NBG FACTORS

Annual Financial Report

31 December 2017

In accordance with the International Financial Reporting Standards

Athens, June 2018

Table of contents

Board of Directors Annual Report
on the Financial Statements of Ethniki Factors S.A.
for the financial year 2017

According to the provisions of Company's Act and Company's Articles of Association, the activities of the Company during its ninth financial year which covers the period from 1 January to 31 December 2017 are presented below.

Financial position and comprehensive income of the Company

The main activities of the Company for the period from 1 January to 31 December 2017 were mainly focused on broadening portfolio clientele basis, maintaining the extremely low NPL's rate, empowering the synergies with parent Bank "National Bank of Greece S.A." and reinforce liquidity to business clients with more efficient management of their capital needs.

On 31 December 2017 Company's loans and advances to customers, amounted to €332,434.5 thousand recording an increase of 14.1% compared to the corresponding figures of fiscal year of 2016, were reached to €291,340.2 thousand. Total Factoring volume amounted to €2,235,200.8 thousand against €2,173,409.6 thousand in 2016, resulting in an increase of 2.8%. Profit before tax for the period amounted to €11,676.0 thousand against €16,182.0 thousand in 2016 (decrease 27.9%) and profit after tax resulted to €8,277,9 thousand against €11,485,0 thousand in 2016 (decrease 27.9%)), mainly due to the reversal of prior years' credit provisions performed within 2016.

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collecting necessary reporting data, in accordance with the Bank of Greece Governor's Act 2640/18.01.2011 (as it has been replaced by Bank of Greece Governor's Act 2651/20.1.2012).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

In 2017 the Company's capital adequacy ratios of basic and total equity amounted to 26.09% against 19.45% in 2016.

The Company during its ninth financial year charged additional credit provisions of €94.1 thousand whereas reversed an amount of €3,868.2 in 2016. Total credit provisions charged in statement of financial position amounted to €2,461.0 thousand. Management believes that the accumulated allowance for loan losses clearly reflect the real situation as at 31 December 2017.

The Company's net interest income in 2017 amounted to €9,714.6 thousand against €9,647.8 thousand of 2016 resulting in a slightly increase of 0.7%, whereas net commission income improved to €4,095.0 compared to €4,595.5 of 2016 recording a decrease of 10.9% related to an increase of 23.1% of interest expense (2017: €2,763.3 thousand against €2,244.3 thousand of 2016). As a result, total income amounted to €13,808.7 thousand against €14,243.6 thousand of 2016 recording a slightly decrease of 3.1%. Total expenses, amounted to €2,038.6 thousand (increase 5.6%) of which €969.4 thousand (increase 8.1%) relate to personnel expenses and the remaining amount of €1,069.2 thousand (increase 3.6%) relates to other administrative and operating expenses (office rentals, marketing expenses, third party expenses, depreciation of property & equipment , amortization of intangible assets etc). Thus the total expenses (excluding credit provisions) over the total income ratio stood at 14.8% compared to 13.5% for 2016.

Going concern

The Company as a 100.0% subsidiary of the National Bank of Greece maintains significant synergies both with its parent Bank and also with the other companies of the NBG Group. Those synergies mainly relate to a) Company's funding for new factoring financing, b) business development and client credit assessment and c) various operational issues. As a result the Company highly correlates its operations to its parent Bank strategy.

As at 31 March 2018, funding to parent Bank from European Central Bank ("ECB") amounted to €2.75 billion, and remained unchanged related to 31 December 2017, after the significant reduction in 2017 of the parent Bank exposure to Eurosystem funding (collectively, ECB and Emergency Liquidity Assistance ("ELA")), with the fully elimination of parent Bank dependence from the ELA. Furthermore, as of 31 March 2018 the parent Bank had entered into repurchase bond agreements with foreign financial institutions (repos) of €3.6 billion, while the parent Bank ELA liquidity buffer from financial assets stood at €9.4 billion (cash value).

Macroeconomic developments

After a slight decline of 0.3% year-over-year ("y-o-y") in real Gross Domestic Product ("GDP", in constant prices) in 2016, GDP growth entered positive territory in 2017 (+1.3%, y-o-y), mainly, supported by a notable rebound in gross capital formation (14.9% y-o-y in 2017), which added 1.8 percentage points ("pps") to annual production growth and compensated for the subdued private consumption (0.1% y-o-y, in the same period). In fact, this is the strongest GDP performance in ten years, following a cumulative contraction of 26.1%, y-o-y, between 2008 and

2016, despite the tighter-than-initially-expected fiscal conditions in 2017. Deflation ended in 2017, with the consumer price index increasing by 1.1%, y-o-y, following an annual average decline of 1.2% in the period 2013-2016. Consumer prices stabilized in the first quarter of 2018 (-0.1% y-o-y), mainly, due to a stabilization in energy prices (0.2% y-o-y), while structural inflation recorded a slight increase (0.1% y-o-y) reflecting sustainable cost containment by Greek firms. Nevertheless, inflation is expected to accelerate in the second quarter of 2018, in the view of the significant increase in oil prices of 29.4% y-o-y between April-May 2018. Such an increase is expected to take a toll on household disposable income, partially offsetting the positive trends in the labor market (employment growth of 1.7% in the first two months of 2018, which is expected to accelerate further according to net hiring flows recorded in the ERGANI Information System of the Ministry of Labor, Social Security and Welfare).

An increasing number of coincident and economic confidence indicators, especially for the business sector, showed a significant improvement over the course of 2017, which continued in early 2018 (with some of these indicators returning to pre-crisis levels in the first four months of 2018), suggesting that economic activity is going to gain additional traction in 2018. A further improvement in Greece's economic performance in 2018 is expected to be buoyed by declining uncertainty and a sustainable lowering in Greece's sovereign risk premia. Nonetheless, the vulnerability of Greek financial assets valuations (in fixed income and equity markets) to adverse corporate news and increase in volatility due to political uncertainty in Italy, suggests that the Greek sovereign and corporate risk assessment remains sensitive to downside risks.

The tourism sector performance remains solid – increase in revenue and arrivals of 14.2% y-o-y and 12.8% y-o-y, in the first quarter of 2018 respectively. Additional support to the domestic business spending is estimated to be provided by inflows of the Third Program funding (in conjunction with synergies from Juncker Plan, European Investment Bank ("EIB") financing and private funds), which will also support liquidity creation and business investment. A positive impact on household disposable income from the sustainable improvement in labour market conditions, combined with a pick-up in hourly labour compensation in more competitive sectors, are expected to support a higher private consumption compared to 2017 (0.5% y-o-y, in 2018, according to European Commission estimates), albeit increased oil prices create some downside risks to this baseline estimate. Greece's economic performance will also be supported by the healthy increase in economic activity in the Euro area – Greece's major market for exports of goods and services – which is expected to reach 2.3% y-o-y in 2018 from 2.4% y-o-y in 2017 (according to the latest estimates of the European Commission). Against this backdrop, Greece's GDP growth is expected to reach 2.0%, y o y, on average, in 2018, according to the latest estimates of the European Commission and the International Monetary Fund (the "IMF"). However, the recovery remains susceptible to downside risks related, inter alia, to the additional fiscal effort to meet the medium term fiscal targets (a primary surplus in General Government Budget of 3.5% of GDP in 2018-2022), a slower-than-initially-expected improvement in liquidity conditions and the vulnerable financial position of a significant number of households and small business units, following the multiyear crisis. A potential emergence of adverse external factors affecting export demand, euro's exchange rates against other trade partners, imported inputs' prices (especially energy costs) or financial and monetary conditions internationally, could have a negative influence on Greece's economic performance.

The fiscal over performance continued in 2017 when Greece exceeded the 1.75% of GDP primary surplus program-target for 2017 by a margin of almost 2.5% of GDP. Nonetheless, maintaining this favourable momentum in fiscal adjustment remains highly dependent on an increasing revenue performance, which, in turn, could further weigh on private sector's financial position. Moreover, the achievement of this fiscal target is likely to additionally weaken, again, the pace of improvement of liquidity conditions and private sector's debt servicing capacity.

Regarding the upcoming disbursements for 2018, following the completion of the third review of the Program in early March 2018, the IMF, the ECB, the European Stability Mechanism ("ESM") and the European Commission (collectively, the "Institutions") decided the disbursement of the fourth tranche of the Third Program amounting to €6.7 billion to cover current financing needs, further arrears clearing and "to support the build-up of the cash buffer of the Greek State, in order to support Greece's return to the market". The amount has been planned to be disbursed in two instalments, beginning with a first instalment of €5.7 billion which was disbursed in late-March 2018, whereas the second disbursement of €1 billion will be used for arrears clearance and is going to be disbursed until mid-June 2018, upon completion of the necessary actions by the Greek government. In this context, on 19 May 2018 a staff-level agreement ("SLA") was reached on a package of reforms required for the successful completion of the fourth review of the Third Program and was ratified in the Eurogroup of 24 May 2018, paving the way for a timely conclusion of the fourth review of the Third Program. A prospective completion of the fourth review of the Third Program, which will unlock additional funding resources up to an amount of €11.7 billion and set the stage for a successful completion of the Third Program, along with the accumulation of a sizeable cash buffer (financed by Third Program funds and sovereign bond issuance) by the Greek State – with a view to fully cover its debt servicing needs in a 2-year period – is expected to provide a considerable boost in activity and economic confidence.

The capacity of the Hellenic Republic to re-access the markets for financing its maturing debt on a sustainable basis, following the successful issuance of a 7-year bond and 12-month Treasury bill in February 2018 and in March 2018, respectively, which have raised €4 billion in total, is a critical step for the country's return to economic normalcy. A timely completion of the fourth review, along with the provision of further detail on the specifics of the medium and long-term strategy for reducing public debt servicing costs are expected to support the efforts of the Hellenic Republic to access the markets on a sustainable basis. In fact, a first discussion, at technical level, on a package of debt relief measures took place at the Eurogroup of 24 May 2018, which mandated the Institutions to produce a final Debt Sustainability Analysis which will form the basis for a final assessment of the measures needed to ensure long-term debt sustainability. According to the timeline agreed under the SLA, the Hellenic Republic aims to reach a deal with its official lenders on further debt relief (ideally in the Eurogroup of 21 June), which will be implemented in the post-bailout period. To do so, the Greek government has to implement all the reforms and measures related to the fourth review (including on energy issues, pensions, non-performing loans and labor issues) as swiftly as possible in advance of the Eurogroup of 21 June 2018.

Nevertheless, Greece's sovereign and private debt valuations and economic conditions, in general, are unlikely to remain unaffected in the event of a significant adjustment in international markets and/or a protracted increase in volatility internationally, despite the supportive role of improving macroeconomic stability domestically. Potential delays in the completion of actions necessary to complete the fourth review, possible uncertainties regarding the additional debt relief measures by the official lenders, (agreed in the Eurogroup of 25 May 2016, and further specified in Eurogroups of 15 June 2017 and 12 March 2018), an insufficient build-up of the liquidity buffer, and/or an unclear framework for the country's post-Third Program monitoring with a potential exit of the IMF from the monitoring institutions, could give rise to negative confidence and liquidity effects, delay the relaxation of capital controls and exert additional downward pressures on collateral valuations – especially real estate – along with the additional pressure on demand from fiscal measures. External factors related to the risk of a deterioration in financial or broader macroeconomic conditions in the Euro area or globally, geopolitical risks and/or a further appreciation in energy prices could create downside risks to Greece's economic performance.

2018 Stress Test

Between February and April 2018, the ECB conducted a Stress Test Exercise on the four Greek Systemic Banks. The exercise was performed following the same approach of European Banking Authority ("EBA") exercise in terms of methodology, templates, scenarios and quality assurance of the results. The 2018 Stress Test results were published on 5 May 2018 and ECB has not requested parent Bank to submit a capital plan.

Going concern conclusion

Management of the parent Bank concluded that a going concern issue does not exist after considering (a) the full repayment of outstanding balance to ELA mechanism, the decreased ECB funding and the current access to the Eurosystem facilities with significant collateral buffer, (b) the parent Bank's and the Group's CET1 ratio of 31 March 2018 which exceeded Supervisory Review and Evaluation Process "SREP" requirements even after the adoption of IFRS 9, (c) the results of the recent Stress Test exercise, based on which no capital plan was deemed necessary (d) the recent developments regarding the Greek economy and the latest estimates regarding macroeconomic indicators.

Due to the fact that the parent Bank prepares its financial statements with the going concern assumption, management of the Company believes that is well positioned to adequately support its business plan over the coming year (2018) and for this reason prepared its own financial statements on a going concern basis.

Impact from the first time adoption of International Financial Reporting Standard (IFRS) 9 on shareholders' equity as of 1 January 2018

As of 1 January 2018, IFRS 9 "Financial Instruments" replaced International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for a) the classification and measurement of financial instruments, and b) impairment of financial assets.

The adoption of IFRS 9 on 1 January 2018, is expected to have a negative impact on the Company's shareholders' equity by approximately €1,654.1 thousand. This impact is due to new requirements, classification and measurement of credit provisions and is calculated at approximately €2,329.7 thousand. The negative impact on the Company's shareholders' equity should be reduced at approximately €675.6 thousand as a deferred tax asset shall be recognized.

By applying the regulatory transitional arrangements for 2018, the Company's capital adequacy ratio as at 31 December 2017, are estimated to decrease by approximately 81bps at 25.28%.

The above IFRS 9 impact estimates are based on the accounting policies, assumptions and judgments of the Company, which are based on corresponding policies, assumptions and judgments of the parent Bank as determined to date and will be finalized during the preparation of the financial statements for the year ending 31 December 2018. Consequently, the aforementioned estimates remain subject to change within 2018. The final impact upon transition to IFRS 9 will be included in the 2018 Annual Financial Report. For more details, please also refer to Note 31.

Management actions during 2017 and for the first five months of 2018

As stated above, during the ninth financial year the actions of the management were focused mainly on broadening portfolio clientele basis, maintaining the extremely low NPL's rate, empowering the synergies with parent Bank and reinforce liquidity to customers with more efficient management of their capital needs.

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 export companies, Company's turnover related to international factoring amounted to €286,741.5 thousand against €229,546.7 thousand of 2016 recording an increase of 24.9%. Moreover, an amount of €224,951.7 thousand (2016: €148,698.5 thousand) relates to direct export factoring and €61,789.8 thousand (2016: €80,848.2 thousand) relates to factoring was executed via the two-factor system. Finally, out of total Company's turnover, reverse factoring turnover amounted to €112,257.7 thousand against €146,382.6 thousand of 2016.

In first months of 2015, Company also applied a detailed pricing model for corporate customers while processing on further optimization.

During 2017 the NBG Group Internal Audit Division performed an internal audit concerning the procedures on Human Resources. 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. Furthermore, the Company is a full member of international factoring association "Factors Chain International" "FCI", since 2009, which counts more than 400 members in 90 different countries.

Factoring market evolution

According to Hellenic Factoring Association "HFA", during 2017 factoring turnover in Greece amounted to €13.1 billion against €12.8 billion of 2016 increased by 2.3%. Furthermore, according to "EU Federation for the Factoring and Commercial Finance Industry" "EUF" factoring turnover in Greece reached to 7.4% of GDP slightly increased by 0.1% compared to 2016. The stabilization of factoring turnover reflects the strong demand for factoring as financial instrument providing continuous liquidity and exploitation of total assets. Lastly, for 2017 Ethniki's Factors market share stood stable to 17.0% (2016: 17.1%).

For 2017 the global market according to "FCI" managed an increase of 9.0% against 2016 in factoring turnover amounted to €2.6 trillion, whereas according to "EUF" European market reached to €1.6 trillion increased by 7.4% year-over-year ("y-o-y"). However, an important factor is the average penetration rate of Factoring turnover in European GDP that stands at 10.5%, reflecting the positive prospects for Greek factoring market.

Events after the reporting period

There are no significant events after the reporting period.

Risk Management

The Company adopts the Risk Management Policies of the NBG 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 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 Company. Ethniki Factors faces a concentration of credit risk as far as cash and cash equivalents and loans and advances to customers arising from factoring contracts. This is the most important risk for the Company. Credit risk processes are conducted in cooperation with parent Bank under the framework of the contractual management of this risk. The credit risk procedures established for the Company 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 exposure, 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 an Operational Risk Management Framework (ORMF) considering qualitative and quantitative criteria of Standardised Approach.

During 2017 the annual cycle of ORMF was implemented using the OpVar application developed by Algorithmics company (currently IBM).

Especially, in the context of ORMF implementation conducted the following procedures:

- The identification, assessment and monitoring of operational risks (Risk Control Self-Assessment "RCSA")
- 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.

2018 Perspectives

The official projections for a strong economic recovery in 2018 of 2.6% y-o-y, on average, (Sources: EU Commission Winter Forecast, February 2018 and IMF, World Economic Outlook, October 2017) continue to be subjected to downside risk related to the additional fiscal drag from the implementation of new fiscal measures to support the achievement of a targeted primary surplus of 3.5% of GDP in 2018 and in 2019 (Source: Memorandum of Understanding, 19 August 2015) and the uncertainties regarding the path of transition to economic normalcy, following the end of the Third Program and the capacity of the economy to refinance its debt in the markets, in a sustainable way and at competitive terms. The timeliness of specification of new interventions on the Hellenic Republic's debt, along with the lines of relevant Eurogroup decisions, could also have an impact on liquidity conditions and general economic conditions.

The projected recovery is expected to be supported by: i) improving sentiment compared to the previous year, which will support private sector spending and investment decisions; ii) positive tourism contribution, as indicated by favourable prospects for 2018, according to the latest development in early bookings; iii) improving goods' export trends (+9.6%, y-o-y, excluding oil products, in FY:2017, Source: Bank of Greece, Developments in the Balance of Travel Services Press Release, December 2017) and steadily positive trends in export orders until early-2018, supported by the strong economic growth in the Euro area; iv) business and public investment activity, enhanced by inflows of program funding, EU structural funds and the expected increase in public investment expenditure in 2018, compared to the previous year; v) a further normalization of liquidity conditions (reflecting, *inter alia*, additional progress in the clearance of government arrears and improving labor market conditions) and an acceleration in portfolio and foreign direct investment inflows, which has already become evident in 2017 and vi) a further easing of capital controls.

Most of the above developments are supportive of an acceleration in GDP growth in 2018, however, medium term growth prospects, the pace of improvement in the private sector financial position – especially of households and less competitive enterprises – and liquidity conditions, as well as, the exact timeline for lifting capital controls, remain uncertain. External factors related to the risk of a deterioration in financial or broader macroeconomic conditions in the euro area or globally, geopolitical risks and/or a further appreciation in energy prices could create considerable downside risks to Greece’s economic performance..

In the belief that the required stability in the economic environment should improve in 2018, factoring activities is expected to maintain and strengthen the positive sign recorded in 2017 (+2.3%). The gradual development of the Greek economy will also contribute positively to factoring expansion. Factoring will continue to be a popular financial instrument as an alternative and boosting liquidity solution. Domestic factoring market is expected to expand resulting the adoption of Factoring by large business groups in combination with the policy for credit expansion of Systemic Banks with highly secured collateralized assets. Based on the positive estimates for the Greek economy and considering the European average penetration rate of Factoring as a percentage of GDP, 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 2018 are the following:

1. To maintain the extremely low NPL’s rate.
2. To enhance targeted clientele basis in cooperation with the parent Bank.
3. To increase robust profitability and enhance market share.
4. To improve the cost to income ratio
5. To develop International and selective Reverse Factoring activities.
6. To improve financial risk management practices and minimize financial and operating risks.
7. To invest in modernize IT platforms and processes in order to minimize costs while improve supplied services to business clientele.
8. To focus on employees development and training.

Dividend Policy

The Management will propose to the Annual General Assembly of the shareholders to approve the appropriation of amount €413.9 thousand as a statutory reserve according to provisions of Company Law 2190/1920 and the distribution of dividend of €6,500 thousand from current and past year’s profits. This decision is subject to the approval from the Annual General Assembly of the Shareholders.

Athens, 4 June 2018

The Chairman of the Board of Directors
Theofanis Panagiotopoulos

pwc

Independent Auditor's Report

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

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of NBG Factors (Company) which comprise the statement of financial position as of 31 December 2017, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2017, its financial performance and its cash flows for the year then ended in accordance with Greek Accounting Standards and comply with the statutory requirements of Codified Law 2190/1920.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, and the requirements of the IESBA Code.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to Board of Directors Report, we considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920.

Based on the work undertaken in the course of our audit, in our opinion:

The information given in the the Board of Directors' Report for the year ended at 31 December 2017 is consistent with the financial statements,

The Board of Directors' Report has been prepared in accordance with the legal requirements of article 43a of the Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Greek Accounting Standards and comply with the requirements of Codified Law 2190/1920, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

"With respect to the Board of Directors Report, the procedures we performed are described in the "Other Information" section of our report".

Athens, 4 June 2018

The Certified Auditor

PricewaterhouseCoopers S.A.
Certified Auditors
268 Kifissias Avenue
152 32 Halandri
Soel Reg. No 113

Marios Psaltis
Soel Reg. No 38081

Statement of Total Comprehensive Income
For the period ended 31 December 2017

Amounts in €	Note	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Interest and similar income	4	13,727,686	16,807,299
Interest expense and similar charges	4	(4,013,088)	(7,159,484)
Net Interest Income		**9,714,598**	**9,647,815**
Fee and commission income	5	6,858,339	6,839,968
Commission expense	5	(2,763,374)	(2,244,443)
Net fee and commission income		**4,094,965**	**4,595,525**
Net trading income		(895)	250
Total Income		**13,808,668**	**14,243,590**
Personnel expenses	6	(969,398)	(896,776)
General, administrative and other operating expenses	7	(1,028,250)	(976,387)
Amortization of intangible assets	12	(39,957)	(39,958)
Depreciation of property and equipment	13	(993)	(16,661)
Credit provisions	8	(94,071)	3,868,150
Total gains / (expenses)		**(2,132,669)**	**1,938,368**
Profit before tax		**11,675,999**	**16,181,958**
Tax expense	9	(3,398,103)	(4,696,960)
Profit for the period		**8,277,896**	**11,484,998**
Other comprehensive income, net of tax :			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits		(1,783)	(15,020)
Other comprehensive income for the period, net of tax :		**(1,783)**	**(15,020)**
Total comprehensive income for the period		**8,276,113**	**11,469,978**

Athens, 4 June 2018

THE CHAIRMAN	THE CHIEF EXECUTIVE OFFICER	THE HEAD 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 16 to 44 form an integral part of these financial statements

Statement of Financial Position
as at 31 December 2017

Amounts in €	Note	31.12.2017	31.12.2016
ASSETS			
Cash and balances with banks	10	6,450,789	4,233,328
Loans and advances to customers	11	332,434,484	291,340,237
Software and other intangible assets	12	299,064	339,021
Property and equipment	13	4,522	4,162
Current income tax advance	9	159,566	124,412
Other assets	15	38,383	22,850
Total assets		**339,386,808**	**296,064,010**
LIABILITIES			
Due to banks	16	27,306,781	28,790,583
Debt securities in issue	17	230,030,900	185,017,472
Due to customers	18	5,060,437	4,788,234
Deferred tax liabilities	14	4,287,749	3,597,629
Retirement benefit obligations	19	111,551	96,095
Other liabilities	20	2,171,016	1,631,736
Total liabilities		**268,968,434**	**223,921,749**
SHAREHOLDERS' EQUITY			
Share capital	21	20,000,000	20,000,000
Share premium	21	30,000,000	30,000,000
Reserves	22	2,694,534	2,122,067
Retained earnings	23	17,723,840	20,020,194
Total Shareholders' Equity		**70,418,374**	**72,142,261**
Total Liabilities and Equity		**339,386,808**	**296,064,010**

Athens, 4 June 2018

THE CHAIRMAN	THE CHIEF EXECUTIVE OFFICER	THE HEAD 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 16 to 44 form an integral part of these financial statements

Statement of Changes in Equity
For the period ended 31 December 2017

Amounts in €	Share Capital	Share Premium	Defined benefit plans	Statutory Reserve	Retained earnings	Total
Balance at 1 January 2016	**20,000,000**	**30,000,000**	**(6,849)**	**1,815,077**	**16,864,055**	**68,672,283**
Other comprehensive income	-	-	(15,020)	-	-	(15,020)
Profit for the period	-	-	-	-	11,484,998	11,484,998
Dividends paid	-	-	-	-	(8,000,000)	(8,000,000)
Statutory reserve	-	-	-	328,859	(328,859)	-
Balance at 31 December 2016 & at 1 January 2017	**20,000,000**	**30,000,000**	**(21,869)**	**2,143,936**	**20,020,194**	**72,142,261**
Other comprehensive income	-	-	(1,783)	-	-	(1,783)
Profit for the period	**-**	**-**	**-**	**-**	8,277,896	8,277,896
Dividends paid	-	-	-	-	(10,000,000)	(10,000,000)
Statutory reserve	-	-	-	574,250	(574,250)	-
Balance at 31 December 2017	**20,000,000**	**30,000,000**	**(23,652)**	**2,718,186**	**17,723,840**	**70,418,374**

Athens, 4 June 2018

THE CHAIRMAN	THE CHIEF EXECUTIVE OFFICER	THE HEAD 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 16 to 44 form an integral part of these financial statements

Cash Flow Statement
For the period ended 31 December 2017

Amounts in €	Note	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Cash Flows from operating activities			
Profit before tax		**11,675,999**	**16,181,958**
Non cash items included in statement of total comprehensive income and other adjustments:		**4,161,054**	**3,358,526**
Depreciation of property and equipment	13	993	16,661
Amortization of intangible assets	12	39,957	39,958
Credit provisions	8	94,071	(3,868,150)
Provision for employee benefits	19	12,945	10,573
Interest expense and similar charges	4	4,013,088	7,159,484
Net (increase)/decrease in operating assets :		**(40,931,648)**	**118,978,718**
Due from / to customers		(40,916,115)	119,103,130
Other assets		(15,533)	(124,412)
Net increase/(decrease) in operating liabilities:		**(2,203,129)**	**(3,476,289)**
Other Liabilities		539,280	(464,970)
Income tax paid		(2,742,409)	(3,011,319)
Net Cash flows from / (for) operating activities		**(27,297,724)**	**135,042,913**
Cash flows from investing activities:			
Purchase of property and equipment	13	(1,353)	(15,861)
Net Cash flows from / (for) investing activities		**(1,353)**	**(15,861)**
Cash flows from financing activities:			
Proceeds from debt securities		230,000,000	210,000,000
Repayment of debt securities		(185,000,000)	(360,000,000)
Debt securities issue costs	17	(33,600)	-
Due to banks	16	(1,998,276)	24,665,045
Repayment of debt securities interest expenses		(3,350,042)	(6,978,035)
Interest paid		(101,544)	(95,112)
Dividends paid		(10,000,000)	(8,000,000)
Net cash flows from / (for) financing activities		**29,516,538**	**(140,408,102)**
Net increase / (decrease) in cash and cash equivalents		**2,217,461**	**(5,381,050)**
Cash and balances with the banks at beginning of period		**4,233,328**	**9,614,378**
Cash and balances with the banks at end of period		**6,450,789**	**4,233,328**

Athens, 4 June 2018

THE CHAIRMAN	THE CHIEF EXECUTIVE OFFICER	THE HEAD 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 16 to 44 form an integral part of these financial statements

Notes to the Financial Statements

NOTE 1: General information

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

The Company is a subsidiary of National Bank of Greece S.A., which owns 100% of the Company's share capital. The Company's financial statements are consolidated in the financial statements of National Bank of Greece S.A. under the full consolidation method.

The Board of Directors, whose term expires at 30 June 2019 according to the art.13 of the Company's Article of Association and the assembly was held on 30 June 2016, consists of the following members:

Theofanis Th. Panagiotopoulos	The Non-Executive Chairman of the Board of Directors
Alexandros V. Kontopoulos	Chief Executive Officer and 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
Georgios G. Koutsoudakis	Non – Executive Member
Dimitrios G. Katsikavelis	Independent Member

These annual financial statements have been approved for issue by the Company's Board of Directors on 4 June 2018.

The financial statements are subject to approval by the Company's 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 31 December 2017 (the "financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as endorsed by the E.U. The amounts are stated in Euro rounded to the nearest thousand, (unless otherwise stated for ease presentation).

The financial statements have been prepared under the historical cost convention. The preparation of the financial statements in conformity with the 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 revenue and expenses during the reporting period. Use of the available information and application of judgment is 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 100.0% subsidiary of the National Bank of Greece maintains significant synergies both with its parent Bank and also with the other companies of the NBG Group. Those synergies mainly relate to a) Company's funding for new factoring financing, b) business development and client credit assessment and c) various operational issues. As a result the Company highly correlates its operations to its parent Bank strategy.

As at 31 March 2018, funding to parent Bank from European Central Bank ("ECB") amounted to €2.75 billion, and remained unchanged related to 31 December 2017, after the significant reduction in 2017 of the parent Bank exposure to Eurosystem funding (collectively, ECB and Emergency Liquidity Assistance ("ELA")), with the fully elimination of parent Bank dependence from the ELA. Furthermore, as of 31 March 2018 the parent Bank had entered into secure interbank transactions with foreign financial institutions of €3.6 billion, while the parent Bank ELA liquidity buffer stood at €9.4 billion (cash value).

Macroeconomic developments

After a slight decline of 0.3% year-over-year ("y-o-y") in real Gross Domestic Product ("GDP", in constant prices) in 2016, GDP growth entered positive territory in 2017 (+1.3%, y-o-y), mainly, supported by a notable rebound in gross capital formation (14.9% y-o-y in 2017), which added 1.8 percentage points ("pps") to annual production growth and compensated for the subdued private consumption (0.1% y-o-y, in the same period). In fact, this is the strongest GDP performance in ten years, following a cumulative contraction of 26.1%, y-o-y, between 2008 and

2016, despite the tighter-than-initially-expected fiscal conditions in 2017. Deflation ended in 2017, with the consumer price index increasing by 1.1%, y-o-y, following an annual average decline of 1.2% in the period 2013-2016. Consumer prices stabilized in the first quarter of 2018 (-0.1% y-o-y), mainly, due to a stabilization in energy prices (0.2% y-o-y), while core inflation recorded a slight increase (0.1% y-o-y) that reflects sustainable cost containment by Greek firms. Nevertheless, inflation is expected to accelerate in the second quarter of 2018, in the view of the significant increase in oil prices by 29.4% y-o-y in the period April-May 2018. Such an increase is expected to take a toll on household disposable income, partially offsetting the positive trends in the labor market (employment growth of 1.7% in the first two months of 2018, which is expected to accelerate further according to net hiring flows recorded in the ERGANI Information System of the Ministry of Labor, Social Security and Welfare).

An increasing number of coincident and economic confidence indicators, especially for the business sector, showed a significant improvement over the course of 2017, which continued in early 2018 (with some of these indicators returning to pre-crisis levels in the first four months of 2018), suggesting that economic activity is going to gain additional traction in 2018. A further improvement in Greece's economic performance in 2018 is expected to be buoyed by declining uncertainty and a sustainable lowering in Greece's sovereign risk premia. Nonetheless, the correction in Greek financial assets valuations (in fixed income and equity markets) to adverse corporate news and increase in volatility due to political uncertainty in Italy, suggests that the Greek sovereign and corporate risk assessment remains sensitive to downside risks.

The tourism sector performance remains solid – increase in revenue and arrivals of 14.2% y-o-y and 12.8% y-o-y, respectively, in the first quarter of 2018. Additional support to the domestic business spending is estimated to be provided by inflows of the Third Program funding (in conjunction with synergies from Juncker Plan, European Investment Bank ("EIB") financing and private funds), which will also support liquidity creation and business investment. A positive impact on household disposable income from the sustainable improvement in labour market conditions, combined with a pick-up in hourly labour compensation in more competitive sectors, are expected to support a higher private consumption compared to 2017 (0.5% y-o-y, in 2018, according to European Commission estimates), albeit increased oil prices create some downside risks to this baseline estimate. Greece's economic performance will also be supported by the healthy increase in economic activity in the Euro area – Greece's major market for exports of goods and services – which is expected to reach 2.3% y-o-y in 2018 from 2.4% y-o-y in 2017 (according to the latest estimates of the European Commission). Against this backdrop, Greece's GDP growth is expected to reach 2.0%, y o y, on average, in 2018, according to the latest estimates of the European Commission and the International Monetary Fund (the "IMF"). However, the recovery remains susceptible to downside risks related, inter alia, to the additional fiscal effort to meet the medium term fiscal targets (a primary surplus in General Government Budget of 3.5% of GDP in the period 2018-2022), a slower-than-initially-expected improvement in liquidity conditions and the vulnerable financial position of a significant number of households and small business units, following the multiyear crisis. A potential emergence of adverse external factors affecting export demand, euro's exchange rates against other trade partners, imported inputs' prices (especially energy costs) or financial and monetary conditions internationally, could weigh on Greece's economic performance.

The fiscal over performance continued in 2017 when Greece exceeded the 1.75% of GDP primary surplus program-target for 2017 by a margin of almost 2.5% of GDP. Nonetheless, maintaining this favourable momentum in fiscal adjustment remains highly dependent on an increasing revenue performance, which, in turn, could further weigh on private sector's financial position. Moreover, the achievement of this fiscal target is likely to take, again, an additional toll on the pace of improvement of liquidity conditions and private sector's debt servicing capacity.

Regarding the upcoming disbursements for 2018, following the completion of the third review of the Third Program in early March 2018, the IMF, the ECB, the European Stability Mechanism ("ESM") and the European Commission (collectively, the "Institutions") decided the disbursement of the fourth tranche of the Third Program amounting to €6.7 billion to cover current financing needs, further arrears clearing and "to support the build-up of the cash buffer of the Greek State, in order to support Greece's return to the market". The amount has been planned to be disbursed in two instalments, beginning with a first instalment of €5.7 billion which was disbursed in late-March 2018, whereas the second disbursement of €1 billion will be used for arrears clearance and is going to be disbursed until mid-June 2018, upon completion of the necessary actions by the Greek government. On that note, on 19 May 2018 a staff-level agreement ("SLA") was reached on a package of reforms required for the successful completion of the fourth review of the Third Program and was ratified in the Eurogroup of 24 May 2018, paving the way for a timely conclusion of the fourth review of the Third Program. A prospective completion of the fourth review of the Third Program, will unlock additional funding resources up to an amount of €11.7 billion and set the stage for a successful completion of the Third Program, along with the accumulation of a sizeable cash buffer (financed by Third Program funds and sovereign bond issuance) by the Greek State – with a view to fully cover its debt servicing needs in a 2-year period – is expected to provide a considerable boost in activity and economic confidence.

The capacity of the Hellenic Republic to re-access the markets for financing its maturing debt on a sustainable basis, following the successful issuance of a 7-year bond and 12-month Treasury bill in February 2018 and in March 2018, respectively, which have raised €4 billion in total, is a critical step for the country's return to economic normalcy. A timely completion of the fourth review, along with the provision of further detail on the specifics of the medium and long-term strategy for reducing public debt servicing costs are expected to support the efforts of the Hellenic Republic to access the markets on a sustainable basis. In fact, a first discussion, at technical level, on a package of debt relief measures took place at the Eurogroup of 24 May 2018, which mandated the Institutions to produce a final Debt Sustainability Analysis which will form the basis for a final assessment of the measures needed to ensure long-term debt sustainability. According to the timeline agreed under the SLA, the Hellenic Republic aims to reach a deal with its official lenders on further debt relief (ideally in the Eurogroup of 21 June), which will be implemented in the post-bailout period. To do so, the Greek government has to implement all the reforms and measures related to the fourth review (including on energy issues, pensions, non-performing loans and labor issues) as swiftly as possible in advance of the Eurogroup of 21 June 2018.

Nevertheless, Greece's sovereign and private debt valuations and economic conditions, in general, are unlikely to remain unaffected in the event of a significant adjustment in international markets and/or a protracted increase in volatility internationally, despite the supportive role of improving macroeconomic stability domestically. Potential delays in the completion of actions necessary to complete the fourth review, possible uncertainties regarding the additional debt relief measures by the official lenders, agreed in the Eurogroup of 25 May 2016, and further specified in Eurogroups of 15 June 2017 and 12 March 2018, an insufficient build-up of the liquidity buffer, and/or an unclear framework for the country's post-Third Program monitoring with a potential exit of the IMF from the monitoring institutions, could give rise to negative confidence and liquidity effects, delay the relaxation of capital controls and exert additional downward pressures on collateral valuations – especially real estate – along with the additional pressure on demand from fiscal measures. External factors related to the risk of a deterioration in financial or broader macroeconomic conditions in the Euro area or globally, geopolitical risks and/or a further appreciation in energy prices could create downside risks to Greece's economic performance.

2018 Stress Test

Between February and April 2018, the ECB conducted a Stress Test Exercise on the four Greek Systemic Banks. The exercise was performed following the same approach of European Banking Authority ("EBA") exercise in terms of methodology, templates, scenarios and quality assurance of the results. The 2018 Stress Test results were published on 5 May 2018 and ECB has not requested parent Bank to submit a capital plan.

Going concern conclusion

Management of the parent Bank concluded that is a going concern after considering (a) the decreased ECB funding and the current access to the Eurosystem facilities with significant collateral buffer, (b) the parent Bank's and the Group's CET1 ratio of 31 March 2018 which exceeded Supervisory Review and Evaluation Process "SREP" requirements even after the adoption of IFRS 9, (c) the results of the recent Stress Test exercise, based on which no capital plan was deemed necessary (d) the recent developments regarding the Greek economy and the latest estimates regarding macroeconomic indicators.

Due to the fact that the parent Bank prepares its financial statements with the going concern assumption, management of the Company believes that is well positioned to adequately support its business plan over the coming year (2018) 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 effective from 1 January 2017

Amendments

- IAS 12 (Amendments) Recognition of Deferred Tax Assets for Unrealised Losses. This amendment clarifies the following aspects: Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by holding. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

- IAS 7 (Amendments) Disclosure Initiative. The amendment requires that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- Annual Improvements to IFRS Standards 2014–2016 Cycle. The amendments impact IFRS 12 and clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 ''Non-current Assets Held for Sale and Discontinued Operations''.

The adoption of the aforementioned amendments did not have a material impact on the Company's financial statements.

New standards effective after 2017

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB issued IFRS 9 ''Financial Instruments'', which is the comprehensive standard to replace IAS 39 ''Financial Instruments: Recognition and Measurement'', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. Further information on the requirements of IFRS 9, how the Company will apply IFRS 9 and the expected impact upon adoption, is included in Note 31.

- IFRS 15 ''Revenue from Contracts with Customers'' (effective for annual periods beginning on or after 1 January 2018). 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. The standard will be applied from 1 January 2018 and is not expected to have a significant impact on the Company's financial statements.

- IFRS 16 ''Leases'' effective for annual periods beginning on or after 1 January 2019). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessees recognise a right of use asset and a corresponding financial liability on the balance sheet. The asset is amortised over the length of the lease, and the financial liability is measured at amortised cost. Lessor accounting remains substantially the same as under IAS 17. The Company is currently assessing the impact of IFRS 16, and it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until a detailed review has been completed. Existing operating lease commitments are set out in Note 26.

- IFRS 17 ''Insurance Contracts'' (effective for annual periods beginning on or after 1 January 2021, as issued by the IASB). IFRS 17 is a comprehensive standard for insurance contracts, in contrast to IFRS 4, which was issued as an interim standard that permitted companies to continue their accounting practices for insurance contracts and focused on enhancing disclosures on the amount, timing and uncertainty of future cash flows from insurance contracts IFRS 17 is not expected to have an impact on the Company's financial statements.

2.3.2 Amendments to standards and interpretations effective after 2017

- IFRIC 22 ''Foreign Currency Transactions and Advance Consideration'' (effective for annual periods beginning on or after 1 January 2021, as issued by the IASB). The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

Consensus: The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

- IFRS 15 (Amendment) Clarifications to IFRS 15 ''Revenue from Contracts with Customers'' (effective for annual periods beginning on or after 1 January 2018). The amendment clarifies three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts.

- IFRIC 23 ''Uncertainty over Income Tax Treatments'' (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatment under IAS 12. It specifically considers:

- Whether tax treatments should be considered exclusively,
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates,
- The effect of changes in facts and circumstances.

IAS 19 (Amendment) ''Plan Amendment, Curtailment or Settlement'' effective for annual periods beginning on or after 1 January 2019, as issued by the IASB), specifies how companies determine pension expenses when changes to a defined benefit pension plan occur. IAS 19 ''Employee Benefits'' specifies how a company accounts for a defined benefit plan. When a change to a plan—an amendment, curtailment or settlement—takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan.

- Annual Improvements to IFRS Standards 2015–2017 Cycle (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB).The amendments impact the following standards:

IAS 12 - clarified to state that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 – clarified to provide that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- IFRS 9 (Amendment) Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). The amendment to IFRS 9 allows companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at FVTOCI if a specified condition is met, instead of at FVTPL.

The Company has not adopted these amendments and interpretations, however they are not expected to have a material impact on the Company's financial statements.

2.4 Foreign currency transactions

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 statement of total comprehensive income.

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 statement of total comprehensive income.

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 is recognized directly in Equity. The Company does not enter into derivative financial instruments used for hedging and trading.

2.6 Loans and advances to customers

Loans and advances to customer include financing to customers. Loans and advances to customer are recognised when cash is advanced to customers. Loans and advances to customers 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 on an accrual basis.

2.7 Allowance for Impairment on loans and advances to customers

An allowance for impairment on loans and advances to customers 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 amount of impairment loss is deducted from "Loans and advances to Customers" in the statement of financial position. 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 loans and advances to customers 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 loans and advances to customers has been incurred, the amount of the loss is measured as the difference between the loans and advances to customers carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at a) the loans and advances to customers original effective interest rate, if the loans and advances to customers bears a fixed interest rate, or b) current effective interest rate, if the loans and advances to customers bears a variable interest rate.

For the purposes of a collective evaluation of impairment, loans and advances to customers are grouped on the basis of similar credit risk characteristics. Corporate loans 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 loans and advances to customers by being indicative of the customers' ability to pay all amounts due and together with historical loss experience for loans and advances to customers 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 impaired loans and advances to customers 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 loans and advances to customers and debited or credited to account "Allowance for impairment on loans and advances to customers". 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.

Loans and advances to customers which is are deemed to be uncollectible or forgiven, are written off against the related provision for customer receivables impairment. Subsequent recoveries are credited to "Credit provisions" in the statement of total 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 has been 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 total comprehensive income as part of impairment losses on loans and advances to customers.

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.

Notes to the Financial Statements

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 statement of total comprehensive income.

2.9 Offsetting

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

2.10 Interest income and expense

Interest income and expense are recognised in the statement of total comprehensive income for all interest bearing instruments using the effective interest rate method. Interest income mainly includes interest earned from loans and advances to customers 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 commisions

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 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, is 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 statement of total comprehensive income 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 statement of total comprehensive income 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 Employee Benefits

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 Statement of total comprehensive income 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 tax is accounted for using the balance sheet liability method. The temporary differences arise 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 income tax advances against current income 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 income 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 statement of total comprehensive income 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 statement of total comprehensive income over the period of borrowings using the effective interest rate method. Interest expenses are recognized on an accrual basis.

The mid-long term borrowed funds of the Company consists of bond loan issued according to law N.3156/2003 and overdraft accounts.

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 related party transactions are made on substantially the same terms, including interest rates and collateral, as with those prevailing at the same time for comparable transactions with non-related parties and do not involve inherent risk.

NOTE 3: Critical judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the Company's financial statements and accompanying notes. The Company believes that the judgments, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as of 31 December 2017. 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 loans and advances to customers

The amount of the allowance set aside for losses on loans and advances to customers is based upon management's ongoing assessments of the probable estimated losses. Assessments are conducted by members of the management responsible for various types of customers financing employing a specific 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 present value of future cash flows. In estimating these cash flows, management makes estimates about the counterparty's financial condition and any 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 impairment allowance for loans and advances to customers, management considers factors such as credit quality, portfolio size, concentrations, and other 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 depends on model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, management believes that allowance for impairment on loans and advances to customers recognised, are reasonable and supportable.

Pension benefits - Defined benefit obligation

The present value of defined benefit obligation is determined on an actuarial basis, using a number of assumptions such as discount rates, salary changes and benefits. These assumptions are ultimately determined based on the Company's salary increases each year.

NOTE 4: Net interest income

The net interest income is analyzed as follows:

Amounts in €	31.12.2017	31.12.2016
Interest earned on		
Amounts due from banks	836	2,839
Amounts due from customers	13,726,850	16,804,460
Total	**13,727,686**	**16,807,299**
Interest payable on		
Amounts due to banks	(616,019)	(174,151)
Debt securities in issue	(3,397,069)	(6,985,333)
Total	**(4,013,088)**	**(7,159,484)**
Net interest income	**9,714,598**	**9,647,815**

NOTE 5: Net fee and commission income

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

Amounts in €	31.12.2017	31.12.2016
Commission income		
Business loans	6,858,339	6,839,968
Total	**6,858,339**	**6,839,968**
Commission expense		
Business loans	(163,276)	(213,658)
Other	(2,600,098)	(2,030,785)
Total	**(2,763,374)**	**(2,244,443)**
Net fee and commission income	**4,094,965**	**4,595,525**

Other commission expense of €2,600,098, includes a fee of €2,548,405 to the parent company National Bank of Greece S.A. for client recommendation services (2016: €1,983,755).

NOTE 6: Personnel expenses

The personnel expenses are analyzed as follows:

Amounts in €	31.12.2017	31.12.2016
Salaries	(723,464)	(686,341)
Social security costs	(192,303)	(166,068)
Defined benefit plans (Note 19)	(12,945)	(10,573)
Other staff related benefits	(40,686)	(33,794)
Total	**(969,398)**	**(896,776)**

Notes to the Financial Statements

NOTE 7: General, administrative & other operating expenses

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

Amounts in €	31.12.2017	31.12.2016
Rentals & software expenses	(69,971)	(61,794)
Duties and taxes	(1,824)	(1,660)
Promotion & advertising expenses	(113,186)	(74,182)
Insurance costs	(178,934)	(42,188)
Third party fees	(490,314)	(640,583)
Legal expenses	(87,441)	(72,061)
Travel expenses	(38,182)	(36,412)
Other operating expenses	(48,398)	(47,507)
Total	**(1,028,250)**	**(976,387)**

NOTE 8: Credit provisions

Amounts in €	31.12.2017	31.12.20176
From loans and advances to customers (Note 11)	(94,071)	3,868,150
Total	**(94,071)**	**3,868,150**

The Company during 2017 charged additional credit provisions of €94,071, whereas reversed an amount of €3,908,116 in 2016. The aforementioned reversal of provision mainly related to court decision which provides the opening of rehabilitation agreement and approved its content related to the business transfer agreement concluded between the "entity" and its creditors. Among its creditors is the Company, part of its assets and liabilities were transferred to a third newly established company, which undertook to repay Company's claims. This claim was fully repaid by the newly established company at 25th July 2017.

NOTE 9: Tax expense

The tax expense is analyzed as follows:

Amounts in €	31.12.2017	31.12.2016
Current tax	2,706,254	2,865,820
Occupational tax	1,000	1,000
Deferred taxes (Note 14)	690,849	1,830,140
Total	**3,398,103**	**4,696,960**

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

Amounts in €	31.12.2017	31.12.2016
Profit before tax	**11,675,999**	**16,181,958**
Tax calculated based on the current tax rate of 29%	3,386,040	4,692,768
Increase/(Decrease) arising from:		
Expenses not deductible for tax purposes	11,063	3,192
Occupational tax	1,000	1,000
Income tax expense	**3,398,103**	**4,696,960**
Effective tax rate for the period	**29.1%**	**29.0%**

The current income tax liability as of 31 December 2017 and 2016 is analyzed as follows:

Amounts in €	31.12.2017	31.12.2016
Current income tax liability	2,706,254	2,865,820
Increase/(Decrease) arising from:		
Income tax prepayment for the year	(2,865,820)	(2,990,232)
Total income tax liability	**(159,566)**	**(124,412)**

The nominal corporation tax rate for the Company for 2017 and 2016 is 29% following law 4334/16.07.2015 effective from 1 January 2015 onwards. Furthermore, upon profit distribution to Board of Directors or personnel, a 10% withholding tax is imposed on distributed profits. Following the recent tax law 4387/2016, the withholding tax on dividends distributed to the same persons from 1 January 2017 onwards is increased from 10% to 15%. 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 year of the Company is 2017 and is currently being audited by the audit firm "PricewaterhouseCoopers S.A." that, also conducts the statutory audit of the Company's financial statements. It should be noted that according to the order 521/0/1118 at January 11, 2017, the Company should be tax audited by Greek Tax Authority for the fiscal year of 2010. No tax audit has been initiated nor any tax founding's been disclosed to the Company for the respective fiscal year until the preparation of these financial statements. Moreover, based on the recent court case law of the Council of State, which has been accepted by the Head of the Independent Greek Revenue Authority, the fiscal years up to 2010 are considered to be time-barred for income tax purposes. The years 2011-2016 were audited by the independent auditors of the Company, the Deloitte Certified Public Accountants S.A., in accordance with Law 2190/1920 article 82 of Law 2238/1994 and with article 65A of Law 4174/2013. Therefore, the tax related audit certificates, were unqualified and issued on 19 July 2012, 24 September 2013, 8 July 2014, 25 September 2015, 20 September 2016 and 23 October 2017 respectively. Based on Ministerial Decision 1006/05.01.2016 there is no exception from tax audit by the tax authorities to those entities that have been tax audited by the independent auditor and its tax audit certificate was unqualified. Therefore, the tax authorities may re-audit the tax books of the Company for previous years for which a tax audit certificate has been issued by the independent auditor. Although, during the future tax audits from the tax authorities, additional tax liabilities may arise, but it is not expected that they will have material effect on the Company's financial statements.

NOTE 10: Cash and balances with banks

Cash and balances with banks are analyzed as follows:

Amounts in €	31.12.2017	31.12.2016
Cash in hand	250	186
Sight deposits	6,450,539	4,233,142
Total	**6,450,789**	**4,233,328**

NOTE 11: Loans and advances to customers

Loans and advances to customers are analyzed as follows:

Amounts in €	31.12.2017	31.12.2016
Domestic Factoring with recourse	186,598,624	188,452,905
Domestic Factoring without recourse	86,161,466	75,687,053
Invoices discounting	40,863,385	22,634,465
International Factoring	21,271,990	6,932,724
Total	**334,895,465**	**293,707,147**
Less: Allowance for impairment on loans and advances to customers	(2,460,981)	(2,366,910)
Total loans and advances to customers	**332,434,484**	**291,340,237**

Movement in the allowance for impairment on loans and advances to customers credit risk

Amounts in €	2017	2016
Balance at 1 January	**2,366,910**	**6,235,060**
Provisions released during the year	-	(3,908,116)
Allowance for impairment on loans and advances to customers credit risk	94,071	39,966
Net allowance for impairment on loans and advances to customers credit risk	94,071	(3,868,150)
Balance at 31 December	**2,460,981**	**2,366,910**

NOTE 12: Software and other intangible assets

Software and other intangible assets are analyzed as follows:

Amounts in €	Software	Total
Cost at 1 January 2016	**479,488**	**479,488**
Additions	-	-
Cost at 31 December 2016	**479,488**	**479,488**
Accumulated depreciation at 1 January 2016	(100,509)	(100,509)
Depreciation	(39,958)	(39,958)
Accumulated depreciation at 31 December 2016	**(140,467)**	**(140,467)**
Net book amount at 31 December 2016	**339,021**	**339,021**
Cost at 1 January 2017	**479,488**	**479,488**
Additions	-	-
Cost at 31 December 2017	**479,488**	**479,488**
Accumulated depreciation at 1 January 2017	(140,467)	(140,467)
Depreciation expense for the period	(39,957)	(39,957)
Accumulated depreciation at 31 December 2017	**(180,424)**	**(180,424)**
Net book amount at 31 December 31.12.2017	**299,064**	**299,064**

Notes to the Financial Statements

NOTE 13: Property and equipment

Property and equipment is analyzed as follows:

Amounts in €	Equipment	Total
Cost at 1 January 2016	**41,960**	**41,960**
Additions	15,861	15,861
Write offs	(7,287)	(7,287)
Cost at 31 December 2016	**50,534**	**50,534**
Accumulated depreciation at 1 January 2016	(36,998)	(36,998)
Depreciation	(16,661)	(16,661)
Write offs	7,287	7,287
Accumulated depreciation at 31 December 2016	**(46,372)**	**(46,372)**
Net book amount at 31 December 31.12.2016	**4,162**	**4,162**
Cost at 1 January 2017	50,534	50,534
Additions	1,353	1,353
Cost at 31 December 2017	**51,887**	**51,887**
Accumulated depreciation at 1 January 2017	(46,372)	(46,372)
Depreciation	(993)	(993)
Accumulated depreciation at December 2017	**(47,365)**	**(47,365)**
Net book amount at 31 December 31.12.2017	**4,522**	**4,522**

The Company replaced IT equipment on 31.03.2016 with cost of €15,861.

Notes to the Financial Statements

NOTE 14: Deferred tax assets and liabilities

Deferred tax assets and liabilities are analyzed as follows:

Amounts in €	Balance 31/12/2015	Recognition in Total Comprehensive Income	Recognition in Other Comprehensive Income	Balance 31/12/2016
Deferred tax assets:				
Share Capital issue costs	31,037	(4,785)	-	26,252
Retirement benefit obligations	18,666	3,067	6,135	27,868
Total deferred tax assets	**49,703**	**(1,718)**	**6,135**	**54,120**
Deferred tax liabilities:				
Loans and advances to customers	(1,775,498)	(1,820,738)	-	(3,596,236)
Long term amortization expenses	(45,642)	(13,774)	-	(59,416)
Debt securities issue costs	(2,187)	6,090	-	3,903
Total deferred tax liabilities	**(1,823,327)**	**(1,828,422)**	**-**	**(3,651,749)**
Net deferred tax liability	**(1,773,624)**	**(1,830,140)**	**6,135**	**(3,597,629)**

Amounts in €	Balance 31/12/2016	Recognition in Total Comprehensive Income	Recognition in Other Comprehensive Income	Balance 31/12/2017
Deferred tax assets:				
Share Capital issue costs	26,252	(4,785)	-	21,467
Retirement benefit obligations	27,868	3,754	729	32,351
Total deferred tax assets	**54,120**	**(1,031)**	**729**	**53,818**
Deferred tax liabilities:				
Loans and advances to customers	(3,596,236)	(677,191)	-	(4,273,427)
Long term amortization expenses	(59,416)	(11,583)	-	(70,999)
Debt securities issue costs	3,903	(1,044)	-	2,859
Total deferred tax liabilities	**(3,651,749)**	**(689,818)**	**-**	**(4,341,567)**
Net deferred tax liability	**(3,597,629)**	**(690,849)**	**729**	**(4,287,749)**

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, resulting from main income tax expense.

Notes to the Financial Statements

NOTE 15: Other assets

Other assets are analyzed as follows:

Amounts in €	31.12.2017	31.12.2016
Prepaid expenses	29,403	22,850
Vendors' prepayments	8,980	-
Total	**38,383**	**22,850**

Other assets consist of prepaid expenses for subscriptions, fees for IT services and vendors' prepayments.

NOTE 16: Due to banks (or financial institutions)

Due to banks are analyzed as follows:

Amounts in €	31.12.2017	31.12.2016
Due to banks	27,306,781	28,790,583
Total	**27,306,781**	**28,790,583**

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

Movement of due to banks (or financial institutions)

Amounts in €	2017	2016
Balance at 1 January	**28,790,583**	**4,046,500**
Additions within the period	27,306,781	28,790,583
Redemptions within the period	(28,790,583)	(4,046,500)
Balance at 31 December	**27,306,781**	**28,790,583**

NOTE 17: Debt securities in issue

Bond Loans

On 28 December 2017 the Company entered into a bond loan agreement with its parent company National Bank of Greece S.A., matured at 28 December 2019, 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 €230,000,000, divided into 230 million bonds with nominal amount of €1 per bond. Interest rate is calculated with the OVERNIGHT rate or the one-month, two-month, three-month or six month Euribor at the discretion of the issuer, plus margin.

On 31 December 2017 the Company issued the bond loan amounted to €230,000,000 according to the referred agreement. The fair value of the aforementioned bond loan was calculated to €217,422,429 at 31 December 2017, according to Level 3 valuation, based on a cash flow discounting model, with reference to market rates for financial instruments of a similar maturity.

On 28 December 2017 the Company received the approval to enter into a bond loan agreement with its parent company National Bank of Greece S.A, matured at 28 December 2019, 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 €50,000,000, divided into 50 million bonds with a nominal amount of €1 per bond. Interest rate is calculated with the OVERNIGHT rate or the one-month, two-month, three-month or six month Euribor at the discretion of the issuer, plus margin. On 31 December 2017, the Company has not issued any bonds loans under the aforementioned agreement.

On 28 December 2017 the Company fully repaid the capital amounted to €185,000,000 and the respective accrued interests of preexisting bond loan agreement which was issued at 28 September 2015.

Movement of debt securities in issue

Ποσά σε €	2017	2016
Balance at 1 January	**185,017,472**	**335,010,174**
Additions within the period	230,000,000	210,000,000
Redemptions within the period	(185,017,472)	(360,010,174)
Accrued interest	34,500	17,472
Debt securities issue costs	(3,600)	-
Balance at 31 December	**230,030,900**	**185,017,472**

The bond loans are fully payable at the maturity date (28 December 2019). The issuer has the right to redeem the bond loans during the contract period provided that will repay the capital and the respective accrued interests. The accrued interest at 31 December 2017 for the bond loan amounted to €34,500.

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 31 December 2017 and 2016 are analyzed as follows:

Amounts in €	31.12.2017	31.12.2016
Overdraft accounts	650.173	1.446.247
Collection-only accounts	4.410.264	3.341.987
Total	**5.060.437**	**4.788.234**

NOTE 19: Retirement benefit obligations

In accordance with Law 2112/1920 employees are entitled to a lump sum payment in case of redundancy or retirement. The lump sum benefit is based 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

	31.12.2017	31.12.2016
Service cost	11,407	9,060
Net interest expense on the net defined benefit liability/(asset)	1,538	1,513
Regular charge in the Total Comprehensive Income	**12,945**	**10,573**

Reconciliation of defined benefit obligation

	31.12.2017	31.12.2016
Defined benefit obligation at the beginning of the period	96,095	64,366
Service cost	11,407	9,060
Interest cost	1,538	1,513
- Loss/(Gain) - financial assumptions	-	14,855
- Loss/(Gain) – experience adjustments	2,511	6,301
Defined benefit obligation recognized at SOFP	**111,551**	**96,095**

Notes to the Financial Statements

Movement in net liability

	31.12.2017	31.12.2016
Net liability at the beginning of the period	96,095	64,366
Total expense recognized in the statement of total comprehensive income	12,945	10,573
Amount recognized in the OCI	2,511	21,156
Net liability at the end of the period	**111,551**	**96,095**

Remeasurements on the net liability

	31.12.2017	31.12.2016
Liability (gain)/loss due to changes in assumptions	-	(14,855)
Liability experience (gain)/loss arising during the year	(2,511)	(6,301)
Total amount recognized in OCI	**(2,511)**	**(21,156)**

The actuarial report was developed by the accredited company “AON Hewitt” after the year end of 2017. The key assumptions used for the calculation of the pension costs of the defined benefits plans for 2017 and 2016 are the following:

Weighted average assumptions	2017	2016
Discount rate	1,60%	1,60%
Price inflation	1,50%	1,50%
Rate of compensation increase	0.00% for 2018 0.50% for years 2019-2020 1.00% for years 2021-2022 1.50% from 2023	0.00% for years 2017-2018 0.50% for years 2019-2020 1.00% for years 2021-2022 1.50% from 2023
Plan duration	22.23 years	22.86 years

No compensation costs are expected to occur in 2018.

NOTE 20: Other liabilities

Other liabilities are analyzed as follows:

Amounts in €	31.12.2017	31.12.2016
Taxes payable – (other than income taxes)	100,094	265,460
Social security funds	45,190	40,444
Creditors	2,022,173	1,322,823
Payroll related accruals	3,559	2,988
Other Liabilities	-	21
Total	**2,171,016**	**1,631,736**

Creditors amounted €2,022,173, includes a liability of €1,613,152 (2016: €975,760) to the parent company National Bank of Greece S.A. for client recommendation services. This liability was fully repaid on 8 March 2018.

NOTE 21: Share capital and share premium

The share capital of the Company as at 31 December 2017 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.

The Company did not hold any own shares.

NOTE 22: Reserves

Statutory reserve

Reserves include statutory reserve which is formed in accordance with article 5 of Company's Articles of Association and article 44 of Greek Law 2190/1920 under which the company is required to withhold from its profits 5% per year for statutory reserve. The aforementioned obligation ceases until this reserve equals to 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" and cannot be distributed throughout the entire life of the Company.

At 30 June 2017 the annual General Assembly of Shareholders decided to form statutory reserve of €574,250, derived from the profits of financial year 2016.

The total statutory reserve for the period ended at 31 December 2017 amounted to €2,718,186.

NOTE 23: Retained earnings

Retained earnings at 31 December 2017 and 2016 amounted to €17,732,528 and €20,020,194 respectively.

Retained earnings as of 31 December 2017 are analyzed as follows ς:

Amounts in €	
Retained earnings	17,887,740
Capital issue costs, net of tax	(163,900)
Total	**17,723,840**

The capital issue costs were realized at fiscal year of 2009 and 2013 accordingly.

For the financial year ended at 31 December 2017, the Board of Directors will propose to the Annual General Assembly of Shareholders the formation of statutory reserve amounting to €413.895 and dividend distribution amounting to €6,500,000, derived from the retained earnings of the financial year of 2017 and prior years'.

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

Amounts in €	From 1.1 έως 31.12.2017			From 1.1 έως 31.12.2016		
	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	2,512	729	1,783	21,155	6,135	15,020
Total of items that will not be reclassified subsequently to profit or loss	**2,512**	**729**	**1,783**	**21,155**	**6,135**	**15,020**
Other comprehensive income / (expense) for the period	**2,512**	**729**	**1,783**	**21,155**	**6,135**	**15,020**

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 bear floating interest rate.

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 litigations cases that are expected to have a material adverse effect on the financial position of the Company.

β) Pending Tax audits

The unaudited tax year of the Company is 2017 and is currently being audited by the audit firm "PricewaterhouseCoopers S.A." that, also conducts the statutory audit of the Company's financial statements. It should be noted that according to the order 521/0/1118 at January 11, 2017, the Company should be tax audited by Greek Tax Authority for the fiscal year of 2010. No tax audit has been initiated nor any tax founding's been disclosed to the Company for the respective fiscal year until the preparation of these financial statements. Moreover, based on the recent court case law of the Council of State, which has been accepted by the Head of the Independent Greek Revenue Authority, the fiscal years up to 2010 are considered to be time-barred for income tax purposes. The years 2011-2016 were audited by the independent auditors of the Company, the Deloitte Certified Public Accountants S.A., in accordance with Law 2190/1920 article 82 of Law 2238/1994 and with article 65A of Law 4174/2013. Therefore, the tax related audit certificates, were unqualified and issued on 19 July 2012, 24 September 2013, 8 July 2014, 25 September 2015, 20 September 2016 and 23 October 2017 respectively. Based on Ministerial Decision 1006/05.01.2016 there is no exception from tax audit by the tax authorities to those entities that have been tax audited by the independent auditor and its tax audit certificate was unqualified. Therefore, the tax authorities may re-audit the tax books of the Company for previous years for which a tax audit certificate has been issued by the independent auditor. Although, during the future tax audits from the tax authorities, additional tax liabilities may arise, but it is not expected that they will have material effect on the Company's financial statements.

c) Unutilized credit limits and credit coverage limits

Contingent liabilities of the Company from unutilized credit limits and credit coverage limits as at 31 December 2017 amounted to €890,433,193 (2016: €751,101,919).

d) Operating Lease commitments

The operating lease commitments of the Company relate to the operating lease rentals of buildings and vehicles.

The minimum future lease payments are as follows:

Amounts in €	31.12.2017	31.12.2016
No later than 1 year	67,226	56,556
Later than 1 year and no later than 5 years	263,005	201,319
Later than 5 years	235,586	284,586
Total	**565,817**	**542,461**

Lease of buildings has duration of 12 years starting from 2015 and could be renewed with new lease contract.

Notes to the Financial Statements

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 outsourcing 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 contractual 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 non-performing loans followed by the Parent Company National Bank of Greece S.A.

The segregation 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.

The following tables represent the scenario of Company's credit risk exposure as at 31 December 2017 and 2016, taking account the accumulated provisions for impairment losses on loans and advances to customers, before any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out below are based on net carrying amounts as reported in the statement of financial position.

Maximum exposure to credit risk as at 31.12.2017 before collateral and other credit enhancements

Amounts in €	Portfolio Credit exposures (w/o impairments)	Impairments	Portfolio net Credit exposures
Cash and balances with banks	6,450,789	-	6,450,789
Loans and advances to customers	334,895,465	(2,460,981)	332,434,484
Total	**341,346,254**	**(2,460,981)**	**338,885,273**

Maximum exposure to credit risk as at 31.12.2016 before collateral and other credit enhancements

Amounts in €	Portfolio Credit exposures (w/o impairments)	Impairments	Portfolio net Credit exposures
Cash and balances with banks	4,233,328	-	4,233,328
Loans and advances to customers	293,707,147	(2,366,910)	291,340,237
Total	**297,940,475**	**(2,366,910)**	**295,573,565**

Notes to the Financial Statements

Credit quality of loans and advances to customers as at 31.12.2017

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Performing nor impaired	5,768,068	325,655,795	331,423,863
Past due but not impaired	-	1,010,089	1,010,089
Impaired	360,701	2,100,812	2,461,513
Total before allowance for impairment	**6,128,769**	**328,766,696**	**334,895,465**
Allowance for impairment to customers credit risk	(360,599)	(2,100,382)	(2,460,981)
Total	**5,768,170**	**326,666,314**	**332,434,484**

Credit quality of loans and advances to customers as at 31.12.2016

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Performing nor impaired	5,146,150	275,480,787	280,626,937
Past due but not impaired	-	9,473,421	9,473,421
Impaired	88,983	3,517,806	3,606,789
Total before allowance for impairment	**5,235,133**	**288,472,014**	**293,707,147**
Allowance for impairment to customers credit risk	(88,899)	(2,278,011)	(2,366,910)
Total	**5,146,234**	**286,194,003**	**291,340,237**

Credit quality of loans and advances to customers at 31.12.2017

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Satisfactory Risk	3,931,802	231,752,424	235,684,226
Watch list or substandard	1,836,368	94,913,890	96,750,258
Total	**5,768,170**	**326,666,314**	**332,434,484**

Credit quality of loans and advances to customers at 31.12.2016

Amounts in €	Small business lending	Corporate lending	Total customer receivables
Satisfactory Risk	3,893,821	158,179,474	162,073,295
Watch list or substandard	1,252,413	128,014,529	129,266,942
Total	**5,146,234**	**286,194,003**	**291,340,237**

Credit exposures analysis of loans and advances to customers per industry sector

Amounts in €	31.12.2017	31.12.2016
Industry & mining	60,174,618	31,507,068
Small scale industry	6,999,443	7,904,406
Trade and services (excl. tourism)	256,304,112	228,717,072
Construction and real estate development	8,401,615	20,458,216
Transportation and telecommunications (excl. shipping)	3,015,677	5,120,385
Less: Credit provisions and other impairment charges	(2,460,981)	(2,366,910)
Total	**332,434,484**	**291,340,237**

As at 31 December 2017 the collaterals secured the credit risk exposure of loans and advances to customers mainly consists of clients invoices and receivable cheques and secondarily of Greek State government bonds. The fair value of the above mentioned collaterals amounted to €413,540,143 (2016: €371,279,222). These collaterals do not include customer receivables for factoring loans without recourse and credit balance as at 31 December 2017.

27.2 Market risk

27.2.1 Currency risk

The majority of transactions undertaken by the Company are made in Euro. Hence, as at 31 December 2017, 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 total comprehensive income.

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

Interest rate risk (Gap Analysis) as at 31.12.2017

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	Non Interest bearing	Total
ASSETS					
Cash & balances with banks	-	-	6,244,620	206,169	6,450,789
Loans and advances to customers	332,434,484	-	-	-	332,434,484
Other assets	-	-	-	38,383	38,383
Total assets	**332,434,484**	**-**	**6,244,620**	**244,552**	**338,923,656**
LIABILITIES					
Debt securities in issue	(229,996,400)	-	-	(34,500)	(230,030,900)
Due to customers	-	-	-	(5,060,437)	(5,060,437)
Other liabilities	-	-	-	(2,022,173)	(2,022,173)
Due to banks	-	-	(27,306,781)	-	(27,306,781)
Total Liabilities	**(229,996,400)**	**-**	**(27,306,781)**	**(7,117,110)**	**(264,420,291)**
Total interest gap of assets & liabilities	**102,438,084**	**-**	**(21,062,161)**	**(6,872,558)**	**74,503,365**

Interest rate risk (Gap Analysis) as at 31.12.2016

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	Non Interest bearing	Total
ASSETS					
Cash & balances with banks	-	-	4,154,820	78,508	4,233,328
Loans and advances to customers	291,340,237	-	-	-	291,340,237
Other assets	-	-	-	22,850	22,850
Total assets	**291,340,237**	**-**	**4,154,820**	**101,358**	**295,596,415**
LIABILITIES					
Debt securities in issue	(185,000,000)	-	-	(17,472)	(185,017,472)
Due to customers	-	-	-	(4,788,234)	(4,788,234)
Other liabilities	-	-	-	(1,322,823)	(1,322,823)
Due to banks	-	-	(28,790,583)	-	(28,790,583)
Total Liabilities	**(185,000,000)**	**-**	**(28,790,583)**	**(6,128,529)**	**(219,919,112)**
Total interest gap of assets & liabilities	**106,340,237**	**-**	**(24,635,763)**	**(6,027,171)**	**75,677,303**

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

The monitoring of Liquidity risk is focused in the Company's ability to retain sufficient liquidity to meet its liabilities with the support of parent Bank. 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.

The following tables represent the contractual non discounted cash flows from financial liabilities, through which the Company monitors liquidity risk. Since the amount of contractual non discounted cash flows is highly related to floating rate rather than fixed rate, the amount presented is determined by reference to the conditions prevailing at the reporting date, ie the determination of non - discounted cash flows using the actual interest rates that were in effect at 31 December 2017 and 2016, respectively.

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

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
31.12.2017					
Debt securities in issue	379,500	655,500	3,174,000	234,174,500	238,383,500
Due to customers	5,060,437	-	-	-	5,060,437
Other liabilities	2,022,173	-	-	-	2,022,173
Due to banks	27,306,781	-	-	-	27,306,781
Total	**34,768,891**	**655,500**	**3,174,000**	**234,174,500**	**272,772,891**
31.12.2016					
Debt securities in issue	279,556	515,431	186,074,542	-	186,869,529
Due to customers	4,788,234	-	-	-	4,788,234
Other liabilities	1,322,823	-	-	-	1,322,823
Due to banks	28,790,583	-		-	28,790,583
Total	**35,181,196**	**515,431**	**186,074,542**	**-**	**221,771,169**

Liquidity risk analysis as at 31.12.2017

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
ASSETS					
Cash & balances with banks	6,450,789	-	-	-	6,450,789
Loans and advances to customers	132,542,029	111,929,264	87,308,643	654,548	332,434,484
Other assets	-	-	38,383	-	38,383
Total	**138,992,818**	**111,929,264**	**87,347,026**	**654,548**	**338,923,656**
LIABILITIES					
Debt securities in issue	-	-	-	(230,030,900)	(230,030,900)
Due to customers	(5,060,437)	-	-	-	(5,060,437)
Other liabilities	(2,022,173)	-	-	-	(2,022,173)
Due to banks	(27,306,781)	-	-	-	(27,306,781)
Total	**(34,389,391)**	**-**	**-**	**(230,030,900)**	**(264,420,291)**
Liquidity gap	**104,603,427**	**111,929,264**	**87,347,026**	**(229,376,352)**	**74,503,365**

Liquidity risk analysis as at 31.12.2016

Amounts in €	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
ASSETS					
Cash & balances with banks	4,233,328	-	-	-	4,233,328
Loans and advances to customers	133,027,222	85,742,956	71,759,965	810,094	291,340,237
Other assets	-	22,850	-	-	22,850
Total	**137,260,550**	**85,765,806**	**71,759,965**	**810,094**	**295,596,415**
LIABILITIES					
Debt securities in issue	-	-	(185,017,472)	-	(185,017,472)
Due to customers	(4,788,234)	-	-	-	(4,788,234)
Other liabilities	(1,322,823)	-	-	-	(1,322,823)
Due to banks	(28,790,583)	-	-	-	(28,790,583)
Total	**(34,901,640)**	**-**	**(185,017,472)**	**-**	**(219,919,112)**
Liquidity gap	**102,358,910**	**85,765,806**	**(113,257,507)**	**810,094**	**75,677,303**

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 failed internal processes, from insufficient management of Human Resources or from external events.

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 an Operational Risk Management Framework (ORMF) considering qualitative and quantitative criteria of Standardised Approach.

During 2017, the annual cycle of ORMF was implemented using the OpVar application developed by Algorithmics company. Especially, in the context of ORMF implementation, the following procedures were concluded:

- 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

27.5 Capital adequacy

The Company manages actively its capital base, in cooperation with its parent Company National Bank of Greece S.A., 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 31 December 2017 and 2016 was calculated as follows:

Amounts in € '000	31.12.2017	31.12.2016
Basic and total regulatory capital	53,520	47,595
Total risk weighted assets	205,167	244,747
Total ratio	**26.09%**	**19.45%**

NOTE 28: Independent auditor's fees

On 30 June 2017 the Annual General Assembly Meeting of the shareholders appointed the audit firm "PricewaterhouseCoopers S.A." as a principal independent public accountant for the year ended 31 December 2017. "Deloitte Certified Public Accountants S.A.", has served as our principal independent public accountant for the year ended 31 December 2016. The following table presents the aggregate fees for professional audit and audit-related services rendered by the Company's principal accounting firms 'PricewaterhouseCoopers S.A." and "Deloitte Certified Public Accountants S.A.":

Amounts in €	31.12.2017	31.12.2016
Audit fees	23,000	19,000
Audit related fees	18,000	21,000
Total	**41,000**	**40,000**

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 companies of NBG Group, at arm's length.

The terms of cooperation do not substantially differ from the usual terms of course of business, at market rates. These transactions are approved by the appropriate level of management.

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

Amounts in €	31.12.2017	31.12.2016
Expenses	216,747	202,088
Board of Directors and management fees	**216,747**	**202,088**

Notes to the Financial Statements

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

Amounts in €	31 December 2017	31 December 2016
ASSETS		
a) Balances with banks		
National Bank of Greece S.A.	6,399,163	4,232,965
b) Loans to customers		
National Bank of Greece S.A.	6,704,644	11,577,534
c) Property & Equipment		
National Bank of Greece S.A.	-	15,861
Total	**13,103,807**	**15,826,360**
LIABILITIES		
a) Due to banks		
National Bank of Greece S.A.	27,306,781	28,790,583
b) Debt securities in issue		
National Bank of Greece S.A.	230,034,500	175,766,598
NBG Bank Malta Ltd	-	9,250,874
c) Other Liabilities		
National Bank of Greece S.A.	1,819,623	1,124,478
Ethniki Leasing S.A.	561	253
Total	**259,161,465**	**214,932,786**

Amounts in €	31 December 2017	31 December 2016
STATEMENT OF TOTAL COMPREHENSIVE INCOME		
INCOME		
a)) Interest income		
National Bank of Greece S.A.	311,597	421,774
Total	**311,597**	**421,774**
EXPENSES		
a) Fee & commission expenses		
National Bank of Greece S.A.	3,846,460	6,811,268
National Bank Malta Ltd	166,628	348,217
b) Commission expense		
National Bank of Greece S.A.	2,600,098	2,030,785
c) Personnel expenses		
National Bank of Greece S.A.	280,775	330,781
d) General, administrative and other operating expenses		
National Bank of Greece S.A.	152,986	132,777
Ethniki Hellenic General Insurance S.A.	35,783	31,577
Ethniki Leasing S.A.	19,217	11,110
Total	**7,101,947**	**9,696,515**

OFF BALANCE SHEET ACCOUNTS		
a) Received guarantees		
National Bank of Greece S.A.	296,000,000	160,000,000
b) Operating lease commitments		
National Bank of Greece S.A.	487,235	536,235
Ethniki Leasing S.A.	78,582	6,226
c) Approved unused credit limits		
National Bank of Greece S.A.	222,693,219	266,209,417
Total	**519,259,036**	**426,751,878**

Note 30: Events after the reporting period

No significant events have occurred since 31 December 2017 up to the date of approval of these financial statements.

Note 31: Application of IFRS 9 as of 1 January 2018

31.1 Application of IFRS 9

IFRS 9 includes requirements for classification and measurement of financial assets and liabilities and impairment of financial assets. All the requirements of IFRS 9 "Financial Instruments" are adopted by the Company in the context of its overall compliance with the parent Bank IFRS 9 implementation program from 1 January 2018.

According to the above the Company shall not apply IFRS 9 retrospectively, but has elected not to restate prior periods, in accordance with the transitional provisions of IFRS 9. Therefore, the comparative information for 2017 that will be included in the annual financial statements of the Company for 2018, will be reported under IAS 39 and shall not be comparable to the information presented for 2018. Any differences arising from the adoption of IFRS 9 shall be recognized directly in equity as of 1 January 2018.

31.2 Parent Bank Implementation program and project governance

The parent Bank, as stated above, has established an IFRS 9 implementation program ("the Program") to ensure a timely and high quality implementation, in accordance with the standard and additional regulatory guidance that has been issued to date. The Program involves parent Bank Finance, GRCAD, Management Information and IT Divisions and is overseen by a Project Steering Committee. The Committee comprises of the parent Bank Deputy CEO (Chair), CFO, CRO, COO, Treasurer and the General Managers of Retail, Corporate Banking, Corporate Special Assets and International Activities Divisions. A full-time Project Management Office (PMO) has been setup by parent Bank and a Project Manager assigned. The Program is divided into workstreams, for each of which leading Divisions and workgroup teams have been assigned. Subject matter experts have also been appointed to assist in model development of IFRS 9 compliant credit risk parameters. The Board Risk Committee, Audit Committee and Board of Directors of parent Bank are regularly updated by the PMO on the status of the Program.

31.3 Estimated Impact on shareholders' equity as of 1 January 2018

The adoption of IFRS 9 on 1 January 2018, is expected to have a negative impact on Company's shareholders' equity of €1,654,069, including €2,329,674 due to changes in impairment requirements. Deferred tax asset shall be recognized by the Company in regards with the IFRS 9 impact as of 1 January 2018 amounted to €675.605.

The above IFRS 9 impact estimates are based on the accounting policies, assumptions and judgments of the Company, which are based on corresponding policies, assumptions and judgments of the parent Bank as determined to date and will be finalized during the preparation of the financial statements for the year ending 31 December 2018. Consequently, the aforementioned estimates remain subject to change in 2018. The final impact upon transition to IFRS 9 will be included in the 2018 Annual Financial Report.

Notes to the Financial Statements

The expected credit losses “ECL” allowance for loans and advances to customers at amortised cost is presented below:

Amounts in €	Stage 1	Stage 2	Credit impaired	Total
Small business lending				
Gross carrying amount	5,768,068	-	360,701	6,128,769
ECL allowance	(3,753)	-	-	(3,753)
Net carrying amount	**5,764,315**	**-**	**360,701**	**6,125,016**
Corporate lending				
Gross carrying amount	255,743,199	45,504,980	27,518,517	328,766,696
ECL allowance	(447,982)	(336,729)	(1,541,210)	(2,325,921)
Net carrying amount	**255,295,217**	**45,168,251**	**25,977,307**	**326,440,775**
Total				
Gross carrying amount	261,511,267	45,504,980	27,879,218	334,895,465
ECL allowance	(451,735)	(336,729)	(1,541,210)	(2,329,674)
Net carrying amount	**261,059,532**	**45,168,251**	**26,338,008**	**332,565,791**

Athens, 4 June 2018

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