2238/1994 and therefore the related tax audit certificate was issued at 19 July 2012. The financial year of 2011 is considered final for tax audit purposes after 18 months from the issue of the tax certificate during which the tax authorities are entitled to re-examine the tax books of the Company (Ministerial Decision 1159/22.7.2011).

NOTE 10: Cash and balances with banks

Cash and balances with banks are analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Cash in hand	275	158
Sight deposits	17.406.817	1.253.736
Total	**17.407.092**	**1.253.894**

NOTE 11: Customer receivables

Customer receivables are analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Domestic Factoring with recourse	161.945.760	119.786.028
Domestic Factoring without recourse	230.585.092	239.539.438
Invoices discounting	23.763.778	29.808.588
Export Factoring	10.599.536	9.697.423
Total	**426.894.166**	**398.831.477**
Less: Allowance for impairment on customer receivables	(1.833.726)	(1.052.226)
Total customer receivables	**425.060.440**	**397.779.251**

Movement in the allowance for impairment on customers' receivables

Amounts in €	2012	2011
Balance at 1 January	**1.052.226**	**205.872**
Allowance for impairment on customer receivables credit risk	781.500	846.354
Balance at 31 December	**1.833.726**	**1.052.226**

NOTE 12: Software and other intangible assets

Software and other intangible assets are analyzed as follows:

Amounts in €	Software	Total
Cost at 1 January 2011	115.000	115.000
Additions	200.000	200.000
At 31 December 2011	**315.000**	**315.000**
Accumulated depreciation at 1 January 2011	-	-
Depreciation	-	-
At 31 December 2011	-	-
Net book amount at 31 December 2011	**315.000**	**315.000**
Cost at 1 January 2012	315.000	315.000
Additions	52.000	52.000
Disposals	(5.000)	(5.000)
At 31 December 2012	**362.000**	**362.000**
Accumulated depreciation at 1 January 2012	-	-
Depreciation	(6.111)	(6.111)
At 31 December 2012	**(6.111)**	**(6.111)**
Net book amount at 31 December 2012	**355.889**	**355.889**

The aforementioned cost for software and other intangible assets amounted to €282.000 relates to prepayments for the implementation of new software which on 31 December was under construction.

Notes to the Financial Statements

NOTE 13: Property and equipment

Property and equipment is analyzed as follows:

Amounts in €	Equipment	Total
Cost at 1 January 2011	32.159	32.159
Additions	709	709
At 31 December 2011	**32.868**	**32.868**
Accumulated depreciation at 1 January 2011	(3.186)	(3.186)
Depreciation	(28.634)	(28.634)
At 31 December 2011	**(31.820)**	**(31.820)**
Net book amount at 31 December 2011	**1.048**	**1.048**
Cost at 1 January 2012	32.868	32.868
Additions	911	911
At 31 December 2012	**33.779**	**33.779**
Accumulated depreciation at 1 January 2012	(31.820)	(31.820)
Depreciation	(570)	(570)
At December 2012	**(32.390)**	**(32.390)**
Net book amount at 31 December 2012	**1.389**	**1.389**

Notes to the Financial Statements

NOTE 14: Deferred tax assets and liabilities

Deferred tax assets and liabilities are analyzed as follows:

Amounts in €	Balance 31/12/2010	Recognition in Statement of Comprehensive Income	Recognition in Equity	Balance 31/12/2011
Deferred tax assets:				
Share Capital issue costs	6.600	(2.200)	10.400	14.800
Retirement benefit obligations	3.146	856	-	4.002
Long term amortization expenses	7.352	(3.148)	-	4.204
Other temporary differences	-	5.200	-	5.200
Total deferred tax assets	**17.098**	**708**	**10.400**	**28.206**
Deferred tax liabilities:				
Customer receivables	(252.428)	(99.856)	-	(352.284)
Debt securities issue costs	(3.680)	(2.995)	-	(6.675)
Total deferred tax liabilities	**(256.108)**	**(102.851)**	**-**	**(358.959)**
Net deferred tax liability	**(239.010)**	**(102.143)**	**10.400**	**(330.753)**

Amounts in €	Balance 31/12/2011	Recognition in Statement of Comprehensive Income	Recognition in Equity	Balance 31/12/2012
Deferred tax assets:				
Share Capital issue costs	14.800	(4.200)	-	10.600
Retirement benefit obligations	4.002	1.987	-	5.989
Other temporary differences	5.200	(5.200)	-	-
Total deferred tax assets	**24.002**	**(7.413)**		**16.589**
Deferred tax liabilities:				
Customer receivables	(352.284)	(225.122)	-	(577.406)
Long term amortization expenses	4.204	(4.876)	-	(672)
Debt securities issue costs	(6.675)	409	-	(6.266)
Total deferred tax liabilities	**(354.755)**	**(229.589)**	**-**	**(584.344)**
Net deferred tax liability	**(330.753)**	**(237.002)**	**-**	**(567.755)**

The Company has offset the deferred tax assets and deferred tax liabilities based on the legally enforceable right to set off current tax assets against current tax liabilities.

Notes to the Financial Statements

NOTE 15: Other assets

Other assets are analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Receivables from third party	5.000	-
Prepaid expenses	7.550	6.050
Total	**12.550**	**6.050**

NOTE 16: Due to banks (or financial institutions)

Due to banks are analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Due to banks	47.513	-
Total	**47.513**	**-**

Due to banks consist of a loan facility (overdraft account) between the Company and its Parent Company (National Bank of Greece S.A.).

NOTE 17: Debt securities in issue

On 30 November 2011 the Company entered into a bond loan agreement with its parent company National Bank of Greece S.A. and its affiliate company National Bank of Greece (Cyprus) Ltd matured at 30 November 2012 with renewal right for one year. This bond loan agreement has been drawn in accordance with the provisions of laws 3156/2003 and 2190/1920. Under this agreement the Company has the right to issue a bond loan amounting to €300.000.000 and divided in 300 million bonds with a nominal amount of €1 per bond. Interest rate is determined as the OVERNIGHT or the one-month, two-month, three-month or six month Euribor at the discretion of the issuer, plus margin.

On 30 November 2012 the Company renewed the initial agreement till 31 July 2013 under the same contractual terms and paying renewal expenses amounted to €10.000.

On 31 December 2012 the Company issued a bond loan amounted to €300.000.000 according to the referred agreement.

On 29 July 2011 the Company entered into a bond loan agreement with its parent company National Bank of Greece S.A. and its affiliate company National Bank of Greece (Cyprus) Ltd matured at 29 July 2012 with renewal right for one year. Under this agreement the Company has the right to issue a bond loan amounting to €50.000.000 and divided in 50 million bonds with a nominal amount of €1 per bond. Interest rate is determined as the OVERNIGHT or the one-month, two-month, three-month or six month Euribor at the discretion of the issuer, plus margin.

On 31 July 2012 the Company renewed the initial agreement till 31 July 2013 under the same contractual terms and paying renewal expenses amounted to €5.000.

On 31 December 2012 the Company issued a bond loan amounted to €35.000.000 according to the referred agreement.

On 11 December 2012 the Company entered into a bond loan agreement with its parent company National Bank of Greece S.A. and its affiliate company National Bank of Greece (Cyprus) Ltd matured at 31 July 2013 with renewal right. For one year Under this agreement the Company has the right to issue a bond loan amounting to €45.000.000 and divided in 45 million bonds with a nominal amount of €1 per bond. Interest rate is determined as the OVERNIGHT or the one-month, two-month, three-month or six month Euribor at the discretion of the issuer, plus margin.

On 31 December 2012 the Company issued a bond loan amounted to €30.000.000 according to the referred agreement and the related issuance costs amounted to €21.000.

The bond loans are fully payable at maturity (31 July 2013). The issuer has the right to redeem the loans during the contract period on condition that will repay the capital and the respective accrued interests. The accrued interest at 31 December 2012 for loans amounted to €41.640.

NOTE 18: Due to customers

Due to customers consists of credit amounts of customers related to collection-only and current accounts which have not been reimbursed to them at the end of the year. Due to customers as of 31 December 2012 and 2011 is analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Overdraft accounts	4.249.192	918.710
Collection-only accounts	1.194.245	1.061.170
Total	**5.443.437**	**1.979.880**

NOTE 19: Retirement benefit obligations

In accordance with law 2112/20 employees are entitled to a lump sum payment in case of redundancy or retirement. The retirement benefit is dependent on each employee's final salary and the years of service upon the retirement date. If the employee remains to the company until the expected retirement date the retirement compensation is calculated at 40% of the total compensation if the employee was redundant at the same date. The Company recognizes the valuation of retirement benefit obligations in accordance with provisions of IAS19. The specific retirement benefit of Company is an unfunded defined benefit plan.

The amounts recognized in Statement of Comprehensive income and the net liabilities recognized in statement of financial position are as follows:

	31.12.2012	31.12.2011
Current service cost	4.107	4.268
Interest cost on obligation	517	337
Recognized actuarial losses /(gains)	(314)	(325)
Recognition of Past Service Cost	9.590	-
Regular losses in Statement of Comprehensive Income	**13.900**	**4.280**
Losses on curtailments / settlements / service cost	(3.965)	-
Total losses in Statement of Comprehensive Income	**9.935**	**4.280**

	31.12.2012	31.12.2011
Present value of unfunded obligations	36.629	10.882
Unrecognized actuarial (losses) /gains	(6.683)	9.129
Net liability recognized in Statement of Financial Position	**29.946**	**20.011**

The movement in the present value of defined benefit obligation in the Statement of Financial Position is as follows:

	31.12.2012	31.12.2011
Present value of obligation at the beginning of the year	10.882	6.734
Current service cost	4.107	4.268
Interest cost on obligation	517	337
Additional payments or expenses / (income)	(4.850)	-
Amortization of Past Service Cost	9.590	-
Unrecognized actuarial (losses)/gains	16.383	(457)
Present value of obligation at the end of the year	**36.629**	**10.882**

The movement of liability is as follows:

	31.12.2012	31.12.2011
Net liability at the beginning of the period	20.011	15.731
Total expense recognized in the statement of comprehensive income	9.935	4.280
Net liability recognized in Statement of Financial Position	**29.946**	**20.011**

The actuarial study was developed by the accredited company "AON Hewitt Associates SA" after the year end of 2012. The key assumptions used for the calculation of the liability for 2012 and 2011 are:

Actuarial key assumptions	2012	2011
Discount rate	3,20%	4,75%
Expected rate of salary increase	0% for years 2013-2015 1% for years 2016-2017 2% from2018	0% for years 2012-2014 1% for years 2015-2016 2% from 2016

No compensation costs are expected to occur in 2013.

NOTE 20: Other liabilities

Other liabilities are analyzed as follows:

Amounts in €	31.12.2012	31.12.2011
Taxes payable – (other than income taxes)	376.185	326.955
Social security funds	29.358	25.739
Creditors	1.496.607	1.316.732
Accrued expenses and deferred income	-	76.000
Other Liabilities	21	21
Σύνολο	**1.902.171**	**1.745.447**

Creditors' amounted to €1.496.607 includes a liability of €1.397.765 (2011: €1.222.379) to the parent company National Bank of Greece S.A. for clients' recommendation services. This liability was fully repaid at 24 January 2013.

NOTE 21: Share capital and share premium

The Extraordinary Shareholders' General Meeting held on 28 November 2011 approved capital increase, amounted to €5.000.000 by capitalization of share premium, , through the issuance of 1.000.000 new ordinary shares of nominal value of €5 per share.

Share capital issue costs, amounted to €50.000, were fully repaid at 9 January 2012.
Following the above increase, the new share capital of the Company as at 31 December 2012 amounted to €10.000.000 divided into 2.000.000 ordinary shares with a nominal value of €5 per share. The share premium at the same date amounted to €40.000.000.

NOTE 22: Reserves

The Company, in accordance with article 5 of its Articles of Association is required, to allocate 5% of its net profits as statutory reserve until this reserve equals at least one-third of the Company's share capital. According to article 44 of Greek law 2190/1920 this reserve is used exclusively to cover cumulative retained losses.

At 29 June 2012, the annual General Meeting of Shareholders decided the appropriation of amount €273.470 as a statutory reserve, arising from the net profits of 2011.

The total statutory reserve for the period ended at 31 December 2012 amounted to €484.021.

NOTE 23: Retained earnings

Retained earnings at 31 December of 2012 and 2011 amounted to €17.744.840 and €9.386.766 respectively.

Retained earnings as of 31 December 2012 are analyzed as follows:

Amounts in €	
Retained earnings	17.827.340
Capital issue costs, net of tax	(82.500)
Total	**17.744.840**

For the fiscal year ended at 31 December 2012 the Board of Directors will propose to the annual General Meeting of Shareholders no dividend distribution and the appropriation of amount €431.577 as a statutory reserve.

NOTE 24: Fair value of financial instruments

According to IFRS the companies should disclose the fair value of their reported financial assets and financial liabilities

Management consider that the carrying amounts of financial assets and financial liabilities, as presented in the financial statements approximates their fair values, as either their term is less than one year or carry floating interest rate.

NOTE 25: Contingent liabilities and commitments

a) Legal proceedings
In the opinion of the management, after consultation with legal consultant there are not pending cases that expected to have a material effect on the financial position of the Company.

b) Pending Tax audits
The unaudited tax years of Company are 2010 and 2012. The financial year of 2010 will be audited by the tax authorities, whereas the financial year 2012 is audited by the certified auditors of the Company. Although during the tax audit additional tax liabilities may arise, it is not expected to have a material effect on the Company's financial statements. The financial year of 2011 was audited by the certified auditors of the Company, Deloitte

Hadjipavlou Sofianos & Cambanis S.A., in accordance with article 82 of Law 2238/1994 and therefore the related tax audit certificate was issued at 19 July 2012. The financial year of 2011 is considered final for tax audit purposes after 18 months from the issue of the tax certificate during which the tax authorities are entitled to re-examine the tax books of the Company (Ministerial Decision 1159/22.7.2011).

c) Unutilized credit limits and credit coverage limits
Conditional liabilities of the Company from the unutilized credit limits and credit coverage limits as at 31 December 2012 amounted to € 258.387.515.

d) Operating Lease commitments
The operating lease commitments of the Company relates to the operating lease rentals of buildings and vehicles.

The minimum future lease payments are as follows:

Amounts in €	31.12.2012	31.12.2011
No later than 1 year	34.507	43.448
Later than 1 year and no later than 5 years	46.657	79.699
Later than 5 years	-	-
Total	**81.164**	**123.147**

Lease of buildings has duration of 6 years starting from 2009 and will be renewed with new lease contract.

NOTE 26: Risk management

Risk management is assigned to the specific risk management department of the Parent Company (National Bank of Greece S.A.), according to the relevant contract signed between the two parties.

26.1 Credit risk
Credit risk is defined as current or future risk relating to the failure of a borrower to honour its contractual factoring obligations with the Company.

According to the referred contract agreement, the credit risk valuation for debtors and sellers is coordinated by the relevant departments and the related approval authorities of National Bank of Greece S.A. Furthermore, the management of customer receivables which are past due is in line with the principles of management of nonperforming loans followed by the Parent Company National Bank of Greece S.A.

The separation of offered factoring products (Domestic Factoring with recourse, Domestic Factoring without recourse, Invoices discounting, Export Factoring) relates to the different credit risk exposure for each of them. The separation of factoring products by credit risk exposure mainly relates to Factoring with recourse, where the credit risk derive from debtors, and Factoring without recourse where credit risk derives from sellers. In each case the valuation models of credit risk are accordingly adjusted (debtor or seller).

The Company’s credit policy adheres to the Credit Policy for Corporate Portfolio of National Bank of Greece S.A.

The Company’s customers credit risk rating system, which adheres to the corresponding system of the Parent Company (National Bank of Greece S.A.), refers to methodologies, processes, controls, IT and database systems supporting the assessment of credit risk and obligors and classification of obligors and credit facilities in risk categories or in groups with similar risk characteristics, as well as the quantification of risk parameters, i.e. default and loss for each obligor and risk rating.

Notes to the Financial Statements

Maximum credit exposures as at 31.12.2012

Amounts in €	Portfolio Credit exposures (w/o impairments)	Impairments	Portfolio net Credit exposures
Deposits	17.407.092	-	17.407.092
Customer receivables	426.894.166	(1.833.726)	425.060.440
Total	**444.301.258**	**(1.833.726)**	**442.467.532**

Maximum credit exposures as at 31.12.2011

Amounts in €	Portfolio Credit exposures (w/o impairments)	Impairments	Portfolio net Credit exposures
Deposits	1.253.894	-	1.253.894
Customer receivables	398.831.477	(1.052.226)	397.779.251
Total	**400.085.371**	**(1.052.226)**	**399.033.145**

Credit quality of customer receivables

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Performing nor impaired	3.807.889	419.548.273	423.356.162
Past due but not impaired	1.511	2.071.526	2.073.037
Impaired	62.250	1.402.717	1.464.967
Total before allowance for impairment	**3.871.650**	**423.022.516**	**426.894.166**
Allowance for impairment	(178.600)	(1.655.126)	(1.833.726)
Total	**3.693.050**	**421.367.390**	**425.060.440**

At 31 December 2011 all customer receivables of the Company were performing.

Credit quality of customer receivables at 31.12.2012

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Satisfactory	3.629.289	416.363.713	419.993.002
Watch list or substandard	63.761	5.003.677	5.067.438
Total	**3.693.050**	**421.367.390**	**425.060.440**

Credit quality of customer receivables at 31.12.2011

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Satisfactory	4.703.702	393.075.549	397.779.251
Watch list or substandard	-	-	-
Total	**4.703.702**	**393.075.549**	**397.779.251**

Notes to the Financial Statements

Credit exposures analysis of customer receivables per industry sector

Amounts in €	31.12.2012	31.12.2011
Industry & mining	224.855.235	219.136.193
Small scale industry	7.263.944	2.642.124
Trade and services (excl. tourism)	193.566.271	171.808.810
Construction and real estate development	561.847	1.021.587
Transportation and telecommunications (excl. shipping)	646.869	4.222.763
Less: Credit provisions and other impairment charges	(1.833.726)	(1.052.226)
Total	**425.060.440**	**397.779.251**

As at 31 December 2012 the collaterals secured the credit risk exposure of customer receivables mainly consists of clients invoices and receivable cheques and secondarily of Greek State government bonds The fair value of above mentioned collaterals amounted to € 429.331.894 (2011: €404.160.607). These collaterals are not included to customer receivables for factoring loans without recourse and credit balance as at 31 December 2012.

26.2 Market risk

26.2.1 Currency risk

The majority of transactions undertaken by the Company are made in Euro. Hence, as at 31 December 2012, there were no exposures to exchange rate fluctuations.

26.2.2 Interest rate risk

The Company monitors the gap in maturities between assets and liabilities (Gap Analysis).

Assets and liabilities are classified in time buckets based on next re-pricing date. For assets and liabilities carrying floating interest rate, next re-pricing date is the date of the preparation of financial statements while for assets and liabilities carrying fixed interest rate is the maturity date. In order to provide a hedge for the interest rate risk, the Company determines, at a maximum in a monthly basis, the rates of financial assets and liabilities (excluding their spreads). According to the afomentioned hedge any possible change of rates risk will not have an impact on the Company's Statement of Comprehensive Income.

The Company's interest rate risk relating to assets and liabilities based on next re-pricing date is summarized as follows:

Interest rate risk (Gap Analysis) as at 31.12.2012

Amounts in €

Assets	Up to 1 month	1 to 3 months	3 to 12 months	Non Interest bearing	Total
Cash & balances with banks	-	-	17.266.595	140.497	17.407.092
Customer receivables	425.060.440	-	-	-	425.060.440
Other assets	-	-	-	12.550	12.550
Total assets	**425.060.440**	**-**	**17.266.595**	**153.047**	**442.480.082**
Liabilities	Up to 1 month	1 to 3 months	3 to 12 months	Non Interest bearing	Total
Debt securities in issue	(364.968.666)	-	-	(41.640)	(365.010.306)
Due to customers	-	-	-	(5.443.437)	(5.443.437)
Other liabilities	-	-	-	(1.496.607)	(1.496.607)
Due to banks	-	-	(47.513)	-	(47.513)
Total Liabilities	**(364.968.666)**	**-**	**(47.513)**	**(6.981.684)**	**(371.997.863)**
Total interest gap of assets & liabilities	**60.091.774**	**-**	**17.219.082**	**(6.828.637)**	**70.482.219**

Notes to the Financial Statements

Interest rate risk (Gap Analysis) as at 31.12.2011

Amounts in €

Assets	Up to 1 month	1 to 3 months	3 to 12 months	Non Interest bearing	Total
Cash & balances with banks	-	-	1.159.833	94.061	1.253. 894
Customer receivables	397.779.251	-	-	-	397.779.251
Other assets	-	-	-	6.050	6.050
Total assets	**397.779.251**	**-**	**1.159.833**	**100.111**	**399.039.195**
Liabilities	Up to 1 month	1 to 3 months	3 to 12 months	Non Interest bearing	Total
Debt securities in issue	(334.966.625)	-	-	(90.878)	(335.057.503)
Due to customers	-	-	-	(1.979.880)	(1.979.880)
Other liabilities	-	-	(6.271)	(1.336.461)	(1.342.732)
Total Liabilities	**(334.966.625)**	**-**	**(6.271)**	**(3.407.219)**	**(338.380.115)**
Total interest gap of assets & liabilities	**62.812.626**	**-**	**1.153.562**	**(3.307.108)**	**60.659.080**

26.2.3 Pricing risk

Due to the subject of its business the Company is not exposed to pricing risk. The Company does not hold financial assets traded in stock markets.

26.3 Liquidity risk

Liquidity risk monitoring focused in the Company's ability to retain sufficient liquidity to meet its liabilities. In order to cover its liquidity needs the Company performs Liquidity Gap Analysis.

The management assesses the cash flows arising from all assets and liabilities and classifies them in time buckets, based on their expected maturities. In the following table is presented the liquidity gap analysis.

Contractual non discounted cash flows from financial liabilities are analyzed as follows:

Amounts in €

31.12.2012	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Debt securities in issue	1.292.110	2.385.857	370.595.283	-	374.273.250
Due to customers	5.443.437	-	-	-	5.443.437
Other liabilities	1.496.607	-	-	-	1.496.607
Total	**8.232.154**	**2.385.857**	**370.595.283**	**-**	**381.213.294**

31.12.2011	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Debt securities in issue	966.067	1.869.464	348.052.926	-	350.888.457
Due to customers	1.979.880	-	-	-	1.979.880
Other liabilities	1.326.732	16.000	-	-	1.342.732
Total	**4.272.679**	**1.885.464**	**348.052.926**	**-**	**354.211.069**

Liquidity risk analysis as at 31.12.2012

Amounts in €

Assets	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	Total
Cash & balances with banks	17.407.092	-	-	-	17.407.092
Customer receivables	138.879.903	246.493.388	33.499.167	6.187.982	425.060.440
Other assets	3.000	9.550	-	-	12.550
Total	**156.289.995**	**246.502.938**	**33.499.167**	**6.187.982**	**442.480.082**
Liabilities					
Debt securities in issue	-	-	(365.010.306)	-	(365.010.306)
Due to customers	(5.443.437)	-	-	-	(5.443.437)
Other liabilities	(1.496.607)	-	-	-	(1.496.607)
Total	**(6.940.044)**	**-**	**(365.010.306)**	**-**	**(371.950.350)**
Liquidity gap	**149.349.951**	**246.502.938**	**(331.511.139)**	**6.187.982**	**70.529.732**

Liquidity risk analysis as at 31.12.2011

Amounts in €

Assets	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	Total
Cash & balances with banks	1.253.894	-	-	-	1.253.894
Customer receivables	96.825.218	257.046.900	25.255.848	18.651.285	397.779.251
Other assets	-	6.050	-	-	6.050
Total	**98.079.112**	**257.052.950**	**25.255.848**	**18.651.285**	**399.039.195**
Liabilities					
Debt securities in issue	-	-	(335.057.503)	-	(335.057.503)
Due to customers	(1.979.880)	-	-	-	(1.979.880)
Other liabilities	(1.326.732)	(16.000)	-	-	(1.342.732)
Total	**(3.306.612)**	**(16.000)**	**(335.057.503)**	**-**	**(338.380.115)**
Liquidity gap	**94.772.500**	**257.036.950**	**(309.801.655)**	**18.651.285**	**60.659.080**

Debt securities in issue are presented above based on the agreed contractual terms. However, the Company retains the right to redeem them (partially or totally) during the contract period on condition that will repay the capital and the respective accrued interests.

26.4 Operational risk

Operational risk is defined as the current or future risk on the Company's gains and capital arising from inadequate or ineffective internal procedures, from insufficient management of Human Resources or from external factors.

The Company has outsourced to its parent Company, National Bank of Greece S.A, Risk Division all the related procedures in order to meet operational risk. Management has assessed the operational risk as medium and low level of significance.

26.5 Capital adequacy

The Company manages actively its capital base, in cooperation with its parent Company, with the objective to sustain its capital adequacy ratios well above the minimum regulatory levels and at the same time to improve the weighted average cost of capital. In this framework, both the calculation of the capital requirements and the dynamic management of the capital base are embedded in the business plan and the annual budgeting processes, in accordance with the capital adequacy targets that have been set in the Group's Risk Strategy.

Notes to the Financial Statements

Capital adequacy at 31 December 2012 and 2011 was calculated as follows:

Amounts in € '000	31.12.2012	31.12.2011
Basic and total regulatory capital	57.835	51.542
Total risk weighted assets	347.149	324.383
Total ratio	**16,66%**	**15,89%**

NOTE 27: Independent auditor's fees

Deloitte Hadjipavlou Sofianos & Cambanis S.A. has served as our principal independent public accountant for the year ended 31 December 2012 and 2011. The following table presents the aggregate fees for professional services rendered by the Company's principal accounting firm Deloitte Hadjipavlou Sofianos & Cambanis S.A.

Amounts in €	31.12.2012	31.12.2011
Audit fees	20.500	20.250
Audit-related fees	22.500	26.250
Total	**43.000**	**46.500**

NOTE 28: Related party transactions

The Company, as a subsidiary of the NBG Group, entered into significant transactions with National Bank of Greece and other affiliated companies of NBG Group, during the course of business, at market rates. These transactions are approved by the appropriate management level.

A. The outstanding balances of transactions with members of the Board of Directors and management are as follows:

Amounts in €	31.12.2012	31.12.2011
Expenses	107.710	109.687
Board of Directors and management fees	**107.710**	**109.687**

B. The outstanding balances with National Bank of Greece S.A. and the affiliated companies of NBG Group are as follows:

Amounts in €	**31 December 2012**	**31 December 2011**
ASSETS		
a) Balances with banks		
National Bank of Greece S.A.	17.375.356	1.253.736
b) Loans to customers		
ASTIR Palace Vouliagmenis S.A.	425.610	-
c) Property & Equipment		
National Bank of Greece S.A.	272	-
d) Other assets		
UBB Factoring EOOD	3.000	-
Banka Romaneasca SA	2.000	-
Ethnoplan S.A.	-	50.000
Ethnodata S.A.	52.000	150.000
Total	**17.858.238**	**1.453.736**
LIABILITIES		
a) Due to banks		
National Bank of Greece S.A.	47.513	-
b) Debt securities in issue		
National Bank of Greece S.A.	36.504.164	33.509.088

National Bank of Greece S.A. (Cyprus) LTD	328.537.476	301.581.790
c) Other Liabilities		
National Bank of Greece S.A.	1.433.144	1.228.660
Ethniki Hellenic General Insurance S.A.	1.437	1.104
Total	**366.523.734**	**336.320.642**
Statement of Comprehensive Income		
INCOME		
a) Interest income		
National Bank of Greece S.A.	255.620	1.983.698
Total	**255.620**	**1.983.698**
EXPENSES		
a) Fee & commission expenses		
National Bank of Greece S.A.	1.526.310	1.551.214
National Bank of Greece S.A. (Cyprus) LTD	12.947.953	12.116.460
b) Commission expense		
National Bank of Greece S.A.	1.717.511	978.675
c) Personnel expenses		
National Bank of Greece S.A.	373.763	416.637
d) General, administrative and other operating expenses		
National Bank of Greece S.A.	48.146	37.614
Ethniki Hellenic General Insurance S.A.	15.655	13.051
Ethnodata S.A.	150	403
NBG Pangaea REIC.	32.364	31.674
Ethniki Leasing S.A.	8.194	4.643
Total	**16.670.046**	**15.150.371**
OFF BALANCE SHEET ACCOUNTS		
a) Received guarantees		
National Bank of Greece S.A..	183.138.340	149.200.000
b) Approved unused credit limits		
National Bank of Greece S.A.	64.952.487	44.993.729
Total	**248.090.827**	**194.193.729**

NOTE 29. Events after the reporting period

No significant events have occurred since 31 December 2012 up to the date of approval of these financial statements.

Athens, 6 June 2013

THE CHAIRPERSON	THE CHIEF EXECUTIVE OFFICER	THE SUPERVISOR OF FINANCIAL SERVICES
THEOFANIS PANAGIOTOPOULOS No of Passp. Identity AE3595802	ALEXANDROS KONTOPOULOS No of Pol. Identity X 549459	PANAGIOTIS MAVRAGANIS No of Pol. Identity X 010495