NBG FACTORS

Annual Financial Report

31 December 2014

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

Athens, June 2015

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Board of Directors Annual Report on the Financial Statements of Ethniki Factors S.A. for the financial year 2014

According to the provisions of Company's Act and Company's Articles of Association, the activities of the Company during its sixth financial year which covers the period from 1 January to 31 December 2014 are presented below.

Financial position and comprehensive income of the Company

The period from January 1 to December 31, 2014 was the sixth financial year for the Company during which the main activities was oriented on maintaining its high quality portfolio, broadening the clientele basis and also providing constantly a broad range of Factoring services to the corporate customers of National Bank of Greece S.A.

On December 31, 2014 Company's net receivables due from customers, after provision charges of the year, amounted to €431.720,3 thousand, resulting in balance increase by 42,6% compared with that ones of 2013, whereas total Factoring volume amounted to €2.139.703,6 thousand against €1.808.722,9 thousand in 2013 (+18,3%). Profit after tax amounted to €9.640,3 thousand against €8.349,3 thousand in 2013 (+15,5%).

Company's capital adequacy is monitored 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collecting necessary reporting data, in accordance with the Bank of Greece Governor's Act 2640/18.01.2011 (as it has been replaced by Bank of Greece Governor's Act 2651/20.1.2012).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 January 1, 2010, regarding Factoring Companies is carried out under the new monitoring framework of Basel II, and the Law 3601/2007 as in force with the Bank of Greece Governor's Act 2622/21.12.2009.

In 2014 the capital adequacy ratios of basic and total equity amounted to 10,95% against 15,50% in 2013.

In its sixth financial year the Company's allowance for impairment on receivables amounted to €423,2 thousand and as referred to the financial statements, the management believes that the accumulated provisions shaped clearly reflects the reality at that particular time.

Company's total operating income in 2014 amounted to €15.203,3 thousand (+16,0%) of which an amount of €11.415,9 thousand (+15,5%) relates to net interest income and an amount of €3.786,6 thousand (+17,8%) relates to net commission income. Total expenses, excluding credit provisions equal to €423,2 thousand., amounted to €1.773,4 thousand, of which €809,2 thousand relates to personnel expenses and the remaining amount of €964,2 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 11,7% compared with 10,9% for 2013.

Going Concern

The Company as a 100% subsidiary of the National Bank of Greece maintains significant synergies both with its parent Bank and also with the other NBG Group companies. Those synergies mainly relate to a) funding for acquiring the level of liquidity to allow factoring advances to clients, b) to business development and creditworthiness assessment and c) to various operational issues. As a result the Company highly relates its operations to its parent Bank.

As at March 31, 2015, Greek systemic banks funding from the Eurosystem amounted to €23,6 billion, of which €9,8 billion from the European Central Bank ("ECB") and €13,8 billion through Emergency Liquidity Assistance ("ELA") facility.

As a result of the on-going negotiations between the new Greek government and the European Commission, the ECB and International Monetary Fund ("IMF") (collectively the "Institutions") towards reaching a permanent agreement, in February 2015 the ECB lifted the waiver on the eligibility of Greek government as collateral for ECB funding until persuasive positive signs that the new Greek government will reach an agreement with the Institutions. Consequently, an increased reliance is placed on the Bank of Greece via its ELA facility which is under strict control by the ECB.

The uncertainty regarding the financing needs of the Greek government led to significant deposits outflows during the first quarter of 2015 amounting to €4,8 billion. A further net outflow in the amount of €2,1 billion occurred between April 1, and May 19, 2015. The crisis in the Greek economy, continue to restrict the parent Bank's access to liquidity from other financial institutions and therefore the Eurosystem remains a major source of liquidity for the parent Bank. The transfer of responsibility of financing from ECB to ELA with reducing funding limits has created and may continue to create serious liquidity problems to the Greek banks in the future.

As a result, although NBG Group reliance on Eurosystem funding has decreased from the highest amount of €34,7 billion reached on June 30, 2012 to €20,7 billion as at December 31, 2013 and to €14,2 billion as at December 31, 2014, on May 19, 2015 aforementioned funding reliance has increased again to €25,3 billion, of which €15,5 billion is provided by ELA. Furthermore, as of May 19, 2015, additional financial assets with estimated cash value of €12,3 billion were available for further liquidity.
From capital adequacy perspective, following the two successful share capital increases in 2013 by €9,8 billion and in 2014 by €2,5 billion the NBG Group Common Equity Tier 1 (“CET1”) ratio on March 31, 2015 was 12.1%. Moreover, all planned capital actions are expected to further increase the CET1 ratio.
The access to adequate funds depends to a large extent on to a new agreement to be reached between the Greek government and the Institutions. To this end the Eurogroup decided on February 20, 2015 to extent the Master Financial Assistance Facility Agreement (“MFFA”) for Greece and the availability of EFSF funds for Greece (albeit transferred from HFSF to EFSF) by four months until June 2015, in order to allow time for an agreement to be negotiated and concluded by the so called “Brussels Group” comprising the above Institutions and representatives of ESM/EFSF.

Going concern conclusion

Management of the parent Bank concluded that it operates as a going concern after considering (a) the capital ratios as at March 31, 2015 that is above the required thresholds (please refer to Note 16), (b) its current access to the Eurosystem facilities and (c) the €10.9 billion currently held by the ESM and available to be re-borrowed for the recapitalisation of the Greek banks (if needed).
Nevertheless, as the ability of the Bank of Greece to continue to fund the operations of the Greek banks, including NBG, is conditional on ECB approvals, there is a material uncertainty in relation to whether NBG will be able to continue to access sufficient liquidity through ELA or other bank borrowing facilities and whether the outflow of deposits will continue, that may adversely affect the Group’s and the Bank’s ability to continue as a going concern.
The resolution of this material uncertainty depends, among other factors, in an agreement between the Greek government and the Institutions, which results, for example, in the re-establishment of the waiver by the ECB to the use of Greek government bonds in the Eurosystem and a solution for the financing needs of the Greek government which would likely result in a positive flow of deposits to the banking system, including NBG, and access to the international financial markets.

Due to the fact that the parent Bank prepares its financial statements based on the going concern assumption, the management of the Company believes that is well positioned to adequately support its business plan over the upcoming year (2015) and for this reason prepared its separate financial statements on going concern basis.

Management actions during 2014 and for the first five months of 2015

During the sixth 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 course of business is mainly developed through Recourse Factoring services aiming to provide customers liquidity while maintaining credit risk in acceptable low levels. In addition, regarding the support of exporter companies, company’s turnover related to international factoring amounted to €298.477,2 thousand of which amount of €107.614,8 thousand was executed via the two factor system.

As in previous years, Company’s strategic decision making includes continual IT upgrading and operational infrastructure improvement. In 2014, following the upgrade of the core factoring platform that implemented during 2013, the Company installed a new business intelligence reporting platform.

In 2014, Company also finalized and in 2015 adopted the pricing model for corporate customers .

During 2014 the NBG Group Internal Audit Division performed the following internal audits:

- Procurement Audit and
- Financial Audit

The reports of the aforementioned audits and the progress on findings’ settlement are periodically communicated to Board of Directors.

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

Board of Directors Report

Factoring market evolution

According to Hellenic Factoring Association, factoring turnover in Greece 2014 shows an increase in terms of Factored receivables of approximately 7,5% related to last year's decrease of 5% (2013 Vs 2012) that reflects recovery of Factoring employment both from corporate customers but also from Systemic Banks (via their factoring subsidiaries). Combined with upward market trend, Ethniki Factors managed to increase its market share (16,4% in 2014 vs 15,0% in 2013).

During Greek economic crisis, account receivables, which is probably the most valuable asset, was the primary means utilized by banks for corporate lending. Therefore, Factoring as an accounts receivables finance solution becomes an increasingly popular service.

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. It arises in lending activities as well as in various other activities where we are exposed to the risk of counterparty default, such as capital markets' trading and settlement activities. The risk of counterparty default is the most significant risk that the Group faces. Our credit risk processes are conducted separately by the Bank and each of its subsidiaries. The credit risk procedures established by the subsidiaries are coordinated by the Group Risk Control & Architecture Division. 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.

Operational risk

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

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 responsibilities related to operational risk management. Since 2010, the Company has developed and an Operational Risk Management Framework (ORMF) considering qualitative and quantitative criteria of Standardised Approach.

During 2014 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.

Liquidity risk

Liquidity risk is defined as the current or prospective risk to earnings and capital arising from the institution's inability to meet its liabilities when they come due without incurring unacceptable losses.

It reflects the potential mismatch between incoming and outgoing payments, taking into account unexpected delays in repayments (term liquidity risk) or unexpectedly high outflows (withdrawal/call risk). Liquidity risk involves both the risk of unexpected increases in the cost of funding of the portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner and on reasonable terms.

The Company's principal sources of liquidity are from subordinated bond loans agreements and overdraft accounts with its parent Bank and other affiliate companies of NBG Group.

2015 Perspectives

In Greece, higher uncertainty is expected to weigh on growth -- at least -- in the first half of 2015. Assuming a timely reversal of the deterioration in business climate in late Q2:2015, average GDP growth for 2015 is estimated at about +1.3% (market consensus estimates, March 2015) with the main downside risk relating to the significant deterioration in liquidity conditions – in view of the substantial bank deposit loss in late 2014 and early 2015 and potentially higher Greek state's re-financing needs through domestic resources during 2015. On the other hand, lower oil prices in conjunction with sharp depreciation of euro versus the USD are expected to provide a considerable support to economic activity for the most part of the year. Most importantly the Greek Government faces significant short-term liquidity challenges, in 9M:2015 as long as an agreement with official creditors for the disbursement of remaining program funding is not reached. This delay is likely to take an increasing toll on macroeconomic conditions in H1:2015. Moreover, a credible agreement on the issues that underlie Greece's relation with official creditors, long term funding and/or the provision of a financial backstop and further reduction of long term debt servicing costs, are important challenges that have to be addressed by mid-2015.

In this vein, risks to the fiscal outcomes of the Greek economy are related to continuation in 2015 of the weakening of tax receipts that has been registered at the turn of the year, the timeliness of implementation of new government's ambitious tax reform agenda, in conjunction with the still elevated social security system financing needs.

Concerning the Factoring market, 2015 is expected to be a year with increased factored turnover. Despite the risk of reduced economic activity, increased demand for accounts receivables financing is expected to contribute to Factoring market development. According to our estimations for 2015, we predict that Greek Factoring market will be further increased to approximately 5,0% - 7,0%.

Among the strategic goals of the Company for the financial year 2015 are the following:

1. To enhance clientele basis in cooperation with the parent company, National Bank of Greece S.A. and especially its Corporate Units in order to provide Factoring services to a constantly broader range of corporate customers.
2. To maintain high quality portfolio resulting in limited non performing advances .
3. To further enhance market share and increase robust profitability.
4. To develop International Factoring activities.
5. To improve financial risk management practices and minimize financial and operating risks.

6. To maintain an efficient cost to Income ratio.
7. To exploit IT platforms especially on management reporting level.

Dividend Policy

The Management will propose to the Annual General Assembly of the shareholders to approve the appropriation of amount €482.015 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, June 03, 2015

The Chairman of the Board of Directors

Theofanis Panagiotopoulos

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, 2014, the statements of income and comprehensive income, changes in equity and cash flows 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.

Independent Auditor's Report

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to notes 2.2 and 2.2.1 of the financial statements, where reference is made to the fact that the company is a 100% subsidiary of National Bank of Greece S.A. with which there is a business and financing relationship and which as a Greek systemic Bank is subject to the material uncertainty arising from the current economic conditions in Greece and ongoing developments affecting the banking industry, particularly in terms of liquidity. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Report on Other Legal Requirements

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

Athens, June 03, 2015

The Certified Public Accountant

Dimitrios G. Gotsis
Reg. No SOEL 23031
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 2014

Amounts in €	Note	01.01.2014 - 31.12.2014	01.01.2013 - 31.12.2013
Interest and similar income	4	21.141.307	21.163.519
Interest expense and similar charges	4	(9.725.355)	(11.276.585)
Net Interest Income		**11.415.952**	**9.886.934**
Fee and commission income	5	6.567.301	5.543.848
Commission expense	5	(2.780.722)	(2.328.684)
Net fee and commission income		**3.786.579**	**3.215.164**
Net trading income		801	(297)
Total Income		**15.203.332**	**13.101.801**
Personnel expenses	6	(809.152)	(731.685)
General, administrative and other operating expenses	7	(925.909)	(677.925)
Depreciation of intangible assets	12	(35.795)	(18.646)
Depreciation of property and equipment	13	(2.539)	(879)
Credit provisions	8	(423.170)	(214.038)
Total expenses		**(2.196.565)**	**(1.643.173)**
Profit before tax		**13.006.767**	**11.458.628**
Tax expense	9	(3.366.472)	(3.109.354)
Profit for the period		**9.640.295**	**8.349.274**
Other comprehensive income, net of tax :			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits			
Other comprehensive income for the period, net of tax :		(14.865)	6.069
Total comprehensive income for the period		**(14.865)**	**6.069**
Other comprehensive income, net of tax :		**9.625.430**	**8.355.343**

Athens, June 03, 2015

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

The notes on pages 14 to 42 form an integral part of these financial statements

Statement of Financial Position

as at 31 December 2014

Amounts in €	Note	31.12.2014	31.12.2013
ASSETS			
Cash and balances with banks	10	6.834.230	11.941.507
Receivables due from customers	11	431.720.273	302.723.172
Software and other intangible assets	12	418.936	400.243
Property and equipment	13	3.042	2.456
Other assets	15	7.550	7.550
Total assets		**438.984.031**	**315.074.928**
LIABILITIES			
Due to banks	16	1.819.320	1.371
Debt securities in issue	17	350.031.753	230.006.356
Due to customers	18	7.773.370	4.472.595
Current income tax liabilities	9	932.976	871.789
Deferred tax liabilities	14	1.801.281	1.248.296
Retirement benefit obligations	19	61.369	37.368
Other liabilities	20	2.476.603	1.953.445
Total liabilities		**364.896.672**	**238.591.220**
SHAREHOLDERS' EQUITY			
Share capital	21	20.000.000	20.000.000
Share premium	21	30.000.000	30.000.000
Reserves & retained earnings	22,23	24.087.359	26.483.708
Total Shareholders' Equity		**74.087.359**	**76.483.708**
Total Liabilities and Equity		**438.984.031**	**315.074.928**

Athens, June 03, 2015

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

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Statement of Changes in Equity

For the period ended 31 December 2014

Amounts in €	Share Capital	Share Premium	Defined benefit plans	Reserves	Retained earnings	Total
Balance 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 & at 1 January 2014	**20.000.000**	**30.000.000**	**266**	**915.598**	**25.567.844**	**76.483.708**
Other comprehensive income	-	-	(14.865)	-	-	(14.865)
Profit for the period	-	-	-	-	9.640.295	9.640.295
Dividends paid	-	-	-	-	(12.000.000)	(12.000.000)
Transfers in non taxable reserve	-	-	-	21.779	(21.779)	-
Statutory reserve	-	-	-	417.464	(417.464)	-
Non taxable reserve				(21.779)	-	(21.779)
Balance at 31 December 2014	**20.000.000**	**30.000.000**	**(14.599)**	**1.333.062**	**22.768.896**	**74.087.359**

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Cash Flow Statement

For the period ended 31 December 2014

Amounts in €	01.01.2014 31.12.2014	01.01.2013 31.12.2013
Cash Flows from operating activities		
Profit before tax	**13.006.767**	**11.458.628**
Non cash items included in statement of comprehensive income and other adjustments:	**10.190.772**	**11.518.500**
Depreciation of property and equipment (Note 13)	2.539	879
Depreciation of intangible assets (Note 12)	35.795	18.646
Credit provisions (Note 8)	423.170	214.038
Provision for employee benefits (Note 19)	3.913	8.352
Interest expense and similar charges (Note 4)	9.725.355	11.276.585
Net (increase)/decrease in operating assets :	**(126.119.496)**	**121.157.388**
Due from / to customers (net amount)	(126.119.496)	121.152.388
Other assets	-	5.000
Net increase/(decrease) in operating liabilities:	**(2.304.775)**	**(3.098.477)**
Other Liabilities	505.517	39.587
Income tax paid	(2.810.292)	(3.138.064)
Net Cash flows from / (used in) operating activities	**(105.226.732)**	**141.036.039**
Cash flows from investing activities:		
Purchase of software and other intangibles (Note 12)	(54.488)	(63.000)
Purchase of property and equipment (Note 13)	(3.125)	(1.947)
Net Cash flows from/ (used in) investing activities	**(57.613)**	**(64.947)**
Cash flows from financing activities:		
Proceeds from debt securities (Note 17)	365.000.000	295.000.000
Repayment of debt securities	(245.000.000)	(430.000.000)
Debt securities issue costs (Note 17)	(1.800)	(30.000)
Due to banks (Note 16)	1.819.320	-
Repayment of debt securities interest expenses	(9.638.481)	(11.249.014)
Interest paid	(1.971)	(47.663)
Dividends paid	(12.000.000)	-
Share capital issue costs (Note 21)	-	(110.000)
Net cash flows from / (used in) financing activities	**100.177.068**	**(146.436.677)**
Net increase / (decrease) in cash and cash equivalents	**(5.107.277)**	**(5.465.585)**
Cash and cash equivalents at beginning of period	**11.941.507**	**17.407.092**
Cash and cash equivalents at end of period	**6.834.230**	**11.941.507**

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Notes to the Financial Statements

NOTE 1: General information

The Company was founded on May 19, 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). Company’s duration has been set to be fifty (50) years and may be extended by resolution of its Shareholders’ General Assembly.

Company’s purpose is to provide all types of factoring services according to the provisions of law 1905/1990.
Company is a subsidiary of National Bank of Greece S.A., which owns 100% of the Company’s share capital.
Company’s Board of Directors, 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 28 June, 2013, consists of the following members:

Theofanis Th. Panagiotopoulos, The Non-Executive Chairman 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

These financial statements have been approved for issue by the Company’s Board of Directors on June 03, 2015.

These financial statements are subject to approval by the Annual General Assembly of the Shareholders.

NOTE 2: Summary of significant accounting policies

2.1 Basis of Preparation

The financial statements of the Company for the year ended December 31, 2014 (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 Going Concern

The Company as a 100% subsidiary of the National Bank of Greece maintains significant synergies both with its parent Bank and also with the NBG Group of companies. Those synergies mainly relate to a) funding for acquiring the level of liquidity to allow factoring advances to clients, b) to business development and credit assessment and c) to various operational issues. As a result the Company highly relates its operations to its parent Bank.
As at March 31, 2015, Greek systemic banks funding from the Eurosystem amounted to €23,6 billion, of which €9,8 billion from the European Central Bank (“ECB”) and €13,8 billion through Emergency Liquidity Assistance (“ELA”) facility.

As a result of the on-going negotiations between the new Greek government and the European Commission, the ECB and International Monetary Fund ("IMF") (collectively the "Institutions") towards reaching a permanent agreement, in February 2015 the ECB lifted the waiver on the eligibility of Greek government bonds as collateral for ECB funding until persuasive positive signs that the new Greek government will reach an agreement with the Institutions. Consequently, an increased reliance is placed on the Bank of Greece via its ELA facility which is under strict control by the ECB.

The uncertainty regarding the financing needs of the Greek government led to significant deposits outflows between December 2014 and May 2015. The crisis in the Greek economy, continue to restrict the parent Bank's access to liquidity from other financial institutions and therefore the Eurosystem remains a major source of liquidity for the parent Bank. The transfer of responsibility of financing from ECB to ELA with reducing funding limits has created and may continue to create serious liquidity problems to the Greek banks in the future.

As a result, although NBG Group reliance on Eurosystem funding has decreased from €34.7 billion as at June 30, 2012, when it reached the highest amount, to €20,7 billion at December 31, 2013 and to €14,2 billion at December 31, 2014, as of May 19, 2015 it has increased again to €25,3 billion, of which €15,5 billion is provided through ELA. Furthermore, as of May 19, 2015, additional financial assets of an estimated cash value €12.3 billion were available for further liquidity.

From a capital adequacy perspective, following the two successful share capital increases in 2013 by €9,8 billion and in 2014 by €2,5 billion the NBG Group Common Equity Tier 1 ("CET1") ratio at March 31, 2015 was 12.1%. Moreover, all planned capital actions are expected to further increase the CET1 ratio.

The access to adequate funds depends to a large extent on to a new agreement to be reached between the Greek government and the Institutions. To this end the Eurogroup decided on February 20, 2015 to extent the Master Financial Assistance Facility Agreement ("MFFA") for Greece and the availability of EFSF funds for Greece (albeit transferred from HFSF to EFSF) by four months until June 2015, in order to allow time for an agreement to be negotiated and concluded by the so called "Brussels Group" comprising the above Institutions and representatives of ESM/EFSF.

2.2.1 Going concern conclusion

Management of the parent Bank concluded that is going concern after considering (a) the capital ratios at March 31, 2015 are above the thresholds required (see Note 16), (b) its current access to the Eurosystem facilities and (c) the €10.9 billion currently held by the ESM and available to be re-borrowed for the recapitalisation of the Greek banks (if needed).

Nevertheless, as the ability of the Bank of Greece to continue to fund the operations of the Greek banks, including NBG, is conditional on ECB approvals, there is a material uncertainty in relation to whether NBG will be able to continue to access sufficient liquidity through ELA or other bank borrowing facilities and whether the outflow of deposits will continue, that may adversely affect the Group's and the Bank's ability to continue as a going concern.

The resolution of this material uncertainty depends, among other factors, in an agreement between the Greek government and the Institutions, which results, for example, in the re-establishment of the waiver by the ECB to the use of Greek government bonds in the Eurosystem and a solution for the financing needs of the Greek government which would likely result in a positive flow of deposits to the banking system, including NBG, and access to the international financial markets.

Due to the fact that the parent Bank prepares its financial statements concluded that is going concern management of the Company believes that is well positioned to adequately support its business plan over the coming year (2015) and for this reason prepared its own financial statements on a going concern basis.

2.3 Adoption of International Financial Reporting Standards (IFRS)

2.3.1 New standards, amendments and interpretations to existing standards applied from 1 January 2014

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards and guidance for investment entities. The aforementioned standards and amendments have no impact since the Company is not preparing consolidated financial statements.

Impact on the application of IAS 32 "Financial Instruments: Presentation" (Amendment)

These amendments provide clarifications on the application of the offsetting rules. There was no impact from the adoption of these amendments to the financial statements of the Company.

Notes to the Financial Statements

Impact on the application of IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting” (Amendment)

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 has no impact to the financial statements of the Company

Impact on the application of IAS 36 (Amendments) “Recoverable Amount Disclosures for Non-Financial Assets”

These amendments 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. There was no impact from the adoption of these amendments to the financial statements of the Company.

IFRIC “Interpretation 21 Levies” (IFRIC 21)

IFRIC 21 clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. There was no impact from the adoption of this interpretation to the financial statements of the Company.

2.3.2 New standards, amendments and interpretations to existing standards effective after 2014

- **IFRS 9 “Financial Instruments”** effective for annual periods beginning on or after January 1, 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 subsequently amended (a) in October 2010 to include requirements for the classification and measurement of financial liabilities and (b) in November 2013 to include the new requirements for general hedge accounting. In July 2014, the final version of IFRS 9 was issued mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments. Key requirements of IFRS 9:

All recognised 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. 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.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Company has not applied this standard and is currently evaluating the impact of IFRS 9 on the 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.

- IFRS 15 (new standard) Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2017 as issued by the IASB)**.** IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Company has not applied this standard and is currently evaluating the impact of IFRS 15 on the financial statements and the timing of its adoption. Although the application of IFRS 15 in the future may have a significant impact on amounts reported in respect of the Group's and the Bank's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

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

IFRS 2 Share-based Payment - 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 13 Fair Value Measurement — 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 24 Related Party Disclosures — Clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity.

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

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

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".

- Annual Improvements to IFRSs 2012-2014 Cycle (effective for annual periods beginning on or after July 1, 2016). The amendments impact the following standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'.

IFRS 7 Financial Instruments: Disclosures - There are two amendments to IFRS 7.

1. Servicing contracts: If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. IFRS 7 provides guidance on what is meant by continuing involvement in this context. The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. The amendment is prospective with an option to apply retrospectively.

2. Interim financial statements: The amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34. The amendment is retrospective.

IAS 19 Employee Benefits - The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

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.

2.4 Foreign currency transactions

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

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

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

2.5 Financial assets and liabilities

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

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

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

Notes to the Financial Statements

2.6 Customer receivables

Customer receivables include financing to customers.

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

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

2.7 Allowance for Impairment on customer receivables

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

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

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

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

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

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

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

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

2.8 Derecognition

2.8.1 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.

2.8.2 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.

2.9 Offsetting

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

2.10 Interest income and expense

Interest income and expense are recognised in the 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.

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

2.11 Fees and Commissions

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

2.12 Property & Equipment

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

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

Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognised. Therefore, the depreciation of an item of property and equipment that is retired from active use does not cease unless it is fully depreciated, but its useful life is reassessed. Property and equipment are depreciated on a straight-line basis over their estimated useful life (not exceeding a period of 10 years), however if the acquisition cost of the equipment is less than €600, fully depreciated within the financial year.

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

2.13 Software and other intangible assets

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

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

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

2.14 Leases

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

2.14.1 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.

2.15 Cash and cash equivalents

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

2.16 Provisions

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

2.17 Retirement benefit obligations

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.

2.18 Income taxes

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

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

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

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

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

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

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

2.19 Debt securities in issue and other borrowed funds

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

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

2.20 Share capital

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

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

2.21 Related party transactions

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

Notes to the Financial Statements

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 December 31, 2014.

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

Allowance for impairment on customer receivables

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

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

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

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

Net periodic benefit cost

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

Notes to the Financial Statements

NOTE 4: Net interest income

The net interest income is analyzed as follows:

Amounts in €	31.12.2014	31.12.2013
Interest earned on		
Amounts due from banks	22.298	416.188
Amounts due from customers	21.119.009	20.747.331
Total	**21.141.307**	**21.163.519**
Interest payable on		
Amounts due to banks	(59.677)	(1.521)
Debt securities in issue	(9.665.678)	(11.275.064)
Total	**(9.725.355)**	**(11.276.585)**
Net interest income	**11.415.952**	**9.886.934**

NOTE 5: Net fee and commission income

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

Amounts in €	31.12.2014	31.12.2013
Commission income		
Due to customers	6.567.301	5.543.848
Total	**6.567.301**	**5.543.848**
Commission expense		
Due to banks	(332.199)	(291.399)
Other	(2.448.523)	(2.037.285)
Total	**(2.780.722)**	**(2.328.684)**
Net fee and commission income	**3.786.579**	**3.215.164**

Other commission expense of €2.448.523, includes a fee of €2.406.031 to the parent company National Bank of Greece S.A. for clients' recommendation services (2013: €2.000.602).

NOTE 6: Personnel expenses

The personnel expenses are analyzed as follows:

Ποσά σε €	31.12.2014	31.12.2013
Salaries	(625.258)	(548.593)
Social security costs	(154.822)	(147.193)
Defined benefit plans (Note 19)	(3.913)	(8.352)
Other staff related benefits	(25.159)	(27.547)
Total	**(809.152)**	**(731.685)**

Notes to the Financial Statements

NOTE 7: General, administrative & other operating expenses

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

Amounts in €	31.12.2014	31.12.2013
Rentals & software expenses	(39.784)	(42.689)
Duties and taxes	(1.172)	(1.172)
Promotion & advertising expenses	(34.017)	(19.992)
Insurance costs	(28.463)	-
Third party fees	(738.706)	(541.427)
Other operating expenses	(83.767)	(72.645)
Total	**(925.909)**	**(677.925)**

NOTE 8: Credit provisions

Amounts in €	31.12.2014	31.12.2013
From loans to customers (Note 11)	(423.170)	(214.038)
Total	**(423.170)**	**(214.038)**

NOTE 9: Tax expense

The tax expense is analyzed as follows:

Amounts in €	31.12.2014	31.12.2013
Current tax credited in the income statement	2.849.078	2.446.758
Occupational tax	1.000	493
Discount due to lump sum payment of income tax	(41.814)	(46.831)
Deferred taxes (Note 14)	558.208	708.934
Total	**3.366.472**	**3.109.354**

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

Amounts in €	31.12.2014	31.12.2013
Profit before tax	**13.006.767**	**11.458.628**
Tax calculated based on the current tax rate of 26%	3.381.759	2.979.243
Increase/(Decrease) arising from:		
Expenses not deductible for tax purposes	25.527	6.089
Occupational tax	1.000	493
Effect of changes in tax rates	-	170.360
Discount due to lump sum payment of income tax	(41.814)	(46.831)
Income tax expense	**3.366.472**	**3.109.354**
Effective tax rate for the period	**25,9%**	**27,1%**

Notes to the Financial Statements

The current income tax liability as of December 31, 2014 and 2013 is analyzed as follows:

Amounts in €	31.12.2014	31.12.2013
Current income tax liability	2.849.078	2.446.758
Increase/(Decrease) arising from:		
Income tax prepayment for the year	(1.904.718)	(1.514.602)
Withholding tax on time deposits	(3.345)	(62.428)
Other temporary differences	(12.177)	-
Other Taxes – according to article 72 of Tax Law N.4172/13	4.138	2.061
Total income tax liability	**932.976**	**871.789**

The nominal corporation tax rate for the Company for 2014 and 2013 is 26%. 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 January 1, 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 (article 82 of Law 4172/2013).

The unaudited tax years of the Company are 2010 and 2014. The financial year 2010 will be audited by the tax authorities, whereas the financial year 2014 is audited by the audit firm that, also conducts the statutory audit of the Company's financial statements. Although during the tax audit additional tax liabilities may arise, it is not expected that they have material effect on the Company's financial statements. The financial years 2011-2013 were audited by the statutory auditors of the Company, ie the Deloitte Hadjipavlou Sofianos & Cambanis S.A. audit firm, in accordance initially with article 82 of Law 2238/1994 and subsequently with article 65[A] of Law 4174/2013. Therefore the related tax audit certificates, were unqualified and issued on July 19, 2012, September 24, 2013 and July 8, 2014 respectively. The financial years 2011 and 2012 are considered as final for tax audit purposes from January 19, 2014 and March 24, 2015 respectively, whereas the financial year 2013 will be considered as final for tax audit purposes 18 months after the issue of the relevant tax certificate during which period the tax authorities are entitled to re-examine the tax books of the Company (Article 6 of Ministerial Decision 1159/22.7.2011).

NOTE 10: Cash and balances with banks

Cash and balances with banks are analyzed as follows:

Amounts in €	31.12.2014	31.12.2013
Cash in hand	442	415
Sight deposits	6.833.788	11.941.092
Total	**6.834.230**	**11.941.507**

NOTE 11: Customer receivables

Customer receivables are analyzed as follows:

Amounts in €	31.12.2014	31.12.2013
Domestic Factoring with recourse	176.363.850	176.875.205
Domestic Factoring without recourse	178.869.428	73.410.385
Invoices discounting	23.028.914	28.379.706
International Factoring	55.929.015	26.105.640
Total	**434.191.207**	**304.770.936**
Less: Allowance for impairment on customer receivables	(2.470.934)	(2.047.764)
Total customer receivables	**431.720.273**	**302.723.172**

Movement in the allowance for impairment on customers' receivables

Amounts in €	2014	2013
Balance at 1 January	**2.047.764**	**1.833.726**
Allowance for impairment on customer receivables credit risk	423.170	214.038
Balance at 31 December	**2.470.934**	**2.047.764**

NOTE 12: Software and other intangible assets

Software and other intangible assets are analyzed as follows:

Amounts in €	Software	Total
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**
Cost at 01 January 2014	**425.000**	**425.000**
Additions	54.488	54.488
At 31 December 2014	**479.488**	**479.488**
Accumulated depreciation at 01 January 2014	**(24.757)**	**(24.757)**
Depreciation	(35.795)	(35.795)
At 31 December 2014	**(60.552)**	**(60.552)**
Net book amount at 31 December 2014	**418.936**	**418.936**

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 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 31 December 2013	**(33.269)**	**(33.269)**
Net book amount at 31 December 2013	**2.456**	**2.456**
Cost at 01 January 2014	**35.725**	**35.725**
Additions	3.125	3.125
At 31 December 2014	**38.850**	**38.850**
Accumulated depreciation at 01 January 2014	(33.269)	(33.269)
Depreciation	(2.539)	(2.539)
At December 2014	**(35.808)**	**(35.808)**
Net book amount at 31 December 2014	**3.042**	**3.042**

Notes to the Financial Statements

NOTE 14: Deferred tax assets and liabilities

Deferred tax assets and liabilities are analyzed as follows:

Amounts in €	Balance 31/12/2012	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)**

Amounts in €	Balance 31/12/2013	Recognition in Profit or Loss Statement	Recognition in Other Comprehensive Income	Recognition in Equity	Balance 31/12/2014
Deferred tax assets:					
Share Capital issue costs	40.112	(4.290)	-	-	35.822
Retirement benefit obligations	9.715	1.017	5.223	-	15.955
Total deferred tax assets	**49.827**	**(3.273)**	**5.223**	**-**	**51.777**
Deferred tax liabilities:					
Customers' receivables	(1.282.992)	(543.844)	-	-	(1.826.836)
Long term amortization expenses	(10.581)	(15.368)	-	-	(25.949)
Debt securities issue costs	(4.550)	4.277	-	-	(273)
Total deferred tax liabilities	**(1.298.123)**	**(554.935)**	**-**	**-**	**(1.853.058)**
Net deferred tax liability	**(1.248.296)**	**(558.208)**	**5.223**	**-**	**(1.801.281)**

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 €	31.12.2014	31.12.2013
Prepaid expenses	7.550	7.550
Total	**7.550**	**7.550**

NOTE 16: Due to banks (or financial institutions)

Due to banks are analyzed as follows:

Amounts in €	31.12.2014	31.12.2013
Due to banks	1.819.320	1.371
Total	**1.819.320**	**1.371**

Due to banks consists 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 July 30, 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 July 30, 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 divided into 380 million bonds with 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 July 30, 2014 the Company renewed the initial agreement till July 31, 2015 under the same contractual terms and paid renewal legal expenses amounted to €1.800.

On December 31, 2014 the Company issued a bond loan amounted to €350.000.000 according to the referred agreement. The fair value of the aforementioned bond loan calculated to €341.500.110 according to Level 2 valuation.

On September 15, 2014 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 July 30, 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 €100.000.000 and divided in 100 million bonds with a nominal amount of €1 per bond. Interest rate is determined by the OVERNIGHT or the one-month, two-month, three-month or six month Euribor at the discretion of the issuer, plus margin.

The bond loans are fully payable at the maturity date (July 31, 2015). 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 December 31, 2014 for the bond loan amounted to €32.803.

Notes to the Financial Statements

NOTE 18: Due to customers

Due to customers account balance consists of the credit amounts of current and other due from customer management accounts which have not been reimbursed to them at the reporting date. Due to customers account balances as of December 31, 2014 and 2013 are analyzed as follows:

Amounts in €	31.12.2014	31.12.2013
Overdraft accounts	6.354.499	1.966.387
Collection-only accounts	1.418.871	2.506.208
Total	**7.773.370**	**4.472.595**

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

	31.12.2014	31.12.2013
Service cost	2.586	7.180
Net interest expense on the net defined benefit liability/(asset)	1.327	1.172
Regular charge in the Profit or Loss statement	**3.913**	**8.352**

Reconciliation of defined benefit obligation

	31.12.2014	31.12.2013
Defined benefit obligation at the beginning of the period	37.368	36.629
Service cost	2.586	7.180
Interest cost	1.327	1.172
- Loss/(Gain) - financial assumptions	15.455	(5.803)
- Loss/(Gain) – experience adjustments	4.633	(1.810)
Defined benefit obligation at the end of the period	**61.369**	**37.368**

Movement in net liability

	31.12.2014	31.12.2013
Net liability at the beginning of the period	37.368	36.629
Total expense recognized in the Profit or Loss statement	3.913	8.352
Amount recognized in the OCI	20.088	(7.613)
Net liability at the end of the period	**61.369**	**37.368**

Remeasurements on the net liability

	31.12.2014	31.12.2013
Liability (gain)/loss due to changes in assumptions	(15.455)	5.803
Liability experience (gain)/loss arising during the year	(4.633)	1.810
Total amount recognized in OCI	**(20.088)**	**7.613**

The actuarial report was developed by the accredited company "AON Hewitt" after the year end of 2014. The key assumptions used for the calculation of the pension costs of the defined benefits plans for 2014 and 2014 are:

Weighted average assumptions	2014	2013
Discount rate	2,00%	3,55%
Price inflation	1,50%	1,75%
Rate of compensation increase	0% for the year 2015 0,50% for years 2016-2018 1,00% από το 2019-2020 1,50% from 2021	0% for years 2014-2015 1% for years 2016-2018 1,75% from 2019
Plan duration	24,53 years	29,69 years

No compensation costs are expected to occur in 2014.

NOTE 20: Other liabilities

Other liabilities are analyzed as follows:

Amounts in €	31.12.2014	31.12.2013
Taxes payable – (other than income taxes)	369.882	292.580
Social security funds	41.387	33.650
Creditors	2.030.946	1.615.497
Dividends paid	17.641	11.687
Payroll related accruals	16.726	-
Other Liabilities	21	21
Total	**2.476.603**	**1.953.445**

Creditors' amounted €2.030.946, includes a liability of €1.650.785 (2013: €1.390.628) to the parent company National Bank of Greece S.A. for clients' recommendation services. This liability was fully repaid at January 30, 2015.

NOTE 21: Share capital and share premium

The Extraordinary Shareholders' General Assembly held on November 29, 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 December 10, 2013.

Following the above increase, the new share capital of the Company as at December 31, 2014 amounted to €20.000.000 divided into 4.000.000 ordinary shares with a nominal value of €5,0 per share. The remaining amount of .€30.000.000 was credited to share premium.

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 June 23, 2014 the annual General Assembly of Shareholders decided the appropriation of amount €417.464, as a statutory reserve, arising from the net profits of financial year 2013.

The total statutory reserve for the period ended at 31 December 2014 amounted to €1.333.062.

At December 31, 2013 the Extraordinary Shareholders' General Assembly approved a distribution of untaxed reserve of financial year 2011 amounted to €13.750 in accordance with article 72 of tax law N.4172/2013 and the relevant tax (15%) amounted to €2.062 was paid to the tax authority. The payment of the aforementioned tax exhausted 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.

At December 31, 2014 the Board of Directors with the authorization of Annual General Assembly distributed the untaxed reserve of financial year 2012 amounted to €21.779 in accordance with article 72 of tax law N.4172/2013 and the relevant tax (19%) amounted to €4.138 was paid to the tax authority. The payment of the aforementioned tax exhausted 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 €17.641.

NOTE 23: Retained earnings

Retained earnings at December 31, of 2014 and 2013 amounted to €22.768.896 and €25.567.844 respectively.

Retained earnings as of December 31, 2014 are analyzed as follows:

Amounts in €	
Retained earnings	22.932.796
Capital issue costs, net of tax	(163.900)
Total	**22.768.896**

For the financial year ended at December 31, 2014 the Board of Directors will propose to the Annual General Assembly of Shareholders a dividend distribution amounting to €12.000.000 derived from the retained earnings of the financial year of 2014 and prior years' and the formation of statutory reserve amounting to €482.015.

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

Amounts in €	From 1.1 to 31.12.2014			From 1.1 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	(20.088)	5.223	(14.865)	7.613	(1.544)	6.069
Total of items that will not be reclassified subsequently to profit or loss	**(20.088)**	**5.223**	**(14.865)**	**7.613**	**(1.544)**	**6.069**
Other comprehensive income / (expense) for the period	**(20.088)**	**5.223**	**(14.865)**	**7.613**	**(1.544)**	**6.069**

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 considers that the carrying amount of financial assets and financial liabilities, as presented in the financial statements are not materially different from their fair values, as either their maturity is less than one year or they are floating rate instruments.

NOTE 26: Contingent liabilities and commitments

a) Legal proceedings

In the opinion of the management, after consultation with its 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 2014. The financial year of 2010 will be audited by the tax authorities, whereas the financial year 2014 is audited by the certified auditors, who performing the regular financial audit 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 2011-2013 were audited by the statutory auditors of the Company, Deloitte Hadjipavlou Sofianos & Cambanis S.A., in accordance with article 82 of Law 2238/1994 and subsequently with article 65^{A} of Law 4174/2013. Therefore the related tax audit certificates, were unqualified and issued on July 19, 2012, September 24, 2013 and July 8, 2014 respectively. The financial years of 2011 and 2012 are considered as final for tax audit purposes from January 19, 2014 and March 24, 2015 respectively, whereas the financial year 2013 will be considered as final for tax audit purposes 18 months after the issue of the relevant tax certificate during which period the tax authorities are entitled to re-examine the tax books of the Company (Article 6 of 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 December 31, 2014 amounted to €578.935.346.

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 €	31.12.2014	31.12.2013
No later than 1 year	20.313	40.342
Later than 1 year and no later than 5 years	2.220	22.607
Later than 5 years	-	-
Total	**22.533**	**62.949**

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 to earnings and capital 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, International 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 derives from debtors, and Factoring without recourse where credit risk derives from sellers. In each case the valuation models of credit risk are adjusted (debtor or seller) accordingly.

The Company's credit policy adheres to the Credit Policy for Corporate Portfolio of National Bank of Greece S.A., as provided by the internal manuals, circulars and regulations.

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

Notes to the Financial Statements

Maximum credit exposures as at 31.12.2014

Amounts in €	Portfolio Credit exposures (w/o impairments)	Impairments	Portfolio net Credit exposures
Deposits	6.834.230	-	6.834.230
Customer receivables	434.191.207	(2.470.934)	431.720.273
Total	**441.025.437**	**(2.470.934)**	**438.554.503**

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**

Credit quality of customer receivable as at 31.12.2014

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Performing nor impaired	7.673.654	424.215.076	431.888.730
Past due but not impaired	-	1.610	1.610
Impaired	80.108	2.220.759	2.300.867
Total before allowance for impairment	**7.753.762**	**426.437.445**	**434.191.207**
Allowance for impairment	(80.600)	(2.390.334)	(2.470.934)
Total	**7.673.162**	**424.047.111**	**431.720.273**

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 receivables at 31.12.2014

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Satisfactory Risk	5.863.317	348.396.750	354.260.067
Watch list or substandard	1.809.845	75.650.361	77.460.206
Total	**7.673.162**	**424.047.111**	**431.720.273**

Notes to the Financial Statements

Credit quality of customer receivables at 31.12.2013

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Satisfactory Risk	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 exposures analysis of customer receivables per industry sector

Amounts in €	31.12.2014	31.12.2013
Industry & mining	127.918.683	100.519.680
Small scale industry	11.506.575	10.642.172
Trade and services (excl. tourism)	289.916.171	186.207.317
Construction and real estate development	1.412.511	3.738.919
Transportation and telecommunications (excl. shipping)	3.437.267	3.662.848
Less: Credit provisions and other impairment charges	(2.470.934)	(2.047.764)
Total	**431.720.273**	**302.723.172**

As at December 31, 2014 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 €450.362.952 (2013: €487.095.769). These collaterals are not included to customer receivables for factoring loans without recourse and credit balance as at December 31, 2014.

27.2 Market risk

27.2.1 Currency risk

The majority of transactions undertaken by the Company are made in Euro. Hence, as at December 31, 2014, 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 floating rate financial instruments, next re-pricing date is the date of the preparation of financial statements while for fixed rate financial instruments is the maturity date. In order to provide a hedge for the interest rate risk, the Company determines, in a monthly basis, the rates of financial assets and liabilities (excluding their spreads). According to the aforementioned 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:

Notes to the Financial Statements

Interest rate risk (Gap Analysis) as at 31.12.2014

Amounts in €

Assets	Up to 1 month	1 to 3 months	3 to 12 months	Non Interest bearing	Total
Cash & balances with banks	-	-	6.381.131	453.099	6.834.230
Customer receivables	431.720.273	-	-	-	431.720.273
Other assets	-	-	-	7.550	7.550
Total assets	**431.720.273**	**-**	**6.381.131**	**460.649**	**438.562.053**
Liabilities					
Debt securities in issue	(349.998.950)	-	-	(32.803)	(350.031.753)
Due to customers	-	-	-	(7.773.370)	(7.773.370)
Other liabilities	-	-	-	(2.030.946)	(2.030.946)
Due to banks	-	-	(1.819.320)	-	(1.819.320)
Total Liabilities	**(349.998.950)**	**-**	**(1.819.320)**	**(9.837.119)**	**(361.655.389)**
Total interest gap of assets & liabilities	**81.721.323**	**-**	**4.561.811**	**(9.376.470)**	**76.906.664**

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**

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.

Notes to the Financial Statements

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

Amounts in €

31.12.2014	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Debt securities in issue	984.083	1.533.483	393.482.391	-	395.999.957
Due to customers	7.773.370	-	-	-	7.773.370
Other liabilities	2.030.946	-	-	-	2.030.946
Due to banks	1.819.320	-	-	-	1.819.320
Total	**12.607.719**	**1.533.483**	**393.482.391**	**-**	**407.623.593**

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
Due to banks	1.371	-	-	-	1.371
Total	**6.829.002**	**1.405.671**	**231.112.732**	**-**	**239.347.405**

Liquidity risk analysis as at 31.12.2014

Amounts in €

Assets	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Cash & balances with banks	6.834.230	-	-	-	6.834.230
Customer receivables	237.962.027	146.513.035	45.979.177	1.266.034	431.720.273
Other assets	-	7.550	-	-	7.550
Total	**244.796.257**	**146.520.585**	**45.979.177**	**1.266.034**	**438.562.053**

Liabilities	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Debt securities in issue	-	-	(350.031.753)	-	(350.031.753)
Due to customers	(7.773.370)	-	-	-	(7.773.370)
Other liabilities	(2.030.946)	-	-	-	(2.030.946)
Due to banks	(1.819.320)	-	-	-	(1.819.320)
Total	**(11.623.636)**	**-**	**(350.031.753)**	**-**	**(361.655.389)**
Liquidity gap	**233.172.621**	**146.520.585**	**(304.052.576)**	**1.266.034**	**76.906.664**

Notes to the Financial Statements

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)
Due to banks	(1.371)				(1.371)
Total	**(6.089.463)**	**-**	**(230.006.356)**	**-**	**(236.095.819)**
Liquidity gap	**140.912.108**	**126.850.275**	**(192.197.053)**	**3.011.080**	**78.576.410**

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 earnings 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 maintain 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 December 31, 2014 and 2013 was calculated as follows:

Amounts in € '000	31.12.2014	31.12.2013
Basic and total regulatory capital	51.934	48.183
Total risk weighted assets	474.204	310.879
Total ratio	**10,95%**	**15,50%**

NOTE 28: Independent auditor's fees

Deloitte Hadjipavlou Sofianos & Cambanis S.A. has served as our principal independent public accountant for the year ended December 31, 2014 and 2013. 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 €	31.12.2014	31.12.2013
Audit fees	20.500	20.500
Audit-related fees	21.000	22.500
Total	**41.500**	**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 €	31.12.2014	31.12.2013
Expenses	113.982	100.181
Board of Directors and management fees	**113.982**	**100.181**

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 2014	31 December 2013
ASSETS		
a) Balances with banks		
National Bank of Greece S.A.	6.830.072	11.905.908
b) Loans to customers		
ASTIR Palace Vouliagmenis S.A.	-	688.542
c) Property & Equipment		
National Bank of Greece S.A.	679	665
d) Other assets		
Ethnodata S.A.	42.188	63.000
Total	**6.872.939**	**12.658.115**
LIABILITIES		
a) Due to banks		
National Bank of Greece S.A.	1.819.320	1.371
b) Debt securities in issue		
National Bank of Greece S.A.	35.003.280	23.002.386
National Bank of Greece S.A. (Cyprus) LTD	315.029.523	207.021.471
c) Other Liabilities		
National Bank of Greece S.A.	1.855.485	1.491.687
Ethniki Leasing S.A.	46	-
Ethniki Hellenic General Insurance S.A.	1.914	1.553
Total	**353.709.568**	**231.518.468**

Profit or Loss Statement		
INCOME		
a) Interest income		
National Bank of Greece S.A.	22.298	416.188
Total	**22.298**	**416.188**
EXPENSES		
a) Fee & commission expenses		
National Bank of Greece S.A.	1.042.670	1.168.478
National Bank of Greece S.A. (Cyprus) LTD	8.682.685	10.108.107
b) Commission expense		
National Bank of Greece S.A.	2.450.323	2.037.285
c) Personnel expenses		
National Bank of Greece S.A.	424.043	309.521
d) General, administrative and other operating expenses		
National Bank of Greece S.A.	101.305	42.925
Ethniki Hellenic General Insurance S.A.	15.551	18.415
Ethnodata S.A.	6.238	2.713
NBG Pangaea REIC.	32.551	32.551
Ethniki Leasing S.A.	7.146	10.077
Total	**12.762.512**	**13.730.072**

OFF BALANCE SHEET ACCOUNTS

a) Received guarantees		
National Bank of Greece S.A..	160.200.000	186.083.340
b) Approved unused credit limits		
National Bank of Greece S.A.	178.180.680	199.998.629
Total	**338.380.680**	**386.081.969**

NOTE 30. Events after the reporting period

No significant events have occurred since December 31, 2014 up to the date of approval of these financial statements.

Αθήνα, June 03, 2015

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