NBG FACTORS

Annual Financial Report

31 December 2013

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

Athens, May 2014

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Board of Directors' Report on the Financial Statements of Ethniki Factors S.A. for the financial year 2013

According to the provisions of Company's Act and Company's Articles of Association, the activities of the Company during its fifth fiscal year which covers the period from 1 January to 31 December 2013 are presented below.

Financial position and comprehensive income of the Company

The period from 1 January to 31 December 2013 was the fifth fiscal year for the Company during which the main activities focused on providing constantly a broad range of Factoring services to the corporate customers of National Bank of Greece S.A., broadening the clientele basis by maintaining simultaneously its high quality portfolio and also enhancing synergies with parent company National Bank of Greece S.A..

On 31 December 2013 Company's corporate portfolio, after accounting for provision charges amounted to €302.723,2 thousand, resulting in an decrease of 29% against 2012 whereas total Factoring turnover reached €1.808.722,9 thousand compared with €1.868.720,4 thousand in 2012 (-3,2%). Profit after tax amounted to €8.349,3 thousand compared to €8.632,0 thousand for 2012 (-3,3%).

Company's capital adequacy is supervised by Bank of Greece which is responsible for collecting necessary reporting data, in accordance with the Bank of Greece Governor's Act 2640/18.01.2011 (as it has been replaced by Bank of Greece Governor's Act 2651/20.1.2012). The calculation of capital adequacy, from 1 January 2010, regarding Factoring Companies is carried out under a new supervisory framework (Basel II), and according to Law 3601/2007 that was enforced by the Bank of Greece Governor's Act 2622/21.12.2009.

In 2013 the capital adequacy ratios of basic and total equity amounted to 15,50% compared to 16,66% in 2012.

In its fifth financial year the Company's allowance for impairment on receivables amounted to € 214,0 thousand and as referred to the financial statements, the management believes that this provision charge clearly reflects the reality at that particular time.

Company's total operating income in 2013 amounted to €13.101,8 thousand (+1,3%) of which an amount of €9.886,9 thousand (-3,6%) relates to net interest income and an amount of €3.215,2 thousand (+20,1%) relates to net commission income. Total expenses, excluding credit provisions equal to €214,0 thousand, amounted to €1.429,1 thousand, of which €731,7 thousand relates to personnel expenses and the remaining amount of €697,5 thousand relates to other administrative expenses (office rentals, marketing expenses, third party expenses, depreciation of tangible assets and amortization of intangible assets etc). Thus the total cost (excluding credit provisions) over the total income ratio stood at 10,9%.

According to the results of the stress test conducted by Blackrock, company's portfolio is assessed as one with low level of doubtful receivables and potential losses.

Management actions during 2013 and for the first five months of 2014

During the fifth financial year the actions of the management were focused on developing its customer basis, maintaining the high quality of portfolio and developing further synergies with the parent company, National Bank of Greece S.A. and especially its Corporate Units.

The Company's turnover is mainly developed through Recourse Factoring services enhancing also Reverse Factoring with a factored turnover of €69,6 million (2012: € 55,6 million) underlining substantial potential of this service in the future. In addition, regarding the support of exporters companies, company's turnover which related to export factoring increased to €368,1 million in 2013 (2012: €118,6 million) of which, €98,2 million was executed through the two factor system.

As in previous years, Company's strategic decisions include continual upgrading IT and operational infrastructure. In 2013 the Company upgraded its core factoring platform and within 2014 further upgrades in management information and reporting will take place.

Board of Directors' Report

Within 2013 the Board of Directors approved among others, the following:

- The Review of AML/CFT Policy,
- The Review of Compensation Policy.
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During 2013 the following internal audits took place carried by NBG Group Internal Audit Division namely:

- HR Procedures Audit and
- IT Procedures Audit,

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

Since November 2009 the Company is, an inaugural member of Hellenic Factors Association represented in its Board of Directors.

Factoring market evolution

According to Hellenic Factoring Association data factoring turnover in Greece 2013 shows a decrease in terms of Factored volume of approximately 5% which is in succession of last year's decrease of 13,5% and reflects the impact of the continuous crisis that strongly affects corporates. Another important factor that contributed this decrease is the Banking integration occurred which resulted in limited activities from Factoring Units of Banks which were under consolidation. The sector however performed extremely well in both performance status and loss mitigation according to the results of Blackrock diagnostic tests. Despite the downward trend of the Factoring market, Ethniki Factors managed to increase its market share (14,9% in 2013 vs 14% in 2012).

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

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.

The Group's credit granting processes include:

- Credit-granting criteria based on the particular target market, the borrower or counterparty, as well as the purpose and structure of the credit and its source of repayment.
- Credit limits that aggregate in a comparable and meaningful manner different types of exposures, at various levels.
- Clearly established procedures for approving new credits as well as the amendment, renewal and re-financing of existing credits.

The Group maintains on-going credit administration, measurement and monitoring processes, including in particular:

- Documented credit risk policies.
- Internal risk rating systems.

- Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities

The Group's internal controls that are implemented for the credit risk related processes include:

- Proper management of the credit-granting functions.
- Periodical and timely remedial actions on deteriorating credits.
- Independent, ongoing assessment of the credit risk management processes by Internal Audit, covering in particular the credit risk systems/models employed by 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 2013 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.

2014 Perspectives

As regards prospective macroeconomic developments in Greece, 2014 is expected to be the first year of slightly positive growth following 6 years of recession. The adjustment in private consumption will continue in 2014 -- albeit at a slower pace compared with 2013 (an estimated -1.8% y-o-y versus -6% y-o-y in 2013) -- as labour market conditions will stabilize (also improving consumer confidence), wage adjustment is expected to be at an advanced stage, while some support to household real disposable income will come from continued disinflation of the economy and lower international prices of some consumption-related international commodities, already evident in Q2:2013.
In this vein, improving trends in export orders, favourable momentum in the tourism sector and the planned restart of large infrastructure construction projects in early 2014, along with the gradual transmission of declining bank deposit rates to nominal lending rates, are expected to support an acceleration in the annual growth in non-residential business investment to +7.4% y-o-y in 2014, following a drop of 4.1% in 2013. In view of the near completion of the house price adjustment, the contraction of residential investment is expected to remain large but be lower in 2014 (-18.6% y-o-y versus an estimated -37.8% in 2013).
The support to economic activity from net exports is estimated to be broadly similar in 2014, reflecting a stronger export performance in the goods and shipping services segments, which will offset the impact from the significantly lower pace of contraction of imports, as domestic demand strengthens. Indeed, exports will be equivalent to 28.1% of GDP in 2014, up from 24.1% in 2008.
The unemployment rate is expected to peak in the vicinity of 28% in Q1:2014, from 27.5% in Q4:2013, and then decline slowly in parallel with the bottoming-out of economic activity. This improvement will be supported by hiring in labour intensive sectors (mainly tourism related services, specialized business services, transportation and storage) and a further decline in the labour force participation rate reflecting further retirements.
Once more, there are downside risks to our baseline scenario. First, a new round of uncertainty activated by a slow progress in the completion of planned Programme reviews. Second, a less favorable international environment, due to weaker-than-expected activity in the euro area, a potential resurgence of tensions in countries of EU periphery and/or international market turbulence linked to Fed tapering.
The Greek banking system is engaged in a process of restructuring and recovery following its recapitalization by the Hellenic Financial Stability Fund ("HFSF"), the recovery and stabilization of deposits – reflecting the significant improvement in confidence in the prospects of the country and its banking system – the drastic reduction in

operating costs and the sustained reduction in the level of new loan impairments. These trends are expected to strengthen going forward as the economy returns to a growth trajectory. Last, the banks' capital increases under way will further strengthen their capital structure and shield them against risks in the future.

Concerning the sector 2014 is expected to be a year when the level of factored turnover will be gradually recovered as Factoring has been established for its merits on corporate customers. It is also clear to Banking community that Factoring can contribute to credit expansion with efficient portfolio management and very limited losses relating also financing to the level of corporate sales and receivables. Considering also positive perspectives for the Greek Economy for 2014 we estimate an increase of Factoring turnover of approximately 10% for 2014 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%. The aforementioned tendency is expected to have an impact most on Export Factoring services due to export orientation of a large part of Greek companies were enforcing this effort.

Among strategic goals of the Company for 2014 are:

1. To maintain the high portfolio quality resulting in limited non performing loans.
2. To enhance International Factoring activities, mainly Export Factoring.
3. To enhance market share and increase robust profitability.
4. To further improve financial risk management practices and minimize financial and operating risks.
5. To maintain an efficient cost to Income ratio.
6. To further upgrade the IT platforms especially on management reporting level.
7. To develop an efficient pricing model.
8. To enhance Company's Compliance procedures.

Dividend Policy

The Management will propose to the Annual General Assembly of the shareholders to approve the appropriation of amount €417.464 as a statutory reserve according to provisions of Company Law 2190/1920 and the distribution of dividend of €12.000.000 from current and past years profits. This decision is subject to the approval from the Annual General Assembly of the Shareholders.

Athens, May 28 2014

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, 2013, 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, 2013, 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, May 28, 2014

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 Profit or Loss & Other Comprehensive Income

For the period ended 31 December 2013

Amounts in €	Note	01.01.2013 - 31.12.2013	01.01.2012 - 31.12.2012 *As restated*
Interest and similar income	4	21.163.519	24.726.569
Interest expense and similar charges	4	(11.276.585)	(14.474.263)
Net Interest Income		**9.886.934**	**10.252.306**
Fee and commission income	5	5.543.848	4.654.714
Commission expense	5	(2.328.684)	(1.978.300)
Net fee and commission income		**3.215.164**	**2.676.414**
Net trading income		(297)	(143)
Total Income		**13.101.801**	**12.928.577**
Personnel expenses	6	(731.685)	(693.365)
General, administrative and other operating expenses	7	(677.925)	(666.458)
Depreciation of intangible assets	12	(18.646)	(6.111)
Depreciation of property and equipment	13	(879)	(570)
Credit provisions	8	(214.038)	(781.500)
Total expenses		**(1.643.173)**	**(2.148.004)**
Profit before tax		**11.458.628**	**10.780.573**
Tax expense	9	(3.109.354)	(2.148.572)
Profit for the period		**8.349.274**	**8.632.001**
Other comprehensive income, net of tax :			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits		6.069	(13.106)
Other comprehensive income for the period, net of tax :		**6.069**	**(13.106)**
Total comprehensive income for the period		**8.355.343**	**8.618.895**

Athens, 28 May 2014

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

The notes on pages 14 to 40 form an integral part of these financial statements

Statement of Financial Position

as at 31 December 2013

Amounts in €	Note	31.12.2013	31.12.2012
			As restated
ASSETS			
Cash and balances with banks	10	11.941.507	17.407.092
Customer receivables	11	302.723.172	425.060.440
Software and other intangible assets	12	400.243	355.889
Property and equipment	13	2.456	1.389
Other assets	15	7.550	12.550
Total assets		**315.074.928**	**442.837.360**
LIABILITIES			
Due to banks	16	1.371	47.513
Debt securities in issue	17	230.006.356	365.010.306
Due to customers	18	4.472.595	5.443.437
Current income tax liabilities	9	871.789	1.607.371
Deferred tax liabilities	14	1.248.296	566.418
Retirement benefit obligations	19	37.368	36.629
Other liabilities	20	1.953.445	1.902.171
Total liabilities		**238.591.220**	**374.613.845**
SHAREHOLDERS' EQUITY			
Share capital	21	20.000.000	10.000.000
Share premium	21	30.000.000	40.000.000
Reserves & retained earnings	22,23	26.483.708	18.223.515
Total Shareholders' Equity		**76.483.708**	**68.223.515**
Total Liabilities and Equity		**315.074.928**	**442.837.360**

Athens, 28 May 2014

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

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Statement of Changes in Equity

For the period ended 31 December 2013

Amounts in €	Share Capital	Share Premium	Defined benefit plans	Reserves	Retained earnings	Total
Balance at 1 January 2012 as reported	**10.000.000**	**40.000.000**	**-**	**210.551**	**9.386.766**	**59.597.317**
Adjustments due to new pronouncements in IAS 19	-	-	7.303	-	-	**7.303**
Balance at 1 January 2012 as restated	**10.000.000**	**40.000.000**	**7.303**	**210.551**	**9.386.766**	**59.604.620**
Other comprehensive income	-	-	(13.106)	-	-	(13.106)
Profit for the period	-	-	-	-	8.632.001	8.632.001
Statutory reserve	-	-	-	273.470	(273.470)	-
Balance at 31 December 2012 & at 1 January 2013	**10.000.000**	**40.000.000**	**(5.803)**	**484.021**	**17.745.297**	**68.223.515**
Other comprehensive income	-	-	6.069	-	-	6.069
Profit for the period	-	-	-	-	8.349.274	8.349.274
Capitalization of share premium	10.000.000	(10.000.000)	-	-	-	-
Transfers in non taxable reserve	-	-	-	13.750	(13.750)	-
Share capital issue costs, net of tax	-	-	-	-	(81.400)	(81.400)
Statutory reserve	-	-	-	431.577	(431.577)	-
Non taxable reserve	-	-	-	(13.750)	-	(13.750)
Balance at 31 December 2013	**20.000.000**	**30.000.000**	**266**	**915.598**	**25.567.844**	**76.483.708**

The notes on pages 14 to 40 form an integral part of these financial statements

Cash Flow Statement

For the period ended 31 December 2013

Amounts in €	01.01.2013 - 31.12.2013	01.01.2012 - 31.12.2012
		As restated
Cash Flows from operating activities		
Profit before tax	**11.458.628**	**10.780.573**
Non cash items included in statement of comprehensive income and other adjustments:	**11.518.500**	**15.271.808**
Depreciation of property and equipment (Note 13)	879	570
Depreciation of intangible assets (Note 12)	18.646	6.111
Credit provisions (Note 8)	214.038	781.500
Provision for employee benefits (Note 19)	8.352	9.364
Interest expense and similar charges (Note 4)	11.276.585	14.474.263
Net (increase)/decrease in operating assets :	**121.157.388**	**(24.600.632)**
Due from / to customers (net amount)	121.152.388	(24.599.132)
Other assets	5.000	(1.500)
Net increase/(decrease) in operating liabilities:	**(3.098.477)**	**(715.422)**
Other Liabilities	39.587	212.995
Income tax paid	(3.138.064)	(928.417)
Net Cash flows from / (used in) operating activities	**141.036.039**	**736.327**
Cash flows from investing activities:		
Purchase of software and other intangibles (Note 12)	(63.000)	(52.000)
Purchase of property and equipment (Note 13)	(1.947)	(911)
Net Cash flows from/ (used in) investing activities	**(64.947)**	**(52.911)**
Cash flows from financing activities:		
Proceeds from debt securities (Note 17)	295.000.000	30.000.000
Repayment of debt securities	(430.000.000)	-
Debt securities issue costs (Note 17)	(30.000)	(36.000)
Repayment of debt securities interest expenses	(11.249.014)	(14.435.852)
Interest paid	(47.663)	(8.366)
Share capital issue costs (Note 21)	(110.000)	(50.000)
Net cash flows from / (used in) financing activities	**(146.436.677)**	**15.469.782**
Net increase / (decrease) in cash and cash equivalents	**(5.465.585)**	**16.153.198**
Cash and cash equivalents at beginning of period	**17.407.092**	1.253.894
Cash and cash equivalents at end of period	**11.941.507**	**17.407.092**

The notes on pages 14 to 40 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 Assembly.

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 fifth General Assembly of the Shareholders that will be called in the first half of 2014 according to article 20 of the Articles of Association and the assembly held on June 28 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

Georgios P. Skotidas, Non – Executive Member

Georgios I. Aggelidis, Non – Executive Member*

Dimitrios G. Katsikavelis, Independent Member**

Georgios G. Koutsoudakis, Non – Executive Member***

Foteini D. Ioannou, Non – Executive Member****

Alexandros V. Kontopoulos, Chief Executive Officer and Executive Member

*On 28 June 2013, Mr Georgios I. Aggelidis was elected as a non executive member of the Board of Directors
**On 30 January 2014, Mr Dimitrios G. Katsikavelis was elected as an independent member of the Board of Directors following the resignation of Mr Dimitrios A. Mavros.
***On 28 May 2014, Mr Georgios D. Koutsoudakis was elected as a non executive member of the Board of Directors following the resignation of Mr Vasileios D. Gabroglou.
****On 28 May 2014, Mrs Foteini D. Ioannou was elected as a non executive member of the Board of Directors following the resignation of Mr Ioannis G. Vagionitis.

These financial statements have been approved for issue by the Company's Board of Directors on May 28 2014.

NOTE 2: Summary of significant accounting policies

2.1 Basis of Preparation

The financial statements of the Company for the year ended 31 December 2013 (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the E.U. The amounts are stated in rounded 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 Adoption of International Financial Reporting Standards (IFRS)

2.2.1 New standards, amendments and interpretations to existing standards applied from 1 January 2013

- Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income" (effective for annual periods beginning on or after 1 July 2012). The adoption of the above amendment by the Company has been applied retrospectively and had no financial impact; the amendments to IAS 1 change the grouping of the items presented in OCI. Items that will be reclassified (or recycled) to profit or loss in the future are presented separately from those in which subsequent reclassification is not allowed. Income tax is also presented separately for each of the above classifications.

The amendments do not change the nature of the items that are recognized in OCI, nor do they impact the determination of whether items in OCI are reclassified through profit and loss in future periods..

- IAS 19 (revised) "Employee Benefits" ("IAS 19R") (effective for annual periods beginning on or after 1 January 2013). The amendments:

- eliminate the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) and accelerate the recognition of past service costs. As revised, amounts recorded in profit or loss are limited to service cost (current service cost, past service cost) including the effect of curtailments) and gains or losses on settlements) and net interest on the net defined benefit liability/(asset). The defined benefit obligation net of plan assets is recorded on the statement of financial position, with changes resulting from remeasurements (comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan asset (excluding interest)) recognized immediately in OCI, with no subsequent recycling to profit or loss, in order to reflect the full value of the plan deficit or surplus.
- modify the accounting for termination benefits including distinguishing benefits provided in exchange for service and benefits provided in exchange for termination of employment and affect the recognition and measurement of termination benefits.

IAS 19R requires retrospective application and the impact from its adoption is presented in Note 29.

- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).

- defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions (i.e. exit price);
- sets out in a single IFRS a framework for measuring fair value; and
- requires disclosures about fair value measurements.

The fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurement, except for share-based payments transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. value in use for impairment assessment purposes). IFRS 13 does not change when fair value is used, but rather describes how to measure fair value when fair value is required or permitted by IFRS. IFRS 13 requires prospective application from 1 January 2013. In addition, based on transitional provisions, the disclosure requirements of the Standard need not be applied in comparative information provided for periods before the initial application of the Standard.

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

- Amendments to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" (Effective for annual periods beginning on or after 1 January 2013). Amends the disclosure requirements in IFRS 7 F*inancial Instruments: Disclosures* to require information about all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32 *Financial Instruments: Presentation*. The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements (such as collateral posting requirements) even if they are not set off under IAS 32.

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

- 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.

These amendments did not have an impact on the financial statements of the Company.

2.2.2 New standards, amendments and interpretations to existing standards effective after 2013

- **IFRS 10 "Consolidated Financial Statements"** (as amended), **IFRS 11 "Joint Arrangements"** (as amended), **IFRS 12 "Disclosure of Interests in Other Entities"** (as amended), **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 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. IFRS 10 changes definition of control such that an investor has control over the investee when a) it has power over the investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. 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 by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement and, when relevant, other facts and circumstances.. Joint arrangements are either joint operations or joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. 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 is a new disclosure standard which combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

The application of these five standards will not have an impact on the financial statements of the Company.

- 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 9 "Financial Instruments"** effective for annual periods beginning on or after 1 January 2018, as issued by the IASB). IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended (a) in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and (b) in November 2013 to include the new general hedge accounting model and allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated at fair value through profit or loss to be presented in other comprehensive income. Key requirements of IFRS 9:

- all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are required 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. 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 is presented in profit or loss.
- Put in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

The Company has not applied this standard and is currently evaluating the impact of IFRS 9 on the Consolidated and Bank financial statements and the timing of its adoption. Although the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

- IFRIC "Interpretation 21 Levies" (IFRIC 21) (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that binds the entity to pay the levy, as specified in the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The Company does not expect that IFRIC 21 will have material impact on the financial statements.

- IAS 36 (Amendments) Recoverable Amount Disclosures for Non-Financial Assets (Applicable to annual periods beginning on or after 1 January 2014). Amends IAS 36 "Impairment of Assets" to remove the requirement to disclose the recoverable amount of assets or cash-generating units to which a significant amount of goodwill (or intangibles assets with indefinite useful lives) has been allocated in periods when no impairment or reversal has been recognized, to clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The Company has not applied this amendment, but it is not expected to have a material impact on the financial statements.

- **IAS 19 (Amendments) Defined Benefit Plans: Employee Contributions** (effective for annual periods beginning on or after 1 July 2014, as issued by the IASB). Amends the requirements in IAS 19 (2011) "Employee Benefits" for contributions from employees or third parties that are linked to service. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. If the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of IAS 19 for the gross benefit (i.e. either using the plan's contribution formula or on a straight-line basis).The Company has not applied this amendment, but it is not expected to have a material impact on the financial statements.

- IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" (Amendment), (effective for annual periods beginning on or after 1 January 2014). These amendments provide relief from discontinuing hedge accounting when a derivative designated as a hedging instrument is novated to a clearing counterparty and certain conditions are met. The adoption of this amendment is not expected to have a material impact on the Consolidated and Bank financial statements.

- Annual Improvements to IFRSs 2010-2012 Cycle (effective for annual periods beginning on or after 1 July 2014). The amendments impact the following standards:

Notes to the Financial Statements

- **IFRS 2** - Amend the definitions of 'vesting conditions' and 'market condition' and adds definitions for ' performance condition' and 'service condition' which were previously included within the definition of 'vesting conditions'.

- **IFRS 3** — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value should be recognized in profit or loss.

- **IFRS 8** — Require disclosure of the judgments made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics. Clarify that reconciliations of the total of the reportable segments' assets to the entity's assets are only required if the segments' assets are regularly reported to the chief operating decision maker.

- **IFRS 13** — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis, if the effect of discounting is not material (amends basis for conclusions only).

- **IAS 16 and IAS 38** — Clarify that when an item of property, plant and equipment or an intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortization is the difference between the gross carrying amount and the carrying amount after any impairment losses.

- **IAS 24** — Clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity and how payments to entities providing management services are to be disclosed

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

- **Annual Improvements to IFRSs 2011-2013 Cycle** (effective for annual periods beginning on or after 1 July 2014). The amendments impact the following standards:

- **IFRS 1** — Clarify that a first-time adopter is allowed, but not required, to apply a new IFRS that is not yet mandatory if that IFRS permits early application. If an entity chooses to early apply a new IFRS, it must apply that new IFRS retrospectively throughout all periods presented unless IFRS 1 provides an exemption or an exception that permits or requires otherwise (amends basis for conclusions only)

- **IFRS 3** — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself

- **IFRS 13** — Clarify that the scope of the portfolio exception in paragraph 52 for measuring the fair value of a group of financial assets and financial liabilities on a net basis, includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities in IAS 32 "Financial Instruments: Presentation".

- **IAS 40** — Clarify the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. Consequently, an entity acquiring investment property must determine whether (a) the property meets the definition of investment property in IAS 40 and (b) the transactions meets the definition of a business combination under IFRS 3.

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

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.

Notes to the Financial Statements

2.3 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.

2.4 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.

2.5 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.

2.6 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.

2.7 Derecognitiom

2.7.1 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.

2.7.2 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.

2.8 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.

2.9 Interest income and expense

Interest income and expense are recognised in the Profit or Loss Statement 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.

Notes to the Financial Statements

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.

2.10 Fees and Commissions

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

2.11 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 10 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.

2.12 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.

2.13 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.

2.13.1 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.

Notes to the Financial Statements

2.14 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.

2.15 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.

2.16 Retirement benefit obligations

A defined benefit plan is a post-employment benefit plan that defines an amount of benefit to be provided, determined using a number of financial and demographic assumptions. The most significant assumptions include age, years of service or compensation salary, life expectancy, the discount rate, expected salary increases and pension rates. For defined benefit plans, the liability is the present value of the defined benefit obligation as at the reporting date minus the fair value of the plan assets.

The defined benefit obligation and the related costs are calculated by independent actuaries on an annual basis at the end of each annual reporting period, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds or government bonds that are denominated in the currency in which the benefits will be paid and, which have terms to maturity approximating the terms of the related liability, or estimates of rates which take into account the risk and maturity of the related liabilities where a deep market in such bonds does not exist. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined liability/(asset). Service cost (current service cost, past service cost (including the effect of curtailments) and gains or losses on settlements) and net interest on the net defined benefit liability/(asset) are charged to profit or loss statement and are included in personnel expenses. The defined benefit obligation net of plan assets is recorded on the statement of financial position, with changes resulting from remeasurements (comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan asset (excluding interest)) recognized immediately in OCI, with no subsequent recycling to profit or loss, in order to fully reflect the full value of the plan deficit or surplus.

2.17 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.

Notes to the Financial Statements

2.18 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.

2.19 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 Assembly.

2.20 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 2013.

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 2.6.

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.

Notes to the Financial Statements

NOTE 4: Net interest income

The net interest income is analyzed as follows:

Amounts in €	31.12.2013	31.12.2012
Interest earned on		
Amounts due from banks	416.188	255.621
Amounts due from customers	20.747.331	24.470.948
Total	**21.163.519**	**24.726.569**
Interest payable on		
Amounts due to banks	(1.521)	(49.608)
Debt securities in issue	(11.275.064)	(14.424.655)
Total	**(11.276.585)**	**(14.474.263)**
Net interest income	**9.886.934**	**10.252.306**

NOTE 5: Net fee and commission income

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

Amounts in €	31.12.2013	31.12.2012
Commission income		
Due to customers	5.543.848	4.654.714
Total	**5.543.848**	**4.654.714**
Commission expense		
Due to banks	(291.399)	(260.789)
Other	(2.037.285)	(1.717.511)
Total	**(2.328.684)**	**(1.978.300)**
Net fee and commission income	**3.215.164**	**2.676.414**

Other commission expense of €2.037.285 includes a fee of €2.000.602 to parent company National Bank of Greece S.A. for clients' recommendation services (2012: €1.688.097).

NOTE 6: Personnel expenses

The personnel expenses are analyzed as follows:

Amounts in €	31.12.2013	31.12.2012
		As restated
Salaries	(548.593)	(529.264)
Social security costs	(147.193)	(130.875)
Defined benefit plans (Note 19)	(8.352)	(9.364)
Other staff related benefits	(27.547)	(23.862)
Total	**(731.685)**	**(693.365)**

Notes to the Financial Statements

NOTE 7: General, administrative & other operating expenses

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

Amounts in €	31.12.2013	31.12.2012
Rentals & software expenses	(42.689)	(44.537)
Duties and taxes	(1.172)	(1.165)
Promotion & advertising expenses	(19.992)	(14.268)
Third party fees	(541.427)	(521.978)
Other operating expenses	(72.645)	(84.510)
Total	**(677.925)**	**(666.458)**

NOTE 8: Credit provisions

Amounts in €	31.12.2013	31.12.2012
From loans to customers (Note 11)	(214.038)	(781.500)
Total	**(214.038)**	**(781.500)**

NOTE 9: Tax expense

The tax expense is analyzed as follows:

Amounts in €	31.12.2013	31.12.2012
		As restated
Current tax credited in the income statement	2.446.758	1.925.205
Occupational tax	493	-
Discount due to lump sum payment of income tax	(46.831)	(13.749)
Deferred taxes (Note 14)	708.934	237.116
Total	**3.109.354**	**2.148.572**

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

Amounts in €	31.12.2013	31.12.2012
		As restated
Profit before tax	**11.458.628**	**10.780.573**
Tax calculated based on the current tax rate of 26% (2012: 20%)	2.979.243	2.156.114
Increase/(Decrease) arising from:		
Expenses not deductible for tax purposes	6.089	6.207
Occupational tax	493	-
Effect of changes in tax rates	170.360	-
Discount due to lump sum payment of income tax	(46.831)	(13.749)
Income tax expense	**3.109.354**	**2.148.572**
Effective tax rate for the period	**27,1%**	**19,9%**

The current income tax liability as of 31 December 2013 and 2012 is analyzed as follows:

Amounts in €	31.12.2013	31.12.2012
Current income tax liability	2.446.758	1.925.205
Increase/(Decrease) arising from:		
Income tax prepayment for the year	(1.514.602)	(292.272)
Withholding tax on time deposits	(62.428)	(25.562)
Other Taxes – according to article 72 of Tax Law N.4172/13	2.061	-
Total income tax liability	**871.789**	**1.607.371**

The nominal corporation tax rate for the Company for 2013 and 2012 is 26% and 20% respectively. Furthermore, upon profit distribution to Board of Directors or personnel a 25% withholding tax is imposed on distributed profits. However, for profit distributions approved from 1 January 2014 onwards the withholding tax is reduced to 10%. Profit distributions to parent company National Bank of Greece S.A. are not surcharged to additional withholding tax.

In January 2013, the nominal corporation tax rate in Greece was increased from 20% to 26% for the periods commencing from 1 January 2013 and thereon. The impact on the Company's net deferred tax is €170.360.

The unaudited tax years of Company are 2010 and 2013. The financial year of 2010 will be audited by the tax authorities, whereas the financial year 2013 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 years of 2011 and 2012 were 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 certificates, without comments, were issued at 19 July 2012 and 24 September 2014 respectively. The financial year of 2011 is considered final for tax audit purposes from 30 April 2014, whereas the financial year 2012 will be consider final for tax audit purposes after 18 months from the issue of the relevant 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 €	31.12.2013	31.12.2012
Cash in hand	415	275
Sight deposits	11.941.092	17.406.817
Total	**11.941.507**	**17.407.092**

NOTE 11: Customer receivables

Customer receivables are analyzed as follows:

Amounts in €	31.12.2013	31.12.2012
Domestic Factoring with recourse	176.875.205	161.945.760
Domestic Factoring without recourse	73.410.385	230.585.092
Invoices discounting	28.379.706	23.763.778
Export Factoring	26.105.640	10.599.536
Total	**304.770.936**	**426.894.166**
Less: Allowance for impairment on customer receivables	(2.047.764)	(1.833.726)
Total customer receivables	**302.723.172**	**425.060.440**

Notes to the Financial Statements

Movement in the allowance for impairment on customers' receivables

Amounts in €	2013	2012
Balance at 1 January	**1.833.726**	**1.052.226**
Allowance for impairment on customer receivables credit risk	214.038	781.500
Balance at 31 December	**2.047.764**	**1.833.726**

NOTE 12: Software and other intangible assets

Software and other intangible assets are analyzed as follows:

Amounts in €	Software	Total
Cost at 01 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 01 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**
Cost at 01 January 2013	362.000	362.000
Additions	63.000	63.000
At 31 December 2013	**425.000**	**425.000**
Accumulated depreciation at 01 January 2013	(6.111)	(6.111)
Depreciation	(18.646)	(18.646)
At 31 December 2013	**(24.757)**	**(24.757)**
Net book amount at 31 December 2013	**400.243**	**400.243**

Notes to the Financial Statements

NOTE 13: Property and equipment

Property and equipment is analyzed as follows:

Amounts in €	Equipment	Total
Cost at 01 January 2012	32.868	32.868
Additions	911	911
At 31 December 2012	**33.779**	**33.779**
Accumulated depreciation at 01 January 2012	(31.820)	(31.820)
Depreciation	(570)	(570)
At 31 December 2012	**(32.390)**	**(32.390)**
Net book amount at 31 December 2012	**1.389**	**1.389**
Cost at 01 January 2013	33.779	33.779
Additions	1.946	1.946
At 31 December 2013	**35.725**	**35.725**
Accumulated depreciation at 01 January 2013	(32.390)	(32.390)
Depreciation	(879)	(879)
At December 2013	**(33.269)**	**(33.269)**
Net book amount at 31 December 2013	**2.456**	**2.456**

Notes to the Financial Statements

NOTE 14: Deferred tax assets and liabilities

Deferred tax assets and liabilities are analyzed as follows:

Amounts in €	Balance 31/12/2011	Recognition in Profit or Loss Statement	Recognition in Other 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	2.176	1.873	3.277	-	7.326
Other temporary differences	5.200	(5.200)	-	-	-
Total deferred tax assets	**22.176**	**(7.527)**	**3.277**	**-**	**17.926**
Deferred tax liabilities:					
Customers' 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	**(332.579)**	**(237.116)**	**1.451**	**-**	**(566.418)**

Amounts in €	Balance 31/12/2012	Recognition in Profit or Loss Statement	Recognition in Other Comprehensive Income	Recognition in Equity	Balance 31/12/2013
Deferred tax assets:					
Share Capital issue costs	10.600	912	-	28.600	40.112
Retirement benefit obligations	7.326	3.933	(1.544)	-	9.715
Total deferred tax assets	**17.926**	**4.845**	**(1.544)**	**28.600**	**49.827**
Deferred tax liabilities:					
Customers' receivables	(577.406)	(705.586)	-	-	(1.282.992)
Long term amortization expenses	(672)	(9.909)	-	-	(10.581)
Debt securities issue costs	(6.266)	1.716	-	-	(4.550)
Total deferred tax liabilities	**(584.344)**	**(713.779)**	**-**	**-**	**(1.298.123)**
Net deferred tax liability	**(566.418)**	**(708.934)**	**(1.544)**	**28.600**	**(1.248.296)**

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.

NOTE 15: Other assets

Other assets are analyzed as follows:

Amounts in €	31.12.2013	31.12.2012
Receivables from third party	-	5.000
Prepaid expenses	7.550	7.550
Total	**7.550**	**12.550**

NOTE 16: Due to banks (or financial institutions)

Due to banks are analyzed as follows:

Amounts in €	31.12.2013	31.12.2012
Due to banks	1.371	47.513
Total	**1.371**	**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 July 2013 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 July 2014 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 €380.000.000 and divided in 380 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 2013 the Company issued a bond loan amounted to €230.000.000 according to the referred agreement and the related issuance costs amounted to €30.000. Moreover, at 30 July 2013, the Company fully repaid the capital and the respective accrued interests of preexisting bond loan agreements which were issued at 29 July 2011, 30 November 2011 and 11 December 2012 respectively..

The bond loans are fully payable at maturity (31 July 2014). 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 2013 for loan amounted to €23.856.

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 2013 and 2012 is analyzed as follows:

Amounts in €	31.12.2013	31.12.2012
Overdraft accounts	1.966.387	4.249.192
Collection-only accounts	2.506.208	1.194.245
Total	**4.472.595**	**5.443.437**

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 the revised IAS19. The specific retirement benefit of Company is an unfunded defined benefit plan.

Pension costs – defined benefit plans

	31.12.2013	31.12.2012 *As restated*
Service cost	7.180	4.107
Net interest expense on the net defined benefit liability/(asset)	1.172	517
Settlement/Curtailment/Termination Loss/(Gain)	-	(4.850)
Recognition of past service cost	-	9.590
Regular charge in the Profit or Loss statement	**8.352**	**9.364**

Reconciliation of defined benefit obligation

	31.12.2013	31.12.2012 *As restated*
Defined benefit obligation at the beginning of the period	36.629	10.882
Service cost	7.180	4.107
Interest cost	1.172	517
Settlement/Curtailment/Termination Loss/(Gain)	-	(4.850)
Past service cost arising over the last period	-	9.590
Remeasurements (gains)/losses:		
- Loss/(Gain) - financial assumptions	(5.803)	11.809
- Loss/(Gain) – experience adjustments	(1.810)	4.574
Defined benefit obligation at the end of the period	**37.368**	**36.629**

Movement in net liability

	31.12.2013	31.12.2012 *As restated*
Net liability at the beginning of the period	36.629	10.882
Total expense recognized in the Profit or Loss statement	8.352	9.364
Amount recognized in the OCI	(7.613)	(16.383)
Net liability at the end of the period	**37.368**	**36.629**

Remeasurements on the net liability

	31.12.2013	31.12.2012 *As restated*
Liability (gain)/loss due to changes in assumptions	5.803	(11.809)
Liability experience (gain)/loss arising during the year	1.810	(4.574)
Total amount recognized in OCI	**7.613**	**(16.383)**

The actuarial study was developed by the accredited company "S.AN.Y. Consulting Ltd" after the year end of 2013. The key assumptions used for the calculation of the pension costs of the defined benefits plans for 2013 and 2012 are:

Weighted average assumptions	2013	2012
Discount rate	3,55%	3,20%
Price inflation	1,75%	2,00%
Rate of compensation increase	0% for years 2014-2015 1% for years 2016-2018 1,75% from 2019	0% for years 2013-2015 1% for years 2016-2017 2% from 2018
Plan duration	29,69 years	26,23 years

No compensation costs are expected to occur in 2013.

NOTE 20: Other liabilities

Other liabilities are analyzed as follows:

Amounts in €	31.12.2013	31.12.2012
Taxes payable – (other than income taxes)	292.580	376.185
Social security funds	33.650	29.358
Creditors	1.615.497	1.496.607
Dividends paid	11.687	-
Other Liabilities	21	21
Total	**1.953.445**	**1.902.171**

Creditors' amounted to €1.615.497 includes a liability of €1.390.628 (2012: €1.397.765) to the parent company National Bank of Greece S.A. for clients' recommendation services. This liability was fully repaid at 21 January 2014.

NOTE 21: Share capital and share premium

The Extraordinary Shareholders' General Assembly held on 29 November 2013 approved capital increase, amounted to €10.000.000 by capitalization of share premium, , through the issuance of 2.000.000 new ordinary shares of nominal value of €5,0 per share.

Share capital issue costs, amounted to €100.000, were fully repaid at 10 December 2013.

Following the above increase, the new share capital of the Company as at 31 December 2013 amounted to €20.000.000 divided into 4.000.000 ordinary shares with a nominal value of €5,0 per share. The share premium at the same date amounted to €30.000.000.

NOTE 22: Reserves

The Company, in accordance with article 5 of its Articles of Association is required, to allocate (1/20) of its net profits as statutory reserve. The aforementioned obligation ceases 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 debit balance of account "Retained earnings".

At 28 June 2013, the annual General Assembly of Shareholders decided the appropriation of amount €431.577 as a statutory reserve, arising from the net profits of 2012.

The total statutory reserve for the period ended at 31 December 2013 amounted to €915.598.

Notes to the Financial Statements

At 31 December 2013 the Extraordinary Shareholders' General Assembly approved a distribution of untaxed reserve of fiscal year 2011 amounted to €13.750 in accordance to article 72 of tax law N.4172/2013 and the relevant tax (15%) amount of €2.062 was paid to the tax authority. The payment of the aforementioned tax shorting of any tax liability of the Company and its Shareholders. The net untaxed reserve finally returned to the parent company National Bank of Greece S.A amounted to €11.687.

NOTE 23: Retained earnings

Retained earnings at 31 December of 2013 and 2012 amounted to €25.567.844 and €17.744.840 respectively.

Retained earnings as of 31 December 2013 are analyzed as follows:

Amounts in €	
Retained earnings	25.731.744
Capital issue costs, net of tax	(163.900)
Total	**25.567.844**

For the fiscal year ended at 31 December 2013 the Board of Directors will propose to the annual General Assembly of Shareholders a dividend distribution of amount €12.000.000 coming of the retained earnings of the fiscal year of 2013 and prior years and the appropriation of amount €417.464 as a statutory reserve.

NOTE 24: Tax effects relating to other comprehensive income / (expense) for the period

Amounts in €	From 01.01 to 31.12.2013			From 01.01 to 31.12.2013		
	Gross	Tax	Net	Gross	Tax	Net
Items that will not be reclassified subsequently to profit or loss::						
Remeasurement of the net defined benefit liability/ asset	7.613	(1.544)	6.069	(16.383)	3.277	(13.106)
Total of items that will not be reclassified subsequently to profit or loss	**7.613**	**(1.544)**	**6.069**	**(16.383)**	**3.277**	**(13.106)**
Other comprehensive income / (expense) for the period	**7.613**	**(1.544)**	**6.069**	**(16.383)**	**3.277**	**(13.106)**

NOTE 25: 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 26: 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 2013. The financial year of 2010 will be audited by the tax authorities, whereas the financial year 2013 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 years of 2011 and 2012 were 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 certificates, without comments, were issued at 19 July 2012 and 24 September 2014 respectively. The financial year of 2011 is considered final for tax audit purposes from 30 April 2014, whereas the financial year 2012 will be consider final for tax audit purposes after 18 months from the issue of the relevant 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 2013 amounted to € 508.502.340.

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 €	31.12.2013	31.12.2012
No later than 1 year	40.342	34.507
Later than 1 year and no later than 5 years	22.607	46.657
Later than 5 years	-	-
Total	**62.949**	**81.164**

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

NOTE 27: 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.

27.1 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.

Maximum credit exposures as at 31.12.2013

Amounts in €	Portfolio Credit exposures (w/o impairments)	Impairments	Portfolio net Credit exposures
Deposits	11.941.506	-	11.941.506
Customer receivables	304.770.935	(2.047.764)	302.723.171
Total	**316.712.441**	**(2.047.764)**	**314.664.677**

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**

Credit quality of customer receivable as at 31.12.2013

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Performing nor impaired	6.909.290	293.858.903	300.768.193
Past due but not impaired	-	2.808.037	2.808.037
Impaired	75.328	1.119.378	1.194.706
Total before allowance for impairment	**6.984.618**	**297.786.318**	**304.770.936**
Allowance for impairment	(85.026)	(1.962.738)	(2.047.764)
Total	**6.899.592**	**295.823.580**	**302.723.172**

Credit quality of customer receivable as at 31.12.2012

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**

Credit quality of customer receivables at 31.12.2013

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Satisfactory	6.792.457	280.946.603	287.739.060
Watch list or substandard	107.135	14.876.977	14.984.112
Total	**6.899.592**	**295.823.580**	**302.723.172**

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**

Notes to the Financial Statements

Credit exposures analysis of customer receivables per industry sector

Amounts in €	31.12.2013	31.12.2012
Industry & mining	100.519.680	224.855.235
Small scale industry	10.642.172	7.263.944
Trade and services (excl. tourism)	186.207.317	193.566.271
Construction and real estate development	3.738.919	561.847
Transportation and telecommunications (excl. shipping)	3.662.848	646.869
Less: Credit provisions and other impairment charges	(2.047.764)	(1.833.726)
Total	**302.723.172**	**425.060.440**

As at 31 December 2013 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 € 487.095.769 (2012: €429.331.894). These collaterals are not included to customer receivables for factoring loans without recourse and credit balance as at 31 December 2013.

27.2 Market risk

27.2.1 Currency risk

The majority of transactions undertaken by the Company are made in Euro. Hence, as at 31 December 2013, there were no exposures to exchange rate fluctuations.

27.2.2 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 31.12.2013

Amounts in €

Assets	Up to 1 month	1 to 3 months	3 to 12 months	Non Interest bearing	Total
Cash & balances with banks	-	-	11.721.993	219.513	11.941.506
Customer receivables	302.723.172	-	-	-	302.723.172
Other assets	-	-	-	7.550	7.550
Total assets	**302.723.172**	**-**	**11.721.993**	**227.063**	**314.672.228**
Liabilities	Up to 1 month	1 to 3 months	3 to 12 months	Non Interest bearing	Total
Debt securities in issue	(229.982.500)	-	-	(23.856)	(230.006.356)
Due to customers	-	-	-	(4.472.595)	(4.472.595)
Other liabilities	-	-	-	(1.615.497)	(1.615.497)
Due to banks	-	-	(1.371)	-	(1.371)
Total Liabilities	**(229.982.500)**	**-**	**(1.371)**	**(6.111.948)**	**(236.095.819)**
Total interest gap of assets & liabilities	**72.740.672**	**-**	**11.720.622**	**(5.884.885)**	**78.576.409**

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**

27.2.3 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.

27.3 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 €

31.12.2013	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Debt securities in issue	739.539	1.405.671	231.112.732	-	233.257.942
Due to customers	4.472.595	-	-	-	4.472.595
Other liabilities	1.615.497	-	-	-	1.615.497
Total	**6.827.631**	**1.405.671**	**231.112.732**	**-**	**239.346.034**

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**

Liquidity risk analysis as at 31.12.2013

Amounts in €

Assets	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Cash & balances with banks	11.941.507	-	-	-	11.941.507
Customer receivables	135.060.064	126.842.725	37.809.303	3.011.080	302.723.172
Other assets	-	7.550	-	-	7.550
Total	**147.001.571**	**126.850.275**	**37.809.303**	**3.011.080**	**314.672.229**
Liabilities	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
Debt securities in issue	-	-	(230.006.356)	-	(230.006.356)
Due to customers	(4.472.595)	-	-	-	(4.472.595)
Other liabilities	(1.615.497)	-	-	-	(1.615.497)
Total	**(6.088.092)**	**-**	**(230.006.356)**	**-**	**(236.094.448)**
Liquidity gap	**140.913.479**	**126.850.275**	**(192.197.053)**	**3.011.080**	**78.577.781**

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 5 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	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
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**

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.

27.4 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.

27.5 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.

Capital adequacy at 31 December 2013 and 2012 was calculated as follows:

Amounts in € '000	31.12.2013	31.12.2012
Basic and total regulatory capital	48.183	57.835
Total risk weighted assets	310.879	347.149
Total ratio	**15,50%**	**16,66%**

NOTE 28: Independent auditor's fees

Deloitte Hadjipavlou Sofianos & Cambanis S.A. has served as our principal independent public accountant for the year ended 31 December 2013 and 2012. 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 €	31.12.2013	31.12.2012
Audit fees	20.500	20.500
Audit-related fees	22.500	22.500
Total	**43.000**	**43.000**

NOTE 29: 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,

The terms of cooperation are not substantially differ to the usual terms of 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 €	31.12.2013	31.12.2012
Expenses	100.181	107.710
Board of Directors and management fees	**100.181**	**107.710**

Notes to the Financial Statements

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 2013	31 December 2012
ASSETS		
a) Balances with banks		
National Bank of Greece S.A.	11.905.908	17.375.356
b) Loans to customers		
ASTIR Palace Vouliagmenis S.A.	688.542	425.610
c) Property & Equipment		
National Bank of Greece S.A.	665	272
d) Other assets		
UBB Factoring EOOD	-	3.000
Banka Romaneasca SA	-	2.000
Ethnoplan S.A.	-	-
Ethnodata S.A.	63.000	52.000
Total	**12.658.115**	**17.858.238**
LIABILITIES		
a) Due to banks		
National Bank of Greece S.A.	1.371	47.513
b) Debt securities in issue		
National Bank of Greece S.A.	23.002.386	36.504.164
National Bank of Greece S.A. (Cyprus) LTD	207.021.471	328.537.476
c) Other Liabilities		
National Bank of Greece S.A.	1.491.687	1.433.144
Ethniki Hellenic General Insurance S.A.	1.553	1.437
Total	**231.518.468**	**366.523.734**

Profit or Loss Statement		
INCOME		
a) Interest income		
National Bank of Greece S.A.	416.188	255.620
Total	**416.188**	**255.620**
EXPENSES		
a) Fee & commission expenses		
National Bank of Greece S.A.	1.168.478	1.526.310
National Bank of Greece S.A. (Cyprus) LTD	10.108.107	12.947.953
b) Commission expense		
National Bank of Greece S.A.	2.037.285	1.717.511
c) Personnel expenses		
National Bank of Greece S.A.	309.521	373.763
d) General, administrative and other operating expenses		
National Bank of Greece S.A.	42.925	48.146
Ethniki Hellenic General Insurance S.A.	18.415	15.655
Ethnodata S.A.	2.713	150
NBG Pangaea REIC.	32.551	32.364
Ethniki Leasing S.A.	10.077	8.194
Total	**13.730.072**	**16.670.046**

OFF BALANCE SHEET ACCOUNTS

a) Received guarantees		
National Bank of Greece S.A..	186.083.340	183.138.340
b) Approved unused credit limits		
National Bank of Greece S.A.	199.998.629	64.952.487
Total	**386.081.969**	**248.090.827**

Note 30. Restatements of items in the financial statements

As of 1 January 2013 the amended IAS 19 "Employee benefits" is retrospectively applicable. This net effect mainly related to the following adjustments, including their income tax effects: a) full recognition of actuarial losses through other comprehensive income and increase in the net liability; b) immediate recognition of past service costs in profit or loss and a decrease in the net liability and c) reversal of the difference between the gain arising from the expected rate of return on pension plan assets and the discount rate through other comprehensive income. Therefore, the statement of profit or loss & other comprehensive income, the statement of financial position, and the statement of cash flows were restated as:

Statement of Profit or Loss & Other Comprehensive Income	From 1.1.2012 to 31.12.2012		
Amounts in €	As restated	As previously reported	Restatements
Personnel expenses	693.936	693.365	571
Profit before tax	10.780.573	10.780.002	571
Tax expense	2.148.572	2.148.458	114
Profit for the period	8.632.001	8.631.544	457
Employee benefits	(13.106)	-	(13.106)
Other comprehensive income for the period, net of tax :	(13.106)	-	(13.106)
Total comprehensive income for the period	8.618.895	8.631.544	(12.649)

Statement of Financial Position	31.12.2012		
Amounts in €	As restated	As previously reported	Restatements
Deferred tax liabilities	566.418	567.755	(1.337)
Retirement benefit obligations	36.629	29.946	6.683
Reserves & retained earnings	18.223.515	18.228.861	(5.346)
Total Shareholders' Equity	68.223.515	68.228.861	(5.346)
Total Liabilities and Equity	442.837.360	442.837.360	-

Statement of cash flows	From 1.1.2012 to 31.12.2012		
Amounts in €	As restated	As previously reported	Restatements
Profit before tax	10.780.573	10.780.002	571
Non cash items included in statement of comprehensive income and other adjustments:	15.271.808	15.272.379	(571)
Pension costs – defined benefit plans	9.364	9.935	(571)

NOTE 31. Events after the reporting period

No significant events have occurred since 31 December 2013 up to the date of approval of these financial statements.

Athens, 28 May 2014

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