Annual Financial Report

for the financial year 1 January – 31 December 2014

prepared in accordance with IFRS

Athens
27 February 2015

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MANAGEMENT REPORT
of the Board of Directors

of "NBG SECURITIES S.A."
Registered office: Athens, GEMI Reg. No. 999301000
26th year of operations: 1 January – 31 December 2014

Dear Shareholder,

We are pleased to submit this report and accompanying financial statements, prepared under International Financial Reporting Standards (IFRS), for the business year 1 January to 31 December 2014.

The financial statements of NBG Securities S.A. (hereafter the "Company") give a detailed picture of the assets and liabilities, the equity and financial position of the Company.

Full and detailed explanations are provided in the notes to the financial statements regarding significant items contained in the statements of comprehensive income and financial position, which comprise an integral part thereof.

The Company and the business and labor environment

Yet another year of economic recession had a mixed impact on the Athens Stock Exchange General Index, which dropped by 28.9% (826.18 points at 31.12.2014 vs. 1162.68 points at 31.12.2013) though average daily trading volumes presented a significant increase of 46.8% (€127.1 million in 2014 vs. €86.6 million in 2013).

Market shares indicate further penetration of foreign institutional investors to 63.9% (vs. 48.5% in 2013) with a significant increase in international Remote Members to 18.3% (vs. 10.9% in 2013). Conversely, the share of retail investors declined substantially to 18.9% (vs. 32.9% in 2013). Proprietary trading grew to 12.5%, from 11.2% in 2013.

In 2014, the Company stabilized its operating costs, which, steadily since 2010, have contracted significantly under its cost rationalization program.

The Company continued its activity as market maker in all listed derivatives and ASE large caps, having gained strong market shares and quality evaluations, providing uninterrupted liquidity and serving the wider market.

Influenced by the general political instability, investor interest in the derivatives market increased in H1, only to fall back sharply in H2.2014. Trading in equity futures served mainly hedging needs while investor interest focused mainly on placements in the FTSE/ASE25 Large Cap index where open positions soared to unprecedented levels. Despite the adverse environment, the Company managed to hold first place in the overall share of derivatives for the FTSE/ASE25 Large Cap market, at 25.4% vs. 22.9% in 2013. It also held first place in Options trading on the index, at 35.6%. Likewise, it held either first or second place in most equity futures trading.

In 2014, the Company's analysis team focused on, and further enhanced, the quality of its work. It stepped up communications with foreign institutional investors with a view to increasing the Company's sales to this category of clients (the Company's analysts held circa 200 meetings with foreign institutional investors). Moreover, in 2014 the analysis team came third in a survey by Extel, while the Company emerged as the third best brokerage firm in Greece.

Outlook

In the year ahead, our main objectives are the following:

- to continually capture market share
- to grow our financials
- to maintain profitability
- to grow our sales to international end clients
- to fully integrate the Bucharest branch
- to grow our investment banking services abroad (Romania, Cyprus)
- to further develop electronic trading through the Company's trading site

Accounting principles

The accounting principles applied by the Company in preparing its financial statements for 2014 and related information, are cited in the notes to the financial statements, which constitute an integral part thereof.

As a public limited company, NBG Securities is under obligation to prepare financial statements in accordance with IFRS as adopted by the European Union, pursuant to article 18 of L.3606/2007.

Progress in business and the Company's performance

Net fee and commission income amounted to €18,324,202 in 2014 vs. €20,835,446 in 2013, a decrease of 12.1%. Total operating income was down by 17.2%, at €20,280,051 in 2014 vs. €24,498,736 in 2013.

Operating expenses amounted to €18,162,928 in 2014 against €17,513,056 in 2013, up by 3.7%.

Net trading income totaled €1,554,146 in 2014 vs. €3,250,891 in 2013, while income from dividends amounted to €100,329 in 2014 vs. €233,782 in 2013.

Net interest income amounted to €838,350 in 2014 vs. €719,133 in 2013.

Pre-tax profit for the period totaled €2,955,473 in 2014 vs. €7,704,813 in 2013.

Annual profit after tax amounted to €1,469,316 vs. €6,489,731 in 2013.

Financial Position of the Company

As regards the capital structure of the Company:

- The Company's equity capital remained unchanged at €11,674,101.
- Total reserves amounted to €52,112,010 in 2014 vs. €52,721,665 a year earlier.

Total Equity amounted to €77,887.580 in 2014 vs. €76,553,073 in 2013, up by 1.7%.

Financial ratios

	RATIOS	2014	2013	NOTES
1	Gross profit margin (Operating revenue – COGs / Operating revenue)	10.4%	28.5%	The deterioration in this ratio is mainly due to: 1. The net 12.1% reduction in fee & commission income (€18,324,202 in 2014 vs. €20,835,446 in 2013) 2. The reduction in trading income (€1,554,146 in 2014 vs. €3,250,891 in 2013)
2	Operating expenses (Administrative and distribution costs) /Net income from fees & commissions)	13.4%	11.7%	The 1.7% deterioration in this ratio (absolute difference), despite the marginal 0.8% increase in administrative & distribution costs (€2,451,303 in 2014 vs. €2,431,433 in 2013), is due to the 12.1% decline in net fees & commissions (see Note 1 above). The latter is due mainly to the reduction in equity trading commissions (€11,417,165 in 2014 vs. €13,044,573 in 2013) and in Other income (€2,678,877 in 2014 vs. €4,662,914 in 2013)
3	Profit before tax (Profit before tax / Income from operating activities)	14.6%	31.5%	See Note 1 for the reasons for the deterioration in this ratio

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4	Return on Equity (Profit after tax / Total equity)	1.9%	8.5%	See Note 1 for the reasons for the deterioration in this ratio
5	General liquidity (Total current assets / Total short-term liabilities)	1.84	1.87	At high levels in both 2013 and 2014

Risks

Risks and financial instruments

The Company is fully aware, in light of the nature of its business activities, that it undertakes and confronts serious risks.

The Company has put in place procedures and policies to deal with all the risks that it undertakes.

The Company calculates the capital it requires to meet the risks it undertakes, pursuant to the legislative and regulatory framework, and it calculates on a monthly basis its capital adequacy ratio, which in 2014 ranged between 30.2% and 46.2%.

Credit risk

Credit risk is the existing or future risk to earnings and capital arising from a counterparty being unable to fully or partially repay money owed to the Company or otherwise to meet the conditions and obligations under any contract with the Company.

The Company maintains appropriate processes for supporting, measuring and monitoring requirements on an ongoing basis, while taking into consideration the regulatory provisions of the Supervisory Authorities.

Credit risk is entailed in Claims on customers, stockbrokers and the stock exchange totaling €8,515,782. Claims on private retail clients are subject to strict daily controls.

Credit risk is also entailed in sight and time deposits totaling €62,243,154 as well as time deposits for the account of customers amounting to €45,857,244. The consequent credit risk relates essentially to the credit risk of the banks with which these deposits are placed, and is mitigated by setting approved credit limits per counterparty.

The Company's participation in the Guarantee Fund (€2,016,078) and its participation in the Auxiliary Fund (€ 4,332,014) also entails credit risk.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its obligations. The Company is able to meet its short-term liabilities through its current assets, given the fact that its General Liquidity Ratio is 1.84. In addition, given the fact that the Company at 31.12.2014 had funding lines from banks totaling €30,000,000 we believe that liquidity risk is limited.

Cash-flow risk (interest rate risk)

Loans with floating interest rates entail this type of risk. In 2014, the Company did not have any interest rate risk, given the fact that its short-term borrowing was minimal.

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Market risk

Market risk is the existing or future risk to earnings and capital arising from adverse changes in the value of items in its own trading portfolio. This risk arises from activities associated with market making in shares and derivative products and the trading of securities to realize short-term profit.

The Company has established risk limits, while VaR (Value at Risk) measurements are taken on a daily basis for the sum of its equity positions as well as for various individual segments. In addition, the Company monitors individual position limits as well as a range of sensitivity indicators.

Specifically, according to the VaR measures, the level of market risks undertaken by the Company in 2014 ranged from €54,560 to €313,689, while the average was €156,042.

The bulk of the Company's positions derive from its activity as market maker, and for the most part they are hedged (see Price fluctuation risk).

Shares worth €1,193,676 shares and other securities worth €224,180 entail this type of risk. The majority of shares in the trading portfolio amounting to €532,696 derive from the Company's activity as a type B market maker in derivatives and accordingly the position is hedged by that of derivatives. The risk arising from the trading portfolio is calculated daily using the VaR method. The calculation includes hedged and unhedged positions in shares totaling €660,980.

Distribution of profits

The Company's profits in 2014 amounted to €1,469,316.
The Board proposes not to distribute a dividend for the financial year 2014, as was also the case for 2013.

Other information

a) At 31 December 2014 the Company had financial assets at fair value through profit or loss totaling €1,417,856.

b) The Company runs 7 branches in the following towns in Greece and abroad: Agrinio, Iraklio, Thessaloniki, Lamia, Nicosia, London, and Bucharest.

c) In the period since the close of the balance sheet for the financial year under review there have been no significant losses, nor has the likelihood of such losses arisen. Any contingent losses are included in Other provisions, as described in Note 25 to the financial statements.

d) The Company does not face labor or environmental problems.

Dear Shareholder,

In light of the foregoing, we ask you to approve the annual financial statements for the business year 1 January – 31 December 2014.

Athens, 27 February 2015

On behalf of the Board of Directors

Chairman of the Board & CEO	General Manager & Member of the Board
Panos I. Goutakis ID No. AK 121294	Spyros Kapsokavadis ID No. AZ 013018

Independent Auditor's Report

to the shareholders of NBG Securities S.A.

Report on Financial Statements

We have audited the accompanying financial statements of NBG Securities S.A. (the "Company") which are comprised of the statement of financial position as at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making this risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as these have been adopted by the European Union.

Legal and Regulatory Issues

We have agreed and confirmed the content and consistency of the Management Report of the Board of Directors with the accompanying financial statements, pursuant to the provisions of articles 43a and 37 of Codified Law 2190/1920.

Athens, 27 February 2015
The Certified Public Accountant

Despoina Xenaki
Reg. No. SOEL: 14161
Deloitte.
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STATEMENT OF COMPREHENSIVE INCOME		€	
	Note	**01.01-31.12.2014**	**01.01-31.12.2013**
Net fee and commission income	5	18.324.202	20.835.446
Dividend Income		100.329	233.782
Results from investment securities	6	1.554.146	3.250.891
Other operating income		301.374	178.617
Income from operating activities		**20.280.051**	**24.498.736**
Costs for provision of services	7	(15.151.034)	(14.673.371)
Administrative expenses	8	(2.205.325)	(2.319.869)
Distribution expenses	9	(245.978)	(111.564)
Other operating expenses	10	(560.591)	(408.252)
Expenses from operating activities		**(18.162.928)**	**(17.513.056)**
Interest income		1.085.779	1.030.754
Less: interest expenses		(247.429)	(311.621)
Net interest income		**838.350**	**719.133**
Profit before taxes		**2.955.473**	**7.704.813**
Income tax	11	(1.486.157)	(1.215.082)
Profit for the period		**1.469.316**	**6.489.731**
Other comprehensive income			
Amounts which will not be reclassified in the results set out below			
Change in net liabilities related to defined benefit schemes		(134.809)	(42.239)
Cumulative total income		**1.334.507**	**6.447.492**

The attached notes (pp. 17-60) comprise an integral part of the financial statements.

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STATEMENT OF FINANCIAL POSITION			€
	Note		
ASSETS		**31.12.2014**	**31.12.2013**
Non-current assets			
Intangible assets	13	174.397	84.960
Tangible assets	14	265.750	205.262
Investment in associates	15	79.418	79.418
Deferred tax assets	16	536.942	104.762
Other long-term items	17	8.072.573	7.592.170
		9.129.080	**8.066.572**
Current Assets			
Receivables from customers, brokers - stock markets	18	8.515.782	39.086.360
Financial assets at fair value through profit or loss	19	1.417.856	28.649.422
Other assets	20	82.226.086	53.577.717
Cash and cash equivalents	21	62.247.536	27.991.411
		154.407.260	**149.304.910**
TOTAL ASSETS		**163.536.340**	**157.371.482**
EQUITY AND LIABILITIES			
Equity			
Share Capital	22	11.674.101	11.674.101
Reserves	23	52.112.010	52.721.665
Retained earnings		14.101.469	12.157.307
		77.887.580	**76.553.073**
Long-term Liabilities			
Obligations for post retirement benefits	24	722.638	493.301
Other provisions	25	1.159.024	693.912
		1.881.662	**1.187.213**
Short-term Liabilities			
Due to customers, brokers - stock markets	26	22.150.336	44.904.909
Financial liabilities at fair value through profit or loss	27	4.285.707	51.024
Current tax liabilities		2.156.126	-
Other Liabilities	28	55.174.929	34.675.263
		83.767.098	**79.631.196**
TOTAL EQUITY AND LIABILITIES		**163.536.340**	**157.371.482**

The attached notes (pp. 17-60) comprise an integral part of the financial statements.

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STATEMENT OF CHANGES IN EQUITY			€		
	Share capital	Reserves		Retained earnings	Total
		Defined benefit schemes	Other reserves		
Balance at the beginning of the year at 01.01.2013	**11.674.101**	**525.683**	**46.185.730**	**11.720.067**	**70.105.581**
Profit for the period	-	-	-	6.489.731	6.489.731
Other comprehensive income / (expense)		(42.239)	-	-	(42.239)
Cumulative total income/ (expenses) for the period.	**-**	**(42.239)**	**-**	**6.489.731**	**6.447.492**
Reserves of L. 148/67 from sale and purchase of shares	-	-	14.187.347	(14.187.347)	-
Untaxed Reserves	-	-	(8.121.410)	8.121.410	-
Other changes	-	-	(13.446)	13.446	-
Balance at the beginning of the year at 01.01.2014	**11.674.101**	**483.444**	**52.238.221**	**12.157.307**	**76.553.073**
Profit for the period	-	-	-	1.469.316	1.469.316
Other comprehensive income / (expense)	-	(134.809)	-	-	(134.809)
Cumulative total income/ (expenses) for the period.	**-**	**(134.809)**	**-**	**1.469.316**	**1.334.507**
Other changes	-	-	(474.846)	474.846	-
Balance as at 31.12.2014	***11.674.101***	***348.635***	***51.763.375***	***14.101.469***	***77.887.580***

The attached notes (pp. 17-60) comprise an integral part of the financial statements.

STATEMENT OF CASH FLOWS		€	
		01.01.-31.12.2014	01.01.-31.12.2013
Cash flows from operating activities			
Profit for the period		**1.469.316**	**6.489.731**
Non-cash items and other adjustments included in net profit/(loss)of the period:		**306.130**	**1.753.252**
Amortization / impairment of tangible assets	14	110.036	273.503
Amortization / impairment of intangible assets	13	54.349	68.689
Impairment loss from investments in associates		-	94.826
Provisions		512.276	104.240
Deferred tax (income)/ expenses		(384.815)	1.215.082
Net profit / loss from sale of tangible assets		14.284	(3.088)
Net decrease / (increase) in operating assets:		**10.153.483**	**(27.681.526)**
Securities held for trading purposes		31.466.249	(242.878)
Loans & advances to customers /Due to customers (net)		7.816.005	4.783.131
Other assets		(29.506.834)	(32.769.368)
Dividends received		100.329	233.782
Interest received		277.734	313.807
Net increase / (decrease) in operating liabilities:		**22.655.792**	**18.794.945**
Income taxes paid		(369.276)	(438.418)
Other Liabilities		23.272.497	19.544.984
Interest expenses paid		(247.429)	(311.621)
Net cash inflows (outflows) from operating activities		**34.584.721**	**(643.598)**
Cash flows from investing activities.			
Acquisition of intangible assets	13	(143.786)	(38.107)
Acquisition of tangible assets	14	(184.818)	(67.781)
Disposal of tangible assets		8	3.427
Net cash (used in) / provided by investing activities		**(328.596)**	**(102.461)**
Cash flows from financing activities.			
Net cash from/ (for) financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		**34.256.125**	**(746.059)**
Cash and cash equivalents at the beginning of the period		27.991.411	28.737.470
Cash and cash equivalents at the end of the period	22	62.247.536	27.991.411

The attached notes (pp. 17-60) comprise an integral part of the financial statements.

Athens, 27 February 2015

Chairman of the Board & CEO	General Manager & Member of the Board	CFO
Panos I. Goutakis ID No. AK 121294	Spyros S. Kapsokavadis ID No. AZ 013038	Efthymios V. Voidis ID No. AZ 604759 ECG Class-A License No. 14475

The attached notes (pp. 17-60) comprise an integral part of the financial statements.

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Notes to the financial statements

1. General information on the Company

NBG Securities S.A. (hereafter the "Company") was established in 1988. The Company is headquartered in Athens, 91 Michalakopoulou St. (General Electronic Commercial Registry ("GEMI") No.: 999301000), tel.: +30 2107720000, www.nbgsecurities.com. The Company provides securities trading and investment services and is active in Greece and abroad, with branches in London, Nicosia and Bucharest.

The entire share capital of the Company is owned by National Bank of Greece S.A. ("NBG") and the Company's Financial Statements are included in the Consolidated Financial Statements of the NBG Group.

The composition of the Company's Board is as follows:

Panos Goutakis	Chairman of the Board and CEO
Eleni Tzakou-Lambropoulou	Vice-Chairman
Dimitrios Dimopoulos	Member
Paul Mylonas	Member
Leonidas Frangiadakis	Member
Panagiotis Dasmanoglou	Member
Spyros Kapsokavadis	Member

Supervisory Authority Hellenic CMC – Ministry of Development

Tax Identification No. 094239819

GEMI Reg. No. 999301000

Legal Counsel Eva Kotzabasi

The Board of Directors was elected by the AGM of 26.06.2014 and was constituted into a body on 26.06.2014 by decision of the Board; on 04.12.2014 it was decided not to replace one of its members who had resigned. Its term is due to expire on 30.06.2017. The financial statements contained herein were approved by the Board on 27.02.2015.

2. Summary of key accounting principles

2.1 Basis of presentation

The Financial Statements of the Company for the year ended 31 December 2014 (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"). Amounts have been rounded and expressed in Euro (unless stated otherwise). Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

The financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities held at fair value through profit or loss and all derivative contracts, which have been measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: liabilities from benefits provided to staff following retirement from service, and provisions for risks. The real future results may differ from the published. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 Adoption of IFRS

2.2.1 New IFRS, interpretations and amendments effective as of 01.01.2014

In May 2011, a "package" of five standards was issued, consisting of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other Entities", IFRS 27 (as amended in 2011) "Separate Financial Statements" and IFRS 28 (as amended in 2011) "Investments in Associates and Joint Ventures". Subsequent to the issuance of the said standards, amendments to IFRS 10, 11 and 12 were issued to clarify basic transitional guidelines for their first application. For the current financial year, the Company implemented for the first time IFRS 12 and IAS 27 and 28 (as amended in 2011) including the amendments of IFRS 12 regarding the transitional guidelines. The impact of the application of these standards is presented below:

1. Impact of IFRS 12

IFRS 12 "Disclosure of Interests in Other Entities", defines disclosures required for all types of interests in other entities, including joint arrangements, associates and structured entities which are not controlled by the investor. The impact of the application of the said IFRS is set out in note 15.

2. Impact of the application of IAS 27 (2011)

The amended version of IAS 27 now only deals with the requirements for separate financial statements, which were transferred, to a great extent, unchanged, from IAS 27 "Consolidated and Separate Financial Statements". The requirements for the consolidated financial statements are now included in IFRS 10 “Consolidated Financial Statements”. The new IFRS requires, when an entity prepares separate financial statements, investments in subsidiaries, associates and joint controlled entities to be accounted for either at cost or in accordance with the provisions of IAS 39 "Financial Instruments: Recognition and Measurement". There was no impact from the adoption of the IAS 27, as amended, in the financial statements of the Company.

3. Impact of application of IAS 32 "Financial Instruments: Presentation" (as amended)

These amendments clarify the implementation of offsetting rules. There was no impact from the adoption of the said amendments on the financial statements of the Company.

4. Impact of application of IAS 39 "Novation of derivatives and continuation of hedge accounting" (Amendment)

These amendments mitigate the effects of eliminating hedge accounting when the novation of a derivative classified as hedging meets certain criteria. The adoption of this amendment had no significant impact on the Company’s financial statements.

5. Impact of application of IAS 36 (Amendments) "Recoverable amount disclosures for non-financial assets"

These amendments remove the requirement to disclose the recoverable amount of an asset or a cash-generating unit when a significant amount of goodwill (or indefinite useful life intangible assets) has been measured in periods in which no impairment or reversion of impairment was recognized; clarify the required disclosures, and introduce explicitly a disclosure requirement regarding the discount rate used to determine the impairment (or its reversion) when the recoverable amount (based on fair value less costs of disposal) is calculated on the basis of the present value. The adoption of said amendments had no impact on the financial statements of the Company.

6. IFRIC "Interpretation 21 Levies" (IFRIC 21)

IFRIC 21 clarifies that an entity recognizes a liability for a levy no sooner than when the activity that binds the entity to pay the levy, as specified in the relevant legislation, occurs. IFRIC 21 also clarifies that the liability for the levy is recognized progressively only if the activity that triggers the payment is carried out over a period of time, pursuant to the relevant legislation. If a levy is triggered on reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The adoption of said interpretation had no impact on the financial statements of the Company.

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2.2.2 New IFRS, interpretations and amendments to become effective after 2014

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018). IFRS 9, issued in November 2009, introduced new requirements regarding classification and measurement of financial assets. IFRS 9 was initially amended in October 2010 to include requirements for the classification and measurement, as well as the de-recognition of financial liabilities and subsequently in November 2013 to include the new general hedge accounting model. In June 2014 a revised version was issued mainly to include (a) provisions for impairment for financial assets and (b) minor amendments to its relevant provisions regarding classification and measurement by introducing a new measurement category for certain simple debt instruments, "fair value through other comprehensive income" (FVTOCI) Key requirements of IFRS 9:

- All financial assets that are currently within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are required to be subsequently measured at amortized cost or fair value. Specifically, debt instruments held on the basis of a business model aiming at collecting contractual cash flows that consist solely of payments of principal and interest on the principal outstanding, can generally be measured at amortized cost in subsequent periods. Debt instruments whose contractual terms provide solely for payments of principal and interest, on specific dates and held by means of a business model that aims at either collecting contractual cash flows or selling the debt instruments, are measured at FVTOCI. All other debt and equity instruments are measured at their fair value at the end of subsequent accounting periods. Furthermore, according to IFRS 9, if an equity instrument is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in profit or loss.
- With respect to measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires the amount of change in the fair value that is attributable to changes in the credit risk of the liability to be recognized in other comprehensive income, unless this would create or enlarge a measurement or recognition inconsistency (an "accounting mismatch") in profit or loss. Changes in the fair value attributable to changes in the credit risk of the financial liability are not transferred subsequently to profit or loss. Changes in the fair value arising from changes in the credit risk of the liability are made at initial recognition and are not transferred subsequently to profit or loss. According to IAS 39, the total amount of change in the fair value of a financial liability determined at fair value through profit or loss is recognized in profit or loss.
- With regard to impairment for financial assets, IFRS 9 requires that the impairment is estimated using a model of expected credit loss in contrast to the existing model of the realized credit loss as specified in IAS 39. The expected credit loss model requires the accounting recognition of the expected credit loss and its change at each financial statement date so as to reflect the changes in credit risk in relation to

the initial recognition. In other words, it is no longer necessary for a credit event to occur in order to identify a relevant credit loss.

- The new provisions regarding hedge accounting continue to use the three hedge accounting mechanisms as provided by IAS 39. IFRS 9, provides greater flexibility regarding the types of transactions that may be chosen for hedge accounting, especially by broadening the types of financial assets that can be used as hedge accounting instruments and the kinds of risk subject to hedging that are included in non-financial entities. Moreover, the effectiveness testing requirements have been revised and replaced by the principle of "economic relationship". Currently, there are no requirements for retrospective effectiveness of the hedging relationship. However, increased disclosure requirements regarding the company's risk management activities have been introduced.

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

- IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014, as issued by IASB). This modifies the requirements of IAS 19 (2011) "Employee Benefits" regarding contributions paid by employees or third parties which are linked to the provision of services. If the amount of contributions is independent of the number of years of service, the contributions may be recognized as a reduction in service cost in the period in which the related service is rendered instead of being attributed to the periods of service. If the amount of contributions is dependent on the number of years of service, the contributions are required to be attributed to periods of service using the same method required by article 70 of IAS 19 for the gross benefit. This would involve using either the defined benefit plan's contribution formula, or a straight line basis. The Company has not applied this amendment, but it is not expected to have any material effect on the Financial Statements.

- IFRS 15 (new standard/model) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017, as issued by the IASB). IFRS 15 sets out the requirements for recognizing revenues that apply to all contracts with customers, by establishing a single comprehensive framework for revenue recognition. When IFRS 15 is effective, it will replace the current accounting framework for revenue recognition, which includes IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition. The core principal of IFRS 15 is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Specifically, to recognize revenue, IFRS 15 applies the following five steps:

- Identify the contracts with the customers
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the separate performance obligations

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- Recognize revenue when each performance obligation is satisfied.

Under IFRS 15, a company recognizes revenue when (or as) each performance obligation is satisfied, e.g. by transferring a promised good or service to a customer (e.g., when the customer obtains control of that good or service). IFRS 15 also provides additional guidance on how to handle special cases. In addition, IFRS 15 requires comprehensive disclosures.
The Company has not applied this standard and is currently evaluating the impact of IFRS 15 on the Company's Financial Statements and the timing of its adoption. Although the application of IFRS 15 in the future may have a significant impact on amounts reported in respect of the Company’s financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

- IAS 16 and IAS 38 (Amendments) Clarification of Acceptable Methods of Depreciation and Amortization (effective for annual periods beginning on or after 01 January 2016, as issued by IASB). Amendments to IAS 16 prohibit businesses from using revenue-based methods to calculate the depreciation of tangible assets. Amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for measuring the depreciation of an intangible asset. The presumption can be rebutted in the following two cases: (a) when the intangible asset is expressed as a revenue calculation measure or (b) when it can be proven that revenue and the consumption of the economic benefits embodied in the intangible asset are closely connected. The Company is currently using the straight-line amortization method for its tangible and intangible assets. The management believes that the straight-line amortization method is the most appropriate method to reflect the economic benefits embodied in the relevant assets.
- **"IFRS - Annual Improvements cycle 2010-2012"** (effective date: annual periods beginning on or after 1 July 2014), introduce amendments to the following standards:

- **IFRS 2** – Changes the meaning of "vesting period" and "market condition" and adds the terms "performance condition" and "service condition", formerly included in the definition of "vesting period".
- **IFRS 3 –** Requires contingent consideration that is classified as an asset or liability to be measured at fair value on any reference date, regardless of whether the contingent consideration is a financial asset under IFRS 9 or IAS 39 or non-financial asset or liability. Any changes in the fair value should be recognized in profit or loss.
- **IFRS 8 –** Requires disclosure of judgements made by the management in applying aggregation criteria in operating segments, including a brief description of such operating segments and financial indices used to define if the operating segments have similar financial features. It clarifies that the reconciliation of segment assets are required only if such assets are regularly reported to the chief decision-maker.
- **IFRS 13** - Clarifies that the issuance of IFRS 13 and the amendments in IFRS 9 and IAS 39 do not remove an entity's ability to measure short-term receivables and payables on a non discounting basis, provided that the impact of the discount is minor (amend only the base for conclusions).
- **IAS 16 and IAS 38** - Clarifies that when a fixed asset or an intangible asset is readjusted, the initial value of the asset is adjusted in a way that is consistent with the readjustment of the asset’s book value and also clarifies that the cumulative amortization is the spread between the initial book value and the book value following every impairment loss.

- **IAS 24** - Clarifies that a company which provides management services and supplies another company with staff that holds management posts is a related party to the company that receives the services and also clarifies that payments to companies that provide management services should be disclosed.

The Company has not implemented such amendments which are not expected to have significant impact on the financial statements.
- **"IFRS - Annual Improvements cycle 2011-2013"** (effective date: annual periods beginning on or after 1 July 2014), introduce amendments to the following standards:

- **IFRS 1 -** Clarifies that a company that is implementing IAS for the first time may, but is not obliged to, apply a new IFRS whose implementation is not yet mandatory but the new standard enables earlier application. If a company decides to implement a new standard earlier, then it should implement it with retroactive effect for all the periods presented, unless IFRS 1 includes discharge or exemption that allows for something different (amending only the base for conclusions).
- **IFRS 3** - Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- **IFRS 13** - Clarifies that the purpose of the portfolio exclusion in paragraph 52 from the measurement of the fair value of a group of financial assets and liabilities on an offset basis includes all contracts which serve the purpose and are treated on an accounting basis pursuant to IAS 39 or IFRS 9 even if the said contracts do not meet the standards of a financial asset or liability pursuant to IAS 32 "Financial Instruments: Presentation".
- **IAS 40** - Clarifies the interdependence of IFRS 3 and IAS 40 when classifying real property as investment property or as owner-occupied property. Consequently, a company that acquires investment property should specify whether (a) the property meets the standards set for investment property pursuant to IAS 40, and (b) the transaction meets the standards of business combinations according to IFRS. 3.

The Company has not applied such amendments, which are not expected to have significant impact on the financial statements.
- IAS 27 (Amendments) Application of the Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 01 January 2016, as issued by IASB). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

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- "IFRS - Annual Improvements to IFRSs 2012-2014 cycle" (effective date: annual periods beginning on or after 01 July 2016), introduce amendments to the following standards:

IFRS 5 - The amendment clarifies that when an entity reclassifies an asset (or group of assets destined for sale, “disposal groups”) from "held for sale" to "held for distribution" or vice versa, this event does not alter the plan of sale or distribution and therefore should not be accounted for as a change. This means that the asset or the disposal groups held for sale should not be replaced in the financial statements, as if they had never been classified as "held for sale" or "held for distribution", simply because the way of disposal was changed. The amendment also restores an omission in the standard clarifying that the directive to change the sales plan should be applied to an asset or disposal group held for sale when they are no longer held for distribution but not reclassified as "held for sale".

IFRS 7 - There are two amendments to IFRS 7.

1. Servicing contracts after the transfer of financial assets

If an entity transfers a financial asset under conditions that allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all forms of continuing involvement of the entity over the transferred assets. IFRS 7 clarifies what is meant by "continuing involvement". The amendment provides additional guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute "continuing involvement". The amendment is prospective with an option to apply retrospectively. A consequential amendment to IFRS 1 is included to give the same relief to first time adopters.

2. Interim financial statements

The amendment clarifies that the additional disclosure required by IFRS 7 "Disclosure - Offsetting financial assets and liabilities" is not exactly required for all interim periods, unless required by IAS 34. The amendment is retrospective.

IAS 19 - The amendment clarifies that when the interest rate is determined for the discounting of the defined post retirement obligations, the currency is what is important for the conversion of the obligation and not the country of origin. The assessment of whether there is an active market for high quality corporate bonds is based on corporate bonds of the said currency and not on corporate bonds of a particular country. Likewise, when there is no active market for high-quality corporate bonds of the said currency, government bonds of the same currency can be used. The amendment is retrospective but is limited to the commencement of the earliest period presented in the financial statements.

IAS 34 - The amendment clarifies what is meant by the reference in the standard to "the disclosure of information elsewhere in the interim financial report". The amendment to IAS 34 requires the inclusion of a cross-reference from the interim financial statements to the location of this information. The amendment is retrospective.

The Company has not implemented such amendments which are not expected to have significant impact on the financial statements.

There are no other non-effective IFRS or interpretations expected to have material effect on the Company's financial statements.

2.3 Foreign currency transactions

The consolidated financial statements of the Company are presented in thousands of 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 recognized in the results. Translation differences on debt securities and other monetary financial assets re-measured at fair value are included in "Other operating income" or "Other operating expenses".

Translation differences on non-monetary financial assets are a component of the change in their fair value. Translation differences, depending on the category of the non-monetary financial asset, are recognized either in the income statement (e.g. equity securities held for trading) or in other comprehensive income (e.g. equity securities). Non-monetary items that

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are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

2.4 Financial assets and liabilities at fair value through profit or loss

Trading

The trade portfolio includes securities, which are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are included in a securities portfolio in which a pattern of short-term profit making exists. The trade portfolio also includes derivatives unless they are designated as effective hedging instruments.

Measurement

Financial assets and liabilities at fair value through profit or loss (trading) are initially recognized at fair value and subsequently re-measured at fair value.

Gains and losses realized on disposal or redemption and unrealized gains and losses from changes in the fair value are recognized in the income statement in "Results from investment securities".

Dividend income is recognized when the right to receive payment is established (the ex-dividend date) for equity securities and is separately reported and included in "Net other income/ (expense)".

The amount of change during the annual period, and cumulatively, in the fair values of designated financial liabilities and loans and advances to customers that is attributable to changes in their credit risk is determined as the amount of change in the fair value that is not attributable to changes in market conditions that give rise to market risk.

2.5 Derivative financial instruments and hedging

Derivative financial instruments including foreign exchange contracts, forward rate agreements, currency and interest rate swaps, interest rate futures, currency and interest rate options (both written and purchased) and other derivative financial instruments are initially recognized in the statement of financial position at fair value and subsequently are re-measured at their fair value. Derivatives are presented in assets when favourable to the Company and in liabilities when unfavourable to the Company.
Where the Company enters into derivative instruments used for trading purposes, realized and unrealized gains and losses are recognized in the income statement.

Certain derivative instruments transacted as effective economic hedges under the Company's risk management positions do not qualify for hedge accounting under the specific rules of IAS 39.

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2.6 The investment and holdings in associates portfolio

Investment securities are initially recognized at fair value (including transaction costs) and are classified as available-for-sale, held-to-maturity, or loans-and-receivables based on the securities' characteristics and management intention on purchase date. Investment securities are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset.

All other purchases and sales, which do not fall within market convention, are recognized as derivative forward transactions until settlement.

Available-for-sale investment securities are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition they are re-measured at fair value. Unquoted equity instruments whose fair value cannot be reliably estimated are carried at cost.

Unrealized gains and losses arising from changes in the fair value of available-for-sale investment securities are reported in other comprehensive income, net of taxes (where applicable), until such
investment is sold, collected or otherwise disposed of, or until such investment is found to be impaired.

Available-for-sale investment securities may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or equity prices. When an available-for-sale investment security is disposed of or impaired, the accumulated unrealized gain or loss included in other comprehensive income is transferred to the income statement for the period and reported as gains/losses from investment securities. Gains and losses on disposal are determined using the moving average cost method.

Held-to-maturity investment securities consist of non-derivative, securities that are quoted in an active market, with fixed or determinable payments and fixed maturity, which the management has the positive intent and ability to hold to maturity.

Loan and receivable investment securities consist of non-derivative investment securities with fixed or determinable payments that are not quoted in an active market.

Held-to-maturity and Loan and receivable investment securities are carried at amortized cost using the effective interest rate method, less any provision for impairment. Amortized cost is calculated by taking into account any fees, points paid or received, transaction costs and any discount or premium on acquisition.

Investment in associates Associates are entities over which the Company has between 20% and 50% of the voting rights, and over which the Company exercises significant influence, but which it does not control. In the financial statements, investments in associates are accounted for at cost.

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Impairment: The Company assesses at each reporting date whether there is objective evidence that an investment security or a group of such securities is impaired.

Particularly for equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired.

If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the Income statement) is removed from other comprehensive income and recognized in the Income statement. Impairment losses recognized in the income statement on available-for-sale equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the Income statement.

The amount of the impairment loss for held-to-maturity and loans and advances investment securities, which are carried at amortized cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate.

Interest earned while holding investment securities is reported as **interest income**.

Dividend income is recognized in the Statement of Comprehensive Income in "Dividend income" when the right to receive payment is established. This is the ex-dividend date for equity securities.

2.7 Transfers of financial instruments

The Company reclassifies non-derivative debt instruments out of the trading category and into the loans-and-receivables category if the instruments meet the definition of this category at the date of reclassification and the Company has the intention and ability to hold the instruments for the foreseeable future or until maturity. The fair value of the instruments at the date of reclassification becomes the new cost at that date.

When the instruments reclassified out of the trading category include embedded derivatives, the Company reassesses at the reclassification date, whether the embedded derivatives need to be separated from the host contract, on the basis of the circumstances that existed when the Company became a party to the contract.

2.8 Advances and liabilities to customers

From the initial recognition advances and liabilities to customers are measured at fair value. Advances to customers shall be measured at amortized cost using the effective interest rate method, less any provision for impairment.

An allowance for impairment is established if there is objective evidence that the Company will be unable to collect all amounts due according to the original contractual terms.

Allowances for impairment losses on advances are recognized in the balance sheet as a deduction from the carrying value of claims against customers.

2.9 Fair value of financial instruments

The Company measures the fair value of its financial instruments based on a framework that ranks financial assets on three levels based on the inputs used for their valuation, as discussed below.

Level 1: Quoted prices in active markets for identical financial instruments. Level 1 assets and liabilities include bonds, equity securities and derivative contracts that are traded in an active stock market.

Level 2: Observable inputs other than Level 1 financial instrument quoted prices, such as quoted prices for similar assets or liabilities, quoted prices in markets which are not active or other inputs that are observable or can be corroborated by observable market data (for example derived from prices) for substantially the full term of the assets or liabilities. Level 2 includes bonds with quoted prices in markets which are not active, bonds without quoted prices and certain derivative contracts whose values are determined by using pricing models, discounted cash flow methodologies, or similar techniques with inputs that are observable in the market or can be derived or corroborated by observable market data. This category includes government and corporate debt securities with prices in markets that are not active and over-the-counter (“OTC”) derivative contracts.

Level 3: Unobservable inputs where there is little or no market activity and which are significant when the fair value of the financial assets is calculated. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level in the fair value hierarchy within which the fair value measurement is ranked is determined on the basis of the lowest level input that is significant for the fair value measurement overall. To this end, the significance of an input is determined against the fair value measurement overall.

2.10 De-recognition

Financial Assets

A financial asset (or if applicable, part of a financial asset or group of such similar assets) shall be de-recognized when:

- the contractual rights on cash flows of the financial asset expire;

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- the contractual rights on cash flows of the financial asset are retained, but assumes the contractual obligation to transfer, without any delay, the cash flows to one or more recipients (pass-through settlement);
- the Company has assigned its rights to collect cash flows from the asset and has either (a) effectively transferred all risks and benefits of the asset or (b) despite not having transferred nor effectively retained all risks and benefits of the asset, it has transferred the control of the asset. When the Company assigns its rights to collect cash flows from the asset and has neither transferred nor effectively retained all risks and benefits of the asset nor has it transferred control of the asset, the asset shall be recognized insofar as the Company continues to be involved in the said asset. The ongoing involvement in the form of guarantee on the transferred asset shall be measured at the lowest level of the asset's book value and the maximum estimated sum that the Company may have to pay.

Financial Liabilities

A financial liability shall be de-recognized when it is cancelled, expired or no longer existing. When an existing financial liability is replaced by another, from the same creditor but under significantly different terms, or the terms of the existing liability are significantly amended, such change or amendment is deemed de-recognition of the original liability and recognition of a new, whereas the difference in the corresponding accounting balances shall be recognized in profit or loss.

2.11 Securities lending

Securities borrowed from or lent to third parties are recognized to the amount of the collateral in cash that was advanced or collected plus accrued interest. Securities borrowed from or lent to third parties, which are received as collateral for securities lending transactions to third parties are not recognized in the Financial Statements until control of the contractual rights for the transferred securities is acquired from or sold to third parties. In this case, such purchase or sale are recognized under profit or loss of the trading portfolio. The obligation that they be returned is recognized at fair value as a transaction liability.

Conversely, securities borrowed from or lent to third parties which are received as collateral for securities lending transactions from third parties, are not de-recognized in the Financial Statements, unless the contractual rights of the transferred securities are no longer controlled. The Company monitors the market value of securities that are borrowed from, or lent to, third parties on a regular basis and offers or demands additional guarantees depending on the underlying agreements. Fees and interest collected or paid are recognized gradually as interest income or expense, respectively (based on accrued).

2.12 Regular way purchases and sales

"Regular way" purchases and sales of financial assets and liabilities (that is, those that require delivery within the timeframe established by regulation or market convention) are recognised on the settlement date apart from trading and investment securities and derivative financial instruments, which are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset. Other purchases and sales of trading securities are treated as derivatives until settlement occurs.

2.13 Loan borrowings

Loan borrowings are initially measured at the fair value net of any transaction costs. Then, loan borrowings are carried at amortised cost using the effective interest rate method,

Loan borrowings are classified under short term obligations unless the Company can defer payment for longer than 12 months as of the balance sheet date.

2.14 Set-off

The recognition, in the financial statements, of the net amount resulting from setting off financial assets and liabilities is allowed only if there is a contractual right of setting off the recognized amounts and an intention for either settling, at the same time, the total amount of both the financial asset and liability, respectively, or settling the net amount resulting from the set off.

2.15 Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments. The said income and expense is calculated by using the effective interest rate method. Interest income includes interest on coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other instruments.

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.

2.16 Fee and commission income

Fees and commissions are generally recognised on an accrual basis over the year the service is provided. Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as acquisition of loans, equity shares or other securities or the purchase or disposal of businesses, are recognised upon completion of the underlying transaction.

2.17 Tangible assets

Tangible assets include buildings, leasehold improvements, transport, furniture and related equipment, which are held by the Company for operating use and for administrative purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into operating condition.

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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 a tangible asset classified as "tangible asset" are capitalized only when it is likely that they will result in future economic benefits to the Company beyond those originally anticipated for the asset, otherwise they are expensed as incurred. Otherwise, such costs are immediately transferred to the results as they occur.

Depreciation of a tangible asset begins when it is used and ceases only when the tangible asset is disposed of or transferred to a third party. Accordingly, the depreciation of a tangible asset that is retired from active use, does not cease unless the asset is fully depreciated.

Tangible assets are depreciated on a straight-line basis over their useful lives. The estimated useful life of each category of tangible assets is as follows:

Leasehold improvements	During the remaining lease term, up to 12 years
Furniture and related equipment	up to 12 years
Motor vehicles	up to 10 years
Hardware and other equipment.	up to 5 years

The Company reviews on a periodic basis the tangible assets for possible impairment loss. Where the carrying amount of a tangible 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 results.

2.18 Intangible assets

The account "Intangible assets" includes software costs provided that they can be identified individually.

Software costs include costs directly associated with identifiable software products controlled by the Company anticipated to generate future economic benefits for a period exceeding one year and exceeding the respective acquisition costs. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.
Expenditure incurred in the development of software is recognized as an intangible asset and depreciated on a straight-line basis over their useful lives, not exceeding however a period of 5 years. Expenditure on starting up an operation or branch, training personnel, advertising and promotion and relocating or reorganizing part or the entire Company is recognised as an expense when it is incurred.

At each financial statement date, the Company's management reviews the value of intangible assets and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. When the carrying amount of an intangible asset exceeds its recoverable amount, the asset is written down.

2.19 Leases

The assessment of whether a contract constitutes or includes a lease depends always on the substance of such contract. The assessment should review whether (a) the performance of a contract depends on the use of a specific asset or assets, and (b) the contract grants the right to use such asset.

a. The Company as a lessee

Operating leases

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

b. The Company as a lessor

Operating leases:

Assets subject to operating leases are included in the balance sheet depending on the nature of the asset. They are depreciated over their useful lives on a basis consistent with similar core property used by the Company. Rental income (net of any incentives given to lessees) is recognized on a straight line basis over the lease term.

2.20 Cash and cash equivalents

Cash and cash equivalents include cash in hand, amounts due from other banks and highly liquid financial assets with original maturities of less than three months from the date of acquisition such as treasury bills and other eligible bills, investment and trading securities 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.

2.21 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is highly 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.

2.22 Employee Benefits

The Company participates in defined benefit/contribution plans.

Employee benefits

a. Defined benefit plans

A defined retirement benefit plan is a plan that defines the benefit to be provided, usually as a function of one or more economic and demographic factors. The most important factors, inter alia, are age, years of service, compensation, life expectancy, discount interest rates or assumed rates of increase in compensation and pensions. For defined benefit plans, the liability is the present value of the defined benefit obligation at the balance sheet date minus the fair value of the plan assets.
The defined benefit obligation and the relevant cost are calculated by independent actuaries on an annual basis using the projected unit credit method. The present value of the defined obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate or government securities in the same currency as the obligation, which have terms of maturity approximating the terms of the related liability, where the market depth for such securities is deemed insufficient. The service cost (current and past, including any cuts and the gains or losses resulting from settlements) and the net financial cost of net defined benefit liability /claim are recognized in the income statement and are included in staff costs. Net defined benefit liability (after deduction of assets) is recognized in the balance sheet, whereas any changes arising from recalculating (including actuarial gains and losses, the impact of changes in the asset ceiling, if any, and the expected return of assets, excluding interest rate) are recognized directly in Other Total Income and cannot be transferred in the future to profit and loss.

b. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions, if the entity does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and previous years. Company contributions to defined contribution plans are charged to the income statement in the year to which they relate and are included in "Employee Benefits".

Other employee benefits

The Company employees participate in various programs related to health benefit provisions. Such plans are all defined contribution plans and the Company's contributions are charged to the income statement in the year to which they relate and are described in the note "Employee Benefits".

2.23 Taxes

Income tax on profits is determined in accordance with tax laws applicable from time to time and recognized as an expense in the period in which profits arise.

Deferred tax is measured, using the balance sheet liability method, on all temporary differences arising between the carrying amounts of assets and liabilities included in financial statements and their respective tax basis amounts.

The main temporary discrepancies arise from provisions for pensions, GGB write-downs resulting from the PSI pursuant to art. 3, Law 4046/2012, and untaken vacation provision. Deferred tax is also measured for tax benefits that may occur from unused tax losses carried forward to be offset, and are recognized as assets when the realization of sufficient future taxable profits to offset accumulated tax losses is considered probable.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realized or the liability is settled. Future tax rates are determined based on laws applicable at the date of the financial statements.

Deferred income tax relating to changes in the net value (liability) of defined benefit plans are charged or credited to Other comprehensive income.

Deferred tax assets and liabilities are offset when there is a valid legal entitlement to set off current tax assets against tax liabilities and when deferred income taxes relate to the same fiscal authority.

2.24 Share capital

Share issue costs: Incremental external costs directly attributable to the issue of shares and other equity items, other than on a business combination, are deducted from equity after measuring the corresponding income tax.

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

2.25 Government grants

Government grants are recognized at fair value when there is certainty that they will be collected and that the Company will be in compliance with all the respective terms. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in other liabilities and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.26 Related party transactions

Transactions with affiliates include a) transactions with the Parent Company, b) transactions with the subsidiaries and affiliated companies of the Parent Company, c) transactions with entities that the Company basically controls or over which it is able to exercise significant influence in respect of financial and operating policy. Note that, related parties also include directors of the Parent Company, their close relatives, companies owned or controlled by them and companies over which they can influence financial and operating policies. All transactions with related parties are carried out essentially under the same terms that apply to similar transactions with non-related parties and do not involve higher than normal risk.

2.27 Fiduciary

The Company provides fiduciary services for financial instruments of individuals and legal entities.
The said trust assets are not assets of the Company and are not recognised in the financial statements. The Company is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

3. Important subjective judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make subjective judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the Company's financial statements. The Company believes that the subjective judgements, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as at 31/12/2014.

The most important cases where the Company applies subjective judgements, estimates and assumptions complying with IFRS are the following:

Income tax

The Company is subject to income tax. Recognition of the relevant tax charge initially takes place on the basis of the corresponding amounts appearing on the Company's Tax Return. Calculation of income tax is essentially an accounting estimate and presupposes the exercise of subjective judgement. The Company's usual operations comprise many transactions whose tax treatment and relevant calculations are uncertain and the assessment of the tax is provisional until tax liabilities are finalized by the Tax Authorities or by rulings on any disputes by the competent courts. The Company recognizes liabilities for further likely income tax and related additional amounts that may arise as a result of one-off or regular tax audits, using estimates as a basis.

Should the amount of tax finally charged be different from the amounts initially estimated, such difference will affect the income and deferred tax of the year for which the final burden of income tax is finalized during the final settlement of the Company's tax liabilities.

Deferred tax assets

Deferred tax assets are recognised insofar as it is likely that there will be a taxable profit against which the future tax benefit can be set off. Significant subjective judgement on the part of the Management is required in order to determine the level of deferred tax assets that can be recognized, depending on the time estimates and the level of future taxable profits together with future strategies for tax issues.

4. Management of financial risk

Because of its operations the Company is exposed to a range of financial risks. These operations include the analysis, assessment, acceptance and management of a certain level of risk or combination of risks.

The general goals of the Company's Risk Management are as follows:

- To establish basic standards of risk management, with a view to maximizing profit and leveraging opportunities to generate value for shareholders.
- To support the Company's business strategy, by ensuring that business goals are pursued through actions that focus on risk control and aim at stabilizing earnings and protecting against unforeseen losses.
- To enhance the use, allocation and risk-adjusted performance of capital, by incorporating risk parameters in the calculation of performance.
- To enhance the decision-making process, by adopting the required risk management orientation.
- To ensure harmonization with best practices and compliance with the quantitative and qualitative requirements of the regulatory framework.
- To ensure the effectiveness of Risk Management as well as reduction in its operating costs by reducing operating overlaps and avoiding unsuitable or obsolete processes and methodologies.
- To enhance awareness regarding risk related issues and promote a risk management-culture at every level of the Company's business activities.
- The organizational structure of the Company's Risk Management function should ensure the observance of clear limits of responsibility, the effective separation of duties, and avoidance of conflicts of interests at all levels, including the Board of Directors, executive and senior officers, as well as between the Company, its customers, and other stakeholders.
- Risk management activities are carried out at the following levels:
  - Strategy - includes risk managementfunctions performed at Board level, i.e. approval of the risk and capital management strategy, on the basis of which risk definitions, framework and appetite are validated, as well as the remuneration levels associated with the risk management function.
  - Tactics - Include all risk management functions performed at senior executive officer level, i.e. approval of policies and risk management process manuals and the

establishment of appropriate mechanisms and audits, so as to ensure that all risks and the risk/performance ratio are kept at acceptable levels. This category also includes the risk management activities performed at the Company's Risk Management Unit, as well as key support functions.

- Function (business activity) – refers to the management of risks at the points where they are generated. The relevant operations are carried out by individuals or groups of individuals that assume risks for the account of the Company. Risk management at this level consists of appropriate audits, incorporated in the relevant operational processes and guidelines set out by the Management.

The Company is exposed to a range of risks, as a result of its financial operations, the most important being credit, market and liquidity risk.

4.1 Credit risk

Credit risk is the current or future risk on earnings and capital arising from the counterparty's failure to fully or partially repay any amount due to the Company or in general to meet the terms and obligations deriving from any agreement with the Company.

4.1.1 Credit granting processes

The Company maintains appropriate ongoing credit administration, measurement and monitoring processes, in line with the regulatory provisions of the Supervisory Authorities, including in particular:

- Effective and fully documented credit risk management policies and processes.
- Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities.
- Credit risk mitigation techniques
- The Company ensures that internal controls are in place for processes related to credit risk including:
    - Appropriate management of accounts receivable.
    - Independent assessment of credit risk management processes by the Internal Audit function.

4.1.2 Business sectors and activities subject to credit risk

Specific business sectors and activities of the Company subject to credit risk are:

A. Receivables from customers, stockbrokers and the stock exchange

Subject to credit risk are every kind of due from customers, stockbrokers and stock exchange, amounting to €8,515,782 at 31/12/2014 (2013: €39,086,360), of which €565,940 (2013: €9,955,872) concerned foreign and Greek institutional customers, €5,322,918 (2013: €20,755,466) retail customers, and €2,626,924clearing by the ATHEX and international brokers/clearing houses (2013: €8,375,022). Regarding institutional customers, the overwhelming majority of these are large and prestigious investment houses, whose transactions have already been transferred from T+1 to their custodians (banks). In light of the above, the risk in question is limited.

In current accounts for the purchase of securities in cash, the customer should pay the total purchase price in cash within the predefined clearing and settlement deadline of this transaction, as applicable. If the customer fails to pay the total price within this deadline, the Company sells immediately on the next working day as of expiry of the said deadline the securities for which the customer has not paid the price, and does not undertake any other purchase for the customer.

Credit for the purchase of securities (in form of margin or short-term credit) is granted solely to retail customers who have the necessary funds / portfolio, and are fully aware of the way securities work and the possible liabilities that may arise, while to receive credit it is necessary to sign an additional agreement. The debit balance is monitored in combination with the value of collateral on a daily basis by the competent department to ensure that the required coverage rate shall remain at the desired level.

Note in particular that according to the relevant legal framework and the Company's internal models, special techniques for the mitigation of credit risk are applied, including:

- requirement to fully cover debit balances with readily liquidated collateral (margin portfolios);
- valuation of collateral on a daily basis and procedure for maintaining collateral at the desired levels (the last resort being the imposition of forced sales);
- implementation of specific requirements regarding the quality of eligible collateral and dispersion in the margin portfolios (list of eligible securities for pledge, maximum dispersion ratios).

The following table shows debit balances and collateral values for Margin and 2D-Credit products as at 31/12/2014.

Product:	Amount category (EURO)	31/12/2014	31/12/2013
Margin	Debit balances (total)	**3,124,021**	**12,321,214**
	Value of collateral	22,839,298	43,107,607
	Out-of-margin sum	77,061	79,838
	Debit Balance not covered after valuation (red)	8,762	10,343
2D-Credit	**Debit balance (total)**	**306,323**	**1,807,751**
	Value of collateral	11,666,493	17,313,369
	Out-of-margin sum	158,210	191,363
	Debit Balance not covered after valuation (red)	22,847	19,516

For clients in toto (Current Accounts, Margin, 2D) the non-covered debit balance that was over 12M past due totaled €83,737 at 31/12/2014 (vs. €44.572 at 31/12/2013).

B. Derivatives

The Company is not responsible for clearing clients' derivatives and accordingly does not incur counterparty risk from this activity.

C. Deposits with banks of mature credit balances

Under Hellenic CMC decision 2/306/22.06.2004, to protect free available funds of customers, members of the ATHEX are required to hold cash of their customers in bank accounts. As a result, subject to credit risk are sight and term accounts of €63,759,232 (2013: €29,447,273), as well as sight and term account on behalf of the customers amounting to €45,857,244 (2013: €32,390,830). The resulting credit risk concerns in essence the credit risk of banks where these deposits are placed, and in this case placements are mainly carried out with the parent Company (NBG), systemic banks and credit institutions with high credit ratings.

D. Participation in the guarantee and auxiliary fund

Also subject to credit risk are the participation in the Guarantee Fund totaling €2,016,078 (2013: €1,967,755) and the participation in the Auxiliary Fund totaling €4,332,014 (2013: €3,988,960). The Guarantee Fund covers retail investors (not institutional investors) against members of the ATHEX when the latter fail to fulfil the obligations resulting from stock market transactions. This maximum amount of such compensation is €30,000 per investor. The credit risk faced by the participation (share) of our Company emerges in the case where a member's share is not sufficient to cover its obligations as a whole. In such a case, the Guarantee Fund may "use" the shares of other members until the member's obligations are fully met and subsequently, takes the necessary legal steps to ensure the rights of other members.

The Auxiliary Fund ensures the clearance of stock exchange transactions, i.e. if a member is unable to fulfil its obligations, its share is used, and if the share is still not sufficient, the shares of the other members are used. This last case is the one that creates the credit risk for our share in the Auxiliary Fund. To begin with, due to the nature of transaction clearing (delivery versus payment) the risk is limited to market risk while it is further reduced due to the normal offsetting of sales and purchases. Note in addition that in recent years the bulk of transactions concerns institutional client transactions and transactions for own accounts.

4.1.3 Maximum exposure to credit risk prior to obtaining collateral

The following table presents the worst-case scenario of the Company's exposure to credit risk at 31/12/2014 and 31/12/2013, respectively, before taking into account the collateral obtained. For on-balance sheet assets, the exposures as stated above are based on net carrying amounts as reported in the statement of financial position.

Maximum exposure to credit risk	**31/12/2014**	**31/12/2013**
Balance Sheet Data		
Other long-term claims	208,402	167,700
Participation in Guarantee Funds	6,348,092	5,956,715
Due from customers	**5,558,867**	**27,667,900**
-Margin	3,124,021	12,321,215
-Cash Customers	2,128,523	13,538,933
- 2D Customers	306,323	1,807,752

4.2 Market risk

Market Risk is the current or future risk on earnings and capital, caused by adverse changes in element prices in the same portfolio (positions in shares, financial derivatives, shares in Exchange Traded Funds etc.). This risk results from activities linked to market making operations in shares and financial derivatives and the purchase and sale of securities for short-term trading.

The Company maintains adequate measurement, monitoring and control functions for market risk, including:

- Position limits to keep the exposure to market risk under the approved limits, as provided for in the internal policy currently applied.
- Market risk quantification by measuring on a daily basis the Value at Risk (VaR) of the trade portfolio and individual components (1-day holding horizon, confidence interval of 99%, Delta-VaR methodology).
- Controlling the established VaR limits against the measured values.
- Measuring the sensitivities of positions in options (Options Greeks sensitivities).

- Reducing the ability to take up positions only in financial products that are included in the approved list of eligible products that meet basic criteria (adequate tradability, dispersion of positions to reduce specific risk).

In particular, as regards the level of market risk, as evidenced by the VaR index, in 2014 the figure ranged between €54,560 and €313,689, while the average stood at €156,042.

01.01- 31.12.2014	VaR index value
As at 31/12/2014	57,077
Average (daily values)	156,042
Max (daily values)	313,689
Min (daily values)	54,560

4.3 Foreign exchange risk

The foreign exchange risk is not considered significant given that the Company ensures that only small amounts are kept in foreign exchange, and the customers' claims and obligations in foreign currency do not affect significantly, as a set off, the profit and loss of the Company. As at 31/12/2014 the foreign exchange risk is deemed insignificant.

4.4 Liquidity risk

Liquidity risk is the current or future risk to earnings and capital arising from failure by the Company to meet its obligations when they fall due, thereby meaning that it needs to resort to extraordinary lending or forced sale of its assets under adverse circumstances. The following tables present the maturity of short-term liabilities and assets and their correlation for the years ended at 31/12/2014 and 31/12/2013.

31/12/2014	Up to 1 month	1 - 3 months	4 -12 months	12+ months	Total
Liquidity - short-term liabilities					
Due to suppliers	422,727	-	-	-	**422,727**
Due to customers-stockbrokers/ Stock Exchange	22,150,336	-	-	-	**22,150,336**
Financial liabilities at fair value through profit or loss	4,285,707	-	-	-	**4,285,707**
Other liabilities	46,703,358	8,635.248	1,564,785	4,937	**56,908,328**
Maturity of short-term liabilities by period	**73,562,128**	**8,635,248**	**1,564,785**	**4,937**	**83,767,098**
Current Assets	**128,292,761**	**318,343**	**16,740,709**	**9,055,447**	**154,407,260**

31/12/2013	Up to 1 month	1 - 3 months	4 -12 months	Over one year	Total
Total short-term liabilities					
Due to customers	268,303	-	-	-	**268,303**
Due to customers-brokers/ the Stock Exchange	44,904,909	-	-	-	**44,904,909**
Financial liabilities at fair value through profit or loss	51,024	-	-	-	**51,024**
Other liabilities	33,745,584	656,039	-	5,337	**34,406,960**
Maturity of short-term liabilities by period	**78,969,820**	**656,039**	**-**	**5,337**	**79,631,196**
Current Assets	**125,103,059**	**3,427,879**	**19,312,191**	**1,461,781**	**149,304,910**

In 2014, the Company's funding line from banks stood at €30,000,000. Based on the above data and the nature of the Company's business, the liquidity risk is considered minimal.

4.5 Interest rate risk

Interest rate risk is the risk of loss arising from fluctuations in current market interest rates. A distinction is made between interest risk for assets and interest risk for liabilities. With regard to assets, interest rate risk concerns margin loans, where the risk is transferred to the customer, since there is a contractual provision stipulating that any change in the reference rate shall be passed on to the customer. With regard to liabilities, the risk arises from loans received by the Company, which are concluded based on the Euribor rate. The impact of interest rate risk on the Company's results and its net position is limited.

4.6 Capital adequacy

The Company's capital adequacy is monitored on a regular basis by the competent bodies of the Company and the relevant supervisory reports (pursuant to Decision HCMC 459/27.12.2007) are submitted each month to the Hellenic Capital Market Commission.

The following table presents the figures for the Company’s capital position as at 31/12/2014 and 31/12/2013.

	31/12/2014	**31/12/2013**
Core Equity		
Share Capital	11,674,101	11,674,101
Reserves excluding revaluation adjustments	52,112,010	52,721,665
Retained earnings	14,101,469	12,157,307
Total Core Equity	**77,887,580**	**76,553,073**
Less: Temporary losses	196,000	223,000
Less: Intangible assets	174,397	84,960
Total Regulatory Equity	**77,517,183**	**76,245,113**
Assets and Off-Balance Sheet Items - Weighted	**255,319,114**	**191,203,536**
Basel II Capital Adequacy Ratio	30.36%	39.88%

4.7 Offsetting financial assets and liabilities

The recognition, in the statement of financial position of the Company, of the net amount resulting from setting off financial assets and liabilities is allowed only if there is a contractual right that allows setting off of the recognized amounts and in addition there is the intention to either settle, at the same time, the total amount of both the financial asset and liability, respectively, or settle the net amount resulting from the set off. The Company enters into principal agreements for set-off or similar contracts, which do not meet the

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criteria set by the applicable accounting standard for setting off in the statement of financial position, but provide the right to set off relevant amounts in the event of the counterparty's failure to comply with the agreed terms (whether due to bankruptcy, failure of payment or execution). The following table presents the recognized financial instruments as at 31 December 2014 and 2013, which, whether set off or not, are subject to principal or similar agreements for setting off, as well as the net impact that the full exercise of the setting off right would bring to the statement of financial position of the Company ("net amount").
Financial liabilities are subject to offsetting, enforceable netting agreements and similar agreements.

At 31 December 2014		**Derivative financial instruments (1)**	**Securities lending agreements**	**Total**
Recognized financial assets (gross amount)		**30,004**	**-**	**30,004**
Offset financial liabilities (gross amount)		-	-	-
Financial assets recognized in the Statement of Financial Position (net amount)		**30,004**	**-**	**30,004**
Related amounts not offset in the Statement of Financial Position	Received financial instrument guarantees	(30,004)	-	(30,004)
	Received cash guarantees	-	-	-
Net amount		**-**	**-**	**-**
At 31 December 2014		Derivative financial instruments (2)	Securities lending agreements (2)	Total
Recognized financial liabilities (gross amount)		**84,656**	**4,201,051**	**4,285,707**
Offset financial assets (gross amount)		**-**	**-**	**-**
Financial liabilities recognized in the Statement of Financial Position (net amount)		**84,656**	**4,201,051**	**4,285,707**
Related amounts not offset in the Statement of Financial Position	Granted financial instrument guarantees	**(30,004)**	**-**	**(30,004)**
	Granted cash guarantees	**(54,652)**	**(4,201,051)**	**(4,255,703)**
Net amount		**-**	-	**-**

(1) *Included in "Financial assets recognized at fair value through profit or loss" in the Company's Statement of Financial Position at 31 December 2014.*

(2) *Included in "Financial liabilities recognized at fair value through profit or loss" in the Company's Statement of Financial Position at 31 December 2014.*

At 31 December 2013		**Derivative financial instruments (1)**	**Securities lending agreements**	**Total**
Recognized financial assets (gross amount)		**7,088**	**-**	**7,088**
Offset financial liabilities (gross amount)		-	-	-
Financial assets recognized in the Statement of Financial Position (net amount)		**7,088**	**-**	**7,088**
Related amounts not offset in the Statement of Financial Position	Received financial instrument guarantees	(7,088)	-	(7,088)
	Received cash guarantees	-	-	-
Net amount		**-**	**-**	**-**

At 31 December 2013		Derivative financial instruments (2)	Securities lending agreements (2)	Total
Recognized financial liabilities (gross amount)		**26,201**	**24,823**	**51,024**
Offset financial assets (gross amount)		**-**	**-**	**-**
Financial liabilities recognized in the Statement of Financial Position (net amount)		**26,201**	**24,823**	**51,024**
Related amounts not offset in the Statement of Financial Position	Granted financial instrument guarantees	**(26,201)**	**(24,823)**	**(51,024)**
	Granted cash guarantees	**-**	**-**	**-**
Net amount		**-**	-	**-**

(1) Included in "Financial assets recognized at fair value through profit or loss" in the Company's Statement of Financial Position at 31 December 2013.

(2) Included in "Financial liabilities recognized at fair value through profit or loss" in the Company's Statement of Financial Position at 31 December 2013.

5. Net fee and commission income

Net fee and commission income includes the following:

	01.01-31.12.2014	01.01-31.12.2013
Commission income from sale and purchase of shares	11,417,165	13,044,573
Commission income from bonds and mutual funds	2,673,030	2,046,605
Commission income from derivatives	1,555,130	1,081,354
Other income (Consulting/ custodian services etc.)	2,678,877	4,662,914
Total net fee and commission income	**18,324,202**	**20,835,446**

6. Results from investment securities

Results from investment securities include:

	01.01-31.12.2014	01.01-31.12.2013
Profit/ (loss) from shares	(5,367,255)	11,288,793
Profit/ (loss) from derivatives	6,320,495	(8,151,666)
Profit/ (loss) from other securities	600,906	113,764
Total results from investment securities (profit/ (loss))	**1,554,146**	**3,250,891**

7. Costs for provision of services

Costs for provision of services include:

	01.01-31.12.2014	01.01-31.12.2013
Employee benefits	7,217,057	6,572,406
Subscriptions	2,914,796	2,621,463
Income from rents of buildings/ means of transport	646,857	555,546
Depreciation	164,385	342,190
Other taxes	434,583	464,286
Third-party fees	2,572,057	2,889,536
Telecommunications	243,863	243,163
Premiums	254,801	262,902
Other expenses	702,635	721,879
Total costs for provision of services	**15,151,034**	**14,673,371**

Other costs include mainly costs for lighting and utilities, €274.000, accommodation costs for customers and conferences, €66.000, international services, €116.000, and employee travel expenses, €107.000.

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8. Administrative expenses

Administrative expenses include:

	01.01-31.12.2014	01.01-31.12.2013
Employee benefits	1,736,389	1,685,086
Other expenses	468,936	634,783
Total administrative expenses	**2,205,325**	**2,319,869**

9. Distribution expenses

Sales/distribution expenses include:

	01.01-31.12.2014	01.01-31.12.2013
Employee benefits	58,379	-
Sundry advertising and promotion expenses	61,640	65,138
Travel expenses	117,422	46,426
Other expenses	8,537	-
Total distribution expenses	**245,978**	**111,564**

10. Other operating expenses

Other operating expenses include:

	01.01-31.12.2014	01.01-31.12.2013
Loss from customer transactions	30,117	33,895
Loss from write downs and disposal of fixed assets	14,294	10
Foreign exchange differences (debit)	-	37,608
Provisions for impairment of investments	-	94,826
Provision for losses re claims against supervisory authorities and litigation	500,000	193,677
Other expenses	16,180	48,236
Total other operating expenses	**560,591**	**408,252**

11. Income tax

Taxes recognized in the statement of total income for the period are broken down as follows:

	01.01- 31.12.2014	01.01 – 31.12.2013
Income tax	1,870,972	-
Deferred tax (income)/ expenses	(384,815)	1,215,082
Total income tax	**1,486,157**	**1,215,082**

Tax on profits for the period before the Company tax is different from the theoretical amount that would arise as a result of applying the income tax rate of 26% on its profit.

The difference is as follows:

	01.01- 31.12.2014	01.01- 31.12.2013
Profit before taxes	2,955,473	7,704,813
Income tax (the rate for 2013 and 2014 stood at 26%)	**768,423**	**2,003,251**
Increase/decrease resulting from:		
Difference as a result of change in tax rates	-	(443,796)
Reserve tax under Art. 72 L. 4172/13	87,449	503,891
Nontaxable income	-	(1,658,472)
Non deductible expenses	643,511	810,208
Other	(13,226)	-
Income tax	**1,486,157**	**1,215,082**

The tax authorities have not audited the books and financial data of the Company for 2009 and 2010, and consequently these tax obligations are not finalized. In a future tax audit, additional taxes and penalties may be imposed, which cannot be determined accurately at present. However, they are not expected to have a material effect on the Company's financial position. The financial years 2011, 2012 and 2013 have been audited by Deloitte Hadjipavlou Sofianos & Cambanis SA, pursuant to article 82 of Law 2238/1994, and relevant tax compliance certificates were issued on 16/07/2012, 26/09/2013 and 09/07/2014 respectively. Pursuant to article 6 of POL. 1159/22.7.2011, the Company's tax liabilities for 2011 have been audited and cleared by tax authorities, while the financial years 2012 and 2013 shall be considered cleared after the lapse of an 18-month period following issue of the tax compliance certificate. The financial year 2014 will also be audited by Deloitte Hadjipavlou Sofianos & Cambanis SA. By the date of approval of the financial statements, the tax audit for 2014 had not been completed and accordingly the tax liabilities of the Company had not been rendered final. However, they are not expected to have a material effect on the Company's financial position.

12. Employee benefits

The number of employees of the Company is broken down as follows:

	31/12/2014	31/12/2013
Salaried employees	156	140
Total	**156**	**140**

Employee benefits are broken down as follows:

	01.01 - 31.12.2014	01.01 - 31.12.2013
Salaries, wages and allowances	7,433,070	6,590,979
Social security contributions	1,323,305	1,248,558
Other related employee benefits and costs	208,286	151,073
Indemnity for dismissal of salaried employees due to retirement	-	244,136
Costs/ (income) relating to defined benefit plans for employees	47,164	22,746
Total employee benefits	**9,011,825**	**8,257,492**

13. Intangible assets

All intangible assets concern software. Intangible assets in 2013 and 2014 are broken down as follows:

	Software
Acquisition cost	
01.01. 2013	2,659,193
Additions	38,107
Disposals and Write Offs	-
31.12. 2013	**2,697,300**
Additions	143,786
Disposals and Write Offs	(3,013)
31/12/2014	**2,838,073**
Accumulated depreciation	
01/01/2013	2,543,651
Depreciation for the period	68,689
Disposals and Write Offs	-
31.12. 2013	**2,612,340**
Depreciation for the period	54,349
Disposals and Write Offs	(3,013)
31.12. 2014	**2,663,676**

Carrying amount 31/12/2013	**84,960**
Carrying amount 31/12/2014	**174,397**

14. Property and equipment

Property and equipment in 2013 and 2014 is broken down as follows:

	Leasehold improvements	Vehicles & equipment	TOTAL
Acquisition cost			
01.01. 2013	4,241,636	5,716,007	9,957,643
Additions	10,494	57,287	67,781
Disposals and Write Offs	-	(593,014)	(593,014)
31/12/2013	**4,252,130**	**5,180,280**	**9,432,410**
Additions	23,709	161,109	184,818
Disposals and Write Offs	(92,565)	(107,977)	(200,542)
31/12/2014	**4,183,274**	**5,233,412**	**9,416,686**
Accumulated depreciation			
01.01. 2013	3,991,940	5,554,380	9,546,320
Depreciation for the period	197,317	76,186	273,503
Disposals and Write Offs	-	(592,675)	(592,675)
31/12/2013	**4,189,257**	**5,037,891**	**9,227,148**
Depreciation for the period	40,688	69,348	110,036
Disposals and Write Offs	(79,079)	(107,169)	(186,248)
31/12/2014	**4,150,866**	**5,000,070**	**9,150,936**
Carrying amount			
31/12/2012			
31/12/2013	**62,873**	**142,389**	**205,262**
31.12. 2014	**32,408**	**233,342**	**265,750**

15. Investments in associates

The investment and holdings portfolio in associates includes:

	31/12/2014	31/12/2013
Investments in associates	79,418	79,418
Total investments in associates	**79,418**	**79,418**

The Company holds 26.88% of the share capital of NBG Securities Romania SA, an NBG Group Company registered in Romania which is currently undergoing liquidation.

16. Deferred tax assets

Deferred tax assets are broken down as follows:

	31/12/2014	31/12/2013
Deferred tax assets	536,942	104,762
	536,942	**104,762**

Deferred tax assets and liabilities in 2014, excluding offsetting, were as follows:

	Balance 01/01/2014	Recognition in the Statement of Comprehensive Income	in Reserves	Balance 31/12/2014
Deferred tax assets				
Tax loss transferred to offset	118,324	(118,324)	-	-
Liabilities from defined employee benefit plans	128,257	12,263	47,365	187,885
Provisions for leave not taken	11,417	(3,741)	-	7,676
Reserve tax pursuant to Art. 72 L. 4172	(503,891)	503,891	-	-
Tax provisions for litigation losses	91,000	-	-	91,000
Debit difference as a result of the GGB swap under the PSI	259,655	(9,274)	-	250,381
Total deferred tax assets	**104,762**	**384,815**	**47,365**	**536,942**

	Balance 01/01/2013	Recognition in the Statement of Comprehensive Income	in Reserves	Balance 31/12/2013
Deferred tax assets				
Tax loss transferred to offset	1,047,681	(929,357)	-	118,324
Liabilities from defined employee benefit plans	93,350	73,346	(38,438)	128,257
Provisions for leave not taken	10,384	1,033	-	11,417
Reserve tax pursuant to Art. 72 L. 4172	-	(503,891)	-	(503,891)
Tax provisions for litigation losses	-	91,000	-	91,000

NBG Securities

Debit difference as a result of the GGB swap under the PSI	206,867	52,787	-	259,655
Total deferred tax assets	**1,358,282**	**(1,215,082)**	**(38,438)**	**104,762**

17. Other long-term items

Other long-term items include:

	31/12/2014	31/12/2013
Guarantee Fund for Investment Services	2,016,078	1,967,755
Clearing Auxiliary Fund (ATHEX & Cyprus Stock Exchange)	4,332,014	3,988,960
Other long-term assets	1,724,481	1,635,455
Total other long-term assets	**8,072,573**	**7,592,170**

At 31/12/2014, besides the said participation in Guarantee Funds for Investments Services, the Company has placed an amount of € 1,516,078 on a linked term account to cover possible obligations which is included in Other Long-term Claims. According to the provisions of Art. 74 (4) of L. 2533/1997, in the event that the Company stops operating these amounts are returned to the Company from the Guarantee Fund for Investment Services, reduced by the compensations it is expected to pay.

At 31/12/2014, besides the said participation in the Clearing Auxiliary Fund, the Company has placed an amount of € 16,750,000 on a bank account as guarantee to cover possible obligations which is included in Other Assets. The Clearing Fund is activated in the event of default of clearing member pursuant to Art. 79 of Law 3606/2007.

The fair values of these liabilities and their accounting values are identical.

18. Due from customers, stockbrokers or stock exchange

Due from customers, stockbrokers and stock markets are broken down as follows:

	31/12/2014	31/12/2013
Due from customers	2,562,691	16,686,549
Due from customers - MARGIN	3,430,344	14,128,966
Due from the HELEX and foreign brokers	2,626,924	8,375,022
Provisions for doubtful claims	(104,177)	(104,177)
Total due from customers, stockbrokers - stock markets	**8,515,782**	**39,086,360**

The fair values of these liabilities are almost identical to their carrying values.

19. Financial assets at fair value through profit and loss

The trading portfolio includes:

	31/12/2014	31/12/2013
Shares listed on Athens Stock Exchange	1,186,521	27,581,363
Foreign shares	7,155	844,695
Mutual Funds	194,176	216,276
Derivative financial instruments	30,004	7,088
Total financial assets at fair value through profit and loss	**1,417,856**	**28,649,422**

The fair value of financial assets is calculated on the basis of Level 1 data, i.e. quoted prices in active markets for identical assets or liabilities (Note 2.9). The positions of the Company in Listed shares and Mutual funds in the Athens Stock Exchange are effectively offset against derivative financial instruments.

20. Other assets

Other assets include:

	31/12/2014	31/12/2013
Time deposits of customer funds	45,857,244	32,390,830
Blocked deposit in favor of ATHEXClear on a derivative margin account	10,110,746	830
Receivables from the Greek State	9,118,536	1,473,638
Other receivables	17,139,560	19,712,419
Total other assets	**82,226,086**	**53,577,717**

The value of other assets approximates their fair value. At 31/12/2014, Other receivables include€16,750,000 which concerns the blocked deposit with ATHEXClear as guarantee, while the same amount a year earlier stood at €19,400,000. The blocked deposit with ATHEXClear in the derivative margin account increased due to a change in the calculation method for financial instruments deposited by ATHEX. Receivables from the Greek State include €7,697,310 which concerns a claim from the Greek State for taxes paid pursuant to Art. 72 (12) and (13) of Law 4172/2013. The Management, based on its legal advisor's opinion, considers the retroactive tax enforcement unconstitutional, as declared by decision 1012/09 of the State Council, and has taken appropriate steps for its return.

21. Cash and cash equivalents

Cash and cash equivalents include:

	31/12/2014	31/12/2013
Cash in hand	4,382	11,892
Sight Deposits	62,222,995	27,932,324
Time Deposit Accounts	20,159	47,195
Total Cash and Cash Equivalents	**62,247,536**	**27,991,411**

Sight Deposits at 31/12/2014 included deposits for the account of customers amounting to €19,105,261, compared with €22,123,306 at 31/12/2013. These amounts are deposited at systemic banks and financial institutions with high credit ratings.

22. Share capital

As at 31/12/2014 and 31/12/2013, the Company´s share capital stood at €11,674,101, divided into 3,891,367 ordinary shares of a par value of €3,00 each.

23. Reserves

Reserves are broken down as follows:

	Statutory reserve	Tax-free reserves pursuant to special legal provisions	Defined benefit plans	Total
Balance at 01/01/2013	**3,891,367**	**42,294,363**	**525,683**	**46,711,413**
Tax-free reserves from derivatives 01.01-31.122013	-	(8,121,410)	-	(8,121,410)
Reserves of L. 148/67 from trading of shares 01.01-31.122013	-	14,187,347	-	14,187,347
Revision of IAS 19	-	-	(42,239)	(42,239)
Transfer of tax-free reserves to retained earnings	-	(13,446)	-	(13,446)
Balance at 31/12/2013	**3,891,367**	**48,346,854**	**483,444**	**52,721,665**
Transfer of tax-free reserves under L. 148/67 from trading of shares to reserves subject to separate taxation as per Art. 72 of L. 4172/2013	-	41,117,950	-	41,117,950
Transfer of tax-free reserves from tax-free income to reserves subject to separate taxation as per Art. 72 of L. 4172/2013	-	(84,625,937)	-	(84,625,937)
Reserves subject to separate taxation as per Art. 72 of L. 4172/2013	-	43,507,987	-	43,624,481
Tax on tax-free reserves as per Art. 72 of L. 4172/2013	-	(591,340)	-	(591,340)

Other changes	-	116,494	-	-
Revision of IAS 19	-	-	(134,809)	(134,809)
Balance at 31/12/2014	**3,891,367**	**47,872,008**	**348,635**	**52,112,010**

1. Under Greek commercial law, the Company is obliged to withhold from its net accounting profits a minimum of 5% annually as statutory reserve. This no longer applies when the total statutory reserve exceeds 1/3 of the paid up share capital. This reserve, which is already taxed, cannot be distributed throughout the Company's life and is intended to cover any debit balance of the profit and loss account. At 31/12/2014, the Company's statutory reserve stood at €3,891,367 and was accordingly equal to 1/3 of the paid up share capital.

2. Tax-free reserves pursuant to special legal provisions are as follows:

	31/12/2014	31/12/2013
Tax-free reserves pursuant to Law 148/67	-	(41,117,950)
Reserves subject to separate taxation as per Art. 72 of L. 4172/2013	43,033,140	-
Difference from conversion of share capital to Euro	7,525	7,525
Reserves of Art. 14 Law 2954/2001	1,310,865	1,310,865
Reserves from income exempt from taxation	15,909	84,641,845
Reserves from income specially taxed	2,991,850	2,991,850
Special reserves	512,719	512,719
	47,872,008	**48,346,854**

24. Retirement benefit obligations

Defined employee benefits concern provisions for employee compensation on retirement from employment, pursuant to Law 2112/1920, and were determined by actuarial valuation. The following tables present the composition of net costs for the relevant provision recognized in the income statements for 2014 and 2013, as well as the changes in the relevant provisions for employee compensation.

	31/12/2014	31/12/2013
Unfunded plans		
Present value of unfunded obligations	722,638	493,301
Net liability in Statement of Financial Position	**722,638**	**493,301**

Defined benefit plan costs

Current service cost	29,652	43,926
Net financial cost on the net defined benefit obligation	17,512	14,936
Total (which is included In staff salaries)	**47,164**	**58,862**
Losses/(income) on curtailments / settlements	-	208,020
Net impact on the Statement of Comprehensive Income	**47,164**	**266,882**

Impact of defined benefit obligation plans on the Statement of Financial Position	**01.01-31.12.2014**	**01.01-31.12.2013**
Balance at 01/01	493,301	466,754
Current service cost	29,652	43,926
Net financial cost of net defined benefit obligation	17,512	14,936
Benefits paid by the Company	-	(244,136)
Losses/(income) on curtailments / settlements	-	208,020
Loss/ (gains) from changes in financial assumptions	127,596	(62,731)
Loss/ (gains) from changes in demographic assumptions	(36,646)	
Loss/ (gains) from changes in expert judgement assumptions	91,223	66,532
Obligation at the end of the period	**722,638**	**493,301**
Adjustments		
Adjustment of liabilities from changes in assumptions	(90,950)	62,731
Expert judgement adjustments to liabilities	(91,224)	(66,532)
Total actuarial profit/(loss) in Other Income	**(182,713)**	**(3,801)**

Change in net liability of defined benefit plans	**01.01-31.12.2014**	**01.01-31.12.2013**
Balance at 01/01	493,301	466,754
Benefits paid by the Company	-	(244,136)
Total costs recognized in the Statement of Comprehensive Income	47,164	266,882
Amount recognized in reserves	182,173	3,801
Balance at 31/12	**722,638**	**493,301**

Assumptions	**31/12/2014**	**31/12/2013**
Discount Rate	2.00%	3.55%
Inflation	1.50%	1.75%
Rate of of increase in salary	0% for 2015 0.50% annually, for the period 2016-2018 1.00% annually, for the period 2019-2020 and 1.50% annually, thereafter	0% for the period 2014-2015 1% annually, for the period 2016-2018 and 1.75% annually, thereafter
Average remaining working life	20.35	25.87

Result sensitivity analysis

If a discount rate that was 0.5% higher was used, the actuarial liability would be lower by 9.5%, while the exact opposite would apply if a discount rate that was 0.5% lower was used, i.e the actuarial liability would be higher by 10.6%. The corresponding sensitivity controls for the anticipated salary increase, i.e. the use of a 0.5% higher anticipated salary increasewould result in an actuarial liability that was 8.5% higher, while the exact opposite, i.e. the use of a 0.5% lower anticipated increase in wages, would result in an actuarial liability that was 8.6% lower. The corresponding sensitivity controls for life expectancy, i.e. the assumption that life expectancy increases by 1 year, would result in an actuarial liability 1.1% higher, while the exact opposite, i.e. the assumption that life expectancy decreases by 1 year, would result in an actuarial liability 1.2% lower.

25. Other provisions

Other provisions are broken down as follows:

	Legal proceedings	Other risks	Total
	2014		
Balance at 1 January	**350,000**	**343,912**	**693,912**
Provisions charged/ (released) to income statement during the year and other risks	(20,500)	485,612	**465,012**
Balance at 31 December	**329,500**	**829,524**	**1,159,024**

Legal proceedings: Pending litigation against the Company concerning customer claims from alleged breaches of contractual or legal obligations of the Company in the context of its ordinary course of business (provision of investment services).

Provisions for other risks: These include tax provisions from accounting differences of unaudited years and provisions for other contingent liabilities. The Company's Management believes that the final outcome of the relevant cases will not have a material impact on its financial position, results and cash flows, beyond the estimated provisions.

26. Due to customers, stockbrokers - stock exchange

These liabilities are as follows:

	31/12/2014	**31/12/2013**
Due to Customers	21,368,590	44,215,496
Due to HELEX and foreign stockbrokers	781,746	689,413
Total due to customers, stockbrokers and stock exchange	**22,150,336**	**44,904,909**

This balance includes €2,263,329 (2013: €22,092,190) that concerns transactions not settled by the Company's customers, and €19,105,261 (2013: €22,123,306) that concerns transactions settled by the Company's customers.

27. Financial liabilities at fair value through profit or loss

These liabilities include:

	31/12/2014	**31/12/2013**
Listed stocks on the ATHEX (short selling)	4,201,051	24,823
Derivative financial instruments	84,656	26,201
Total financial liabilities at fair value through profit or loss	**4,285,707**	**51,024**

The fair value of financial liabilities is calculated on the basis of Level 1 data, i.e. quoted prices in active markets for identical assets or liabilities (Note 2.9).

28. Other liabilities

Other liabilities include:

	31/12/2014	31/12/2013
Due to customers from placements in term deposits	45,857,244	32,390,830
Insurance due	307,317	285,033
Accrued costs of year	307,190	649,236
Staff pay due	77,240	70,447
Staff pay tax	405,860	263,490
Other taxes	7,747,438	655,619
Various creditors	49,912	92,305
Suppliers	422,728	268,303
Total other liabilities	**55,174,929**	**34,675,263**

The said balance of other taxes includes a tax for separate taxation of untaxed reserves amounting to €7,697,311, as per Art. 72 (12) of L. 4172/2013.

29. Related party transactions

The Company is part of the NBG Group and provides services in the context of its ordinary activities to NBG and other Group Companies.

The terms of its business relationship are not materially different from the usual terms applicable to the Company's transactions with non affiliates.
The Company's transactions with related parties during 2014 and 2013, as well as the balance of assets and liabilities at 31/12/2014 and 31/12/2013 are as follows:

ASSETS	**31/12/2014**	**31/12/2013**
Parent Company (NBG)	115,809,208	51,159,765
Other NBG Group Companies	1,918,767	843,476
LIABILITIES	**31/12/2014**	**31/12/2013**
Parent Company (NBG)	192,057	113,654
Other NBG Group Companies	6,477	3,396
INCOME	**01.01-31.12.2014**	**01.01-31.12.2013**
Parent Company (NBG)	1,612,595	1,204,444
Other NBG Group Companies	197,329	27,005
EXPENSES	**01.01-31.12.2014**	**01.01-31.12.2013**
Parent Company (NBG)	2,109,279	2,400,473
Other NBG Group Companies	419,501	426,038

Executive management pay	328,397	430,403

The said executive pay includes the pay of the General Manager and the Head of Investment Banking, BoD members.

30. Contingent liabilities and commitments

- **Legal proceedings**

Some legal proceedings for claims by customers of the Company are still pending, which at first instance were decided in our favor and are expected to have a positive final outcome for the Company. Besides these legal cases, a number of actions by counterparties have been initiated against the Company before the Athens Court (Polymeles and Monomeles Protodikio Athinon), for the payment of €196,000 compared with €223,000 in 2013.

- **Capital commitments**

At 31/12/2014 the Company had granted letters of guarantee to third parties totaling €2,151 vs. €5,002,151 in 2013. This reduction reflects the change in the method of underwriting letters of guarantee with the Guarantee Fund for Investment Services.

- **Operating lease commitments**

Contingent future liabilities from rented buildings total €732,060 (2013 €1,419,522). The calculation was based on the contractually agreed rents plus stamp duty, adjusted annually until expiry of the contract, at a negative average CPI (2.8%).

	31/12/2014	31/12/2013
0 to 1 yr	494,418	635,386
1 to 5 yrs	151,891	515,915
Over 5 years	85,751	268,221
Total contingent future liabilities from rented buildings	**732,060**	**1,419,522**

- **Assets pledged**

Assets pledged include:

	31/12/2014	31/12/2013
Shares	99,412	24,610,324
Mutual Funds	-	59,347
Auxiliary Fund	16,750,000	19,400,000
Deposits	1,516,078	1,467,755
Total assets pledged	**18,365,490**	**45,537,426**

The aforementioned securities amounting to €99,412 (2013: €24,669,671) are pledged in favor of ATHEXClear, while the blocked deposit of €1,516,078 concerns the underwriting of contingent liabilities with the ATHEX Guarantee Fund for Investment Services.

31. Events after the reporting period

There are no events regarding the Company subsequent to the date of the financial statements that have to be reported in accordance with IFRS.

32. Fees of Certified Auditors

The total fees charged by the certified auditors for the year ended 31/12/2014 (01/01/2014-31/12/2014) are:

	31/12/2014
Fee for the statutory audit of financial statements and the audit of consolidated statements	78,000
Fees for other auditing services related to tax legislation and the regulatory framework for the Company's operations	77,700
Total Fees of Certified Auditors	**155,700**

33. Availability of annual financial report and other information

Annual disclosures, including:

- The Board of Directors' Annual Report
- The Independent Certified Auditor's Report
- The Company's Annual Financial Statements
- Various disclosures as stipulated in Art. 3 par. 2 of HCMC Decision 9/459/27.12.2007 are posted on our website: http://www.nbgsecurities.com.