ΕΘΝΙΚΗ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ

Financial statements

for the year

1 January to 31 December 2017

ATHENS
28 FEBRUARY 2018

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MANAGEMENT REPORT
by the Board of Directors of

NATIONAL SECURITIES S.A.
REGISTERED OFFICE: ATHENS, GECR 999301000
29th FINANCIAL YEAR 01.01.2017 – 31.12.2017

Dear Shareholders,

Together with this Report we submit for your consideration the financial statements of the company for the 29th financial year from 01/01/2017 to 31/12/2017, prepared in line with IFRS, which comprise the statement of financial position as at 31 December 2017, and the statements of profit & loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The financial statements of NBG Securities S.A. (hereinafter, the Company) give a detailed picture of the assets, liabilities and equity of the Company, as well as its financial position.

For significant items included in the statements of profit & loss and other comprehensive income and financial position, full explanations and details are provided in the Notes on the Financial Statements which form an integral part thereof.

The Company and the financial, labor and physical working environment

In 2017 the General Index showed a good performance, but for the average daily trading value it was an extremely difficult year. The General Index increased by 24.66% (802.37 points as at 29/12/2017 vs. 643.64 points yoy, the average daily trading value posted a slight decline by 3.48% to €58.3 million in 2017 vs. €60.4 million a year earlier.

With regard to the structure of the ATHEX market, the participation of foreign institutional investors stood at 53.69% (vs. 53.54% yoy), individuals at 21.42% (vs. 19.57% yoy) and Greek institutional investors at 9.05% (vs. 8.48% yoy) and PROPs at 14.96% (vs. 15.50% yoy).

During the last year, the Company undertook significant cost-reducing actions, such as: voluntary retirement scheme, closure of domestic and overseas branches, relocation of the head offices and more rational management of operating expenses. These actions had a positive impact on the Company’s profit and loss in 2017, given the adverse circumstances on the stock market.

The Company continued to operate as a market maker for all listed derivatives and key shares in terms of capitalization, having gained high market shares and strong quality assessments, providing uninterrupted liquidity and serving the wider market. Specifically, the Company managed in 2017 to be in the second position in terms of total derivative market share for the FTSE/ASE25 Large Cap Index, at 17%, while it held the same position as regards Options on the said index, with a share of 26.6%. In addition, it held good rankings in most Futures on shares.

The Company's share on ATHEX stood at 9.81% and ranked 4th among brokers for 2017.

During 2017, the Research Division further enhanced the quality of its work by focusing on targeted analyses and contacting institutional investors and the administrations of covered listed companies on a daily basis. The Division's researchers met with a number of investors, while the Company participated in conferences of the Hellenic Exchange to promote collaboration between institutional investors and the managements of Greek listed companies.

Going concern

The Company's management has stated that no going concern issue is posed due to restrictions on cash withdrawals and fund transfers, as laid down in the Act of Legislative Content No 65/28.06.2015 and implemented under the subsequent relevant ministerial decisions, taking into consideration the particularly high liquidity ratio, which at 31/12/2017 stood at 2.16, the minimal borrowing compared with the authorised credit limit by the parent company, and the adequacy of equity. Besides providing brokerage services, the Company is also active in investment banking which is not affected by the activities of the stock exchange sector.

In addition, the Company's management believes that the conclusion of an agreement between the Greek Government and the Institutions regarding the review of the 3rd economic adjustment programme for Greece will lead to the gradual lifting of capital controls, normalization of the situation, and the return of operating activity to earlier levels.

Prospects

The main targets for next year are:

- growth of market share
- increasing profitability
- continuing the effort to increase performance of the Company’s operating activities through the new structure arising from the key changes outlined above
- increase in sales to foreign brokers/dealers
- further development of DMA transactions
- further development of e-trading through the Company's trading site.

Accounting policies

The accounting policies applied by the Company for its 2017 financial statements and other relevant useful information are stated to in the Notes to the Financial Statements, which are an integral part thereof.

As an Investment Services Provider the Company is required to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the EU, as stipulated by Article 18 of Law 3606/2007.

Operations and performance of the Company

Fees and commission income amounted to €9,931,375 in 2017 vs. €6,652,176 in 2016, down by 49.30%. Total income from operating activities amounted to €10,087,426 in 2017 vs. €6,231,193 in 2016, down by 61.89%. Costs for operating activities amounted to €10,355,174 in 2017 vs. €17,815,490 in 2016, down by 41.88%. Gains/ (losses) on financial assets amounted to €(836,202) for 2017 vs. €(767,052) yoy, and dividend income amounted to €471,431 in 2017 vs. €238,550 in 2016. Net interest earnings amounted to €797,705 for 2017 vs. €551,410 in 2016. Profit before tax amounted to €529,956 for 2017 vs. loss before tax amounted to €(11,032,887) in 2016.

Net profit amounted to €736,192 for 2017 vs. net loss of €(8,566,898) for 2016.

Financial position of the Company

With regard to its capital structure:

- The Company's share capital remained unchanged at €11,674,101.
- Total reserves amounted to €49,717,355 in 2017 vs. €49,715.544 in 2016.

Total equity was at €61,290,093 in 2017 vs. €60,552,090 in 2016, thus raising by 1.22%.

	INDICES	2017	2016	REMARKS
1	Gross Profit Margin (Net Operating Activities Earnings/ Income from Operating Activities)	(2.65%)	(185.91%)	The observed improvement of the index is mainly attributed to: (a) the increase in fees and commission income by 49.30%, i.e. €9,931,375 in 2017 vs. €6,652,176 in 2016. (b) the reduction in operating expenses by 41.88%, i.e. €10,355,174 in 2017 vs. €17,815,490 in 2016.
2	Operating Expenses Rate (Administrative and distribution expenses / Fees and commission income)	21.71%	47.61%	The improvement of the ratio is mainly attributed to the increase in fees and commission income by 49.30% (see remarks under item 1), which is mainly due to the increase in Other income (€3,818,942 in 2017 vs. €377,294 in 2016).
3	Profit before Tax in % (Profit/(Loss) before tax/ Income from Operating Activities)	5.25%	(177.06%)	For the index improvement see remarks under item 1.
4	Return on Equity (Net Profit/(Loss) / Total equity)	1.20%	(14.15%)	For the index improvement see remarks under item 1.
5	General liquidity (Total current assets / Total short-term liabilities)	2.16	1.96	On high levels for both periods.

Risks

Risks and financial instruments

In the context of its business activities, the Company acknowledges that it assumes and faces significant risks due to the nature of its business.

The Company has established processes and policies to address the risks it assumes.

The Company estimates its capital requirement for the risks it assumes in line with the applicable legal and regulatory framework and calculates the monthly Capital Adequacy ratio, which in 2017 ranged between 37.64% and 51.82%.

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.

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

Subject to credit risk are receivables from customers, stockbrokers and stock exchange, amounting to €24,868,112 in total. Due from private banking customers are subject to a daily strict credit control.

Subject to credit risk are also sight deposits of €38,677,732. The resulting credit risk concerns in essence the credit risk of banks where these deposits are placed, and is addressed by approved limits per counterparty.

In addition, subject to credit risk is the participation in the Guarantee Fund in the amount of €3,056,853 and the participation in the Clearing Fund in the amount of ATHEX & Cyprus Stock Exchange in the amount of €1,062,503.

Liquidity risk

The said risk describes the possibility that the Company may not be able to meet its obligations. The Company may outweigh its short-term obligations through its Current Assets given that the General Liquidity Liability is 2.16. In addition, given that as at 31/12/2017 the Company had total funding lines from banks of €30,000,000 the liquidity risk is considered limited.

Cash flow risk (interest rate risk)

Subject to this risk are loans with variable interest rate. For 2017 the Company was not exposed to any interest rate risk given that its short-term lending was limited.

Market risk

Market Risk is the current or future risk on earnings and capital, caused by adverse changes in component prices in the same portfolio. 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 has established risk limits while on a daily basis it measures the Value at Risk - VaR index for all its own positions as well as the various individual components thereof. In addition, individual limits on exposures and various sensitivity indices are monitored.

In particular, as regards the level of market risk, as evidenced by the VaR index, in 2017 the figure ranged between €25,463 and €164,329, while the average stood at €82,300.

The majority of exposures derive from the Company's activity as a market maker and are hedged.

Subject to this risk are shares of €15,150,070 and other securities of €2,731,810. The majority of shares in the trading portfolio amounting to €15,100,227 derive from the Company's activity as a Class B Market Maker in derivatives and as a result, the position is offset against that of the derivatives. The risk that results from the trading portfolio is measured on a daily basis in line with the VaR method.

Operational risk

Operational Risk is the risk of losses due to insufficiency or ineffectiveness/ failure of internal processes, persons or systems, or due to external events.

The Company has set out specific Strategy, Policy and Implementation Guidelines on Operational Risk Management, which define the management framework of operational risk in terms of strategy principles and targets and at the level of policy-process management. The Policy and Implementation Guidelines on Operational Risk Management define and describe: (a) the measurement and management system of operational risk, (b) operational risk typology and (c) the general management process for operational risk. This framework ensures that the operational risk assessment system is integrated in the risk management process of the Company. In addition, the Company has special policies and processes regarding measurement and management of operational risk. The Company has set up a Disaster Recovery Site, has implemented a Business Continuity Plan, and has drafted a Business Security Policy regarding its IT systems, which is based on NBG's Security Policies.

Concentration risk

Concentration risk is the risk of loss arising from a large exposure to a security or exposure to a market sector or financial instrument category or geographical region. An excessively skewed concentration of exposures in one debtor group may lead to losses from exposures to Credit Risk, Liquidity Risk and/or Market Risk.

The Company has taken measures to avoid high concentration of exposures against individual debtors or linked debtor groups. Specifically, with regard to the investment of the Company's cash resources in time or sight deposits, an internal model has been established including an approved debtor list with maximum investment limit per counterparty. Similar limits per exposure to individual issuers are set for exposures to shares acquired from market making operations (Company's portfolio). The Company is indirectly exposed to concentration risk by virtue of concentration in securities of individual or related issuers that may appear in the security portfolios of customers who have been provided credit to buy shares. To mitigate this risk the Company has adopted and implemented stricter requirement framework than the one legally imposed, thereby promoting the widest possible dispersion of securities in customer security portfolios.

Distribution of profit

The net profit is amounted to €736,192. The Board of Directors proposed not to distribute any dividends for 2017, whereas for 2016 the Company, by resolution of the Extraordinary General Meeting of 11/10/2016, paid dividend amounting to €4,479,021 from profits of previous years and €2,520,979 from taxed reserves.

Other information

a) As at 31 December 2017, the Company's financial assets at fair value through profit and loss amounted to €17,881,879.

b) The Company has two branches, in Thessaloniki and in Iraklio.

c) In the period since the end of the financial year up to the present no significant loss or likelihood of such loss has occurred. Any likely losses are included in other provisions, as described in note 22 to the financial statements.

d) The Company has no labour or environmental problems.

e) The Company holds no Treasury Shares.

Dear Shareholders,

Based on the above, you are invited to approve the annual financial statements for 2017 (01.01.2017 – 31.12.2017).

Athens, 27 February 2018

For the Board of Directors

The Chair of the Board	The Chief Executive Officer and Member of the Board
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Eleni Tzakou-Lambropoulou	Athanasios P. Chrysafidis
ID No P.144944	ID No AM 082833

[Translation from the original text in Greek]

Independent auditor's report

To the Shareholders of "National Securities S.A."

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of "National Securities S.A." (Company) which comprise the statement of financial position as of 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2017, their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

Basis for opinion

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

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

Independence

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

Other Information

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

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

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

With respect to the Board of Directors Report, we considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920.
Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Board of Directors' Report for the year ended at 31 December 2017 is consistent with the financial statements.
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a of the Codified Law 2190/1920.

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

Other matter

The financial statements of the Company for the year ended at 31 December 2016 were audited by another firm of auditors whose report, dated 28 February 2017, expressed an unmodified opinion on those statements.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

Halandri, 28 February 2018
THE CERTIFIED AUDITOR

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

Marios Psaltis
SOEL Reg. No. 38081

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Amounts (in €)	Note	01.01-31.12.2017	01.01-31.12.2016
Fee and commission income	5	9,931,375	6,652,176
Dividend income		471,431	238,550
Gains / (losses) on financial assets	6	(836,202)	(767,052)
Other operating income		520,822	107,519
Income from operating activities		**10,087,426**	**6,231,193**
Cost of services	7	(7,947,406)	(14,409,851)
Administrative expenses	7	(2,002,572)	(3,021,222)
Distribution expenses	7	(153,926)	(145,718)
Other operating expenses	8	(251,270)	(238,699)
Costs for operating activities		**(10,355,174)**	**(17,815,490)**
Interest income		965,467	607,103
Less interest expenses		(167,763)	(55,693)
Net interest earnings		**797,705**	**551,410**
Profit/(Loss) before tax		**529,956**	**(11,032,887)**
Income tax	9	206,236	2,465,989
Net profit/ (loss)		**736,192**	**(8,566,898)**
Other comprehensive income:			
Items which will not be reclassified to profit or loss in subsequent periods:			
Remeasurement of employee benefit obligations, after tax		1,811	10,741
Other comprehensive income, after tax		**1,811**	**10,741**
Total comprehensive income, after tax		**738,003**	**(8,556,157)**

The notes on pages 18 to 55 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

Amounts (in €)	Note	31.12.2017	31.12.2016
ASSETS			
Non-current Assets			
Intangible assets	11	167,857	164,308
Property and equipment	12	747,374	697,209
Deferred tax assets	13	3,774,542	3,869,047
Other non-current assets	14	4,311,637	5,595,373
		9,001,411	**10,325,937**
Current Assets			
Receivables from customers, stockbrokers - stock exchange	15	24,868,112	10,749,611
Financial assets at fair value through profit or loss	16	17,881,879	16,518,539
Derivative financial assets		77,362	43,862
Other current assets	17	16,916,475	29,552,786
Cash and cash equivalents	18	38,682,480	48,716,990
		98,426,308	**105,581,788**
TOTAL ASSETS		**107,427,719**	**115,907,725**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	11,674,101	11,674,101
Reserves	20	49,717,355	49,715,544
Retained earnings / (losses)		(101,363)	(837,555)
		61,290,093	**60,552,090**
Long-term Liabilities			
Employee benefit obligations	21	469,665	440,589
Other provisions	22	157,500	1,041,567
		627,165	**1,482,156**
Short-term Liabilities			
Borrowing	23	7,113,725	5,157,550
Liabilities to customers, stockbrokers - stock exchange	24	37,007,963	46,946,957
Financial liabilities at fair value through profit or loss	25	8,179	19,167
Derivative financial liabilities		85,763	146,620
Other short-term liabilities	26	1,294,830	1,603,185
		45,510,461	**53,873,479**
TOTAL EQUITY AND LIABILITIES		**107,427,719**	**115,907,725**

The notes on pages 18 to 55 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves		Retained Earnings / (losses)	Total
Amounts (in €)		Defined benefit plans	Other reserves		
Balance at 01.01.2016	**11,674,101**	**462,408**	**51,763,375**	**12,208,363**	**76,108,247**
Net loss	-	-	-	(8,566,898)	(8,566,898)
Other comprehensive income, after tax	-	10,741	-	-	10,741
Total comprehensive income, after tax	**-**	**10,741**	**-**	**(8,566,898)**	**(8,556,157)**
Distribution of reserves and profit of previous years	-	-	(2,520,979)	(4,479,021)	(7,000,000)
Balance at 31.12.2016	**11,674,101**	**473,149**	**49,242,396**	**(837,555)**	**60,552,090**
Balance at 01.01.2017	**11,674,101**	**473,149**	**49,242,396**	**(837,555)**	**60,552,090**
Net profit	-	-	-	736,192	736,192
Other comprehensive income, after tax	-	1,811	-	-	1,811
Total comprehensive income, after tax	**-**	**1,811**	**-**	**736,192**	**738,003**
Balance at 31.12.2017	**11,674,101**	**474,960**	**49,242,396**	**(101,363)**	**61,290,093**

The notes on pages 18 to 55 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Amounts (in €)	01.01-31.12.2017	01.01-31.12.2016
Cash flows from operating activities		
Profit/ (Loss) before tax	**529,956**	**(11,032,887)**
Non-cash items and other adjustments included in net profit/(loss) of the year:	**(479,189)**	**56,477**
Depreciation on property and equipment	118,564	88,805
Amortisation on intangibles assets	57,944	56,397
Provisions for employee benefits	31,627	(170,522)
Other provisions	(381,735)	(15,349)
(Profit)/ loss on disposal and write-offs of property and equipment and intangible assets	1,920	36,659
Interest expenses	167,763	55,693
(Gains)/Losses on Financial assets	836,202	767,052
Investment income	(1,436,898)	(845,654)
Foreign exchange differences	125,424	83,395
Changes in working capital:	**(11,059,584)**	**20,323,708**
Increase/ (decrease) in borrowing liabilities	1,893,050	5,157,550
(Purchase)/ Sales of financial assets at fair value through profit or loss	(2,304,887)	(8,563,613)
Receivables from customers / Liabilities to customers (net amount)	(24,029,827)	16,011,159
Decrease/ (increase) of other receivables	13,920,047	7,590,963
Increase/ (decrease) of other liabilities	(537,967)	127,649
	1,332,260	**780,811**
Dividends received	471,431	238,550
Interest received	965,467	597,954
Interest paid	(104,638)	(55,693)
Net cash from/ (for) operating activities	**(9,676,557)**	**10,128,108**
Cash flows from investing activities		
Acquisition of intangibles assets	(61,880)	(78,550)
Acquisition of property and equipment	(170,609)	(617,099)
Disposal of property and equipment	(40)	5,229
Net cash from/ (for) investing activities	**(232,529)**	**(690,420)**
Cash flows from financing activities		
Dividends paid	-	(7,000,000)
Net cash from/ (for) financing activities	**-**	**(7,000,000)**
Net increase / (decrease) in cash and cash equivalents	**(9,909,086)**	**2,437,689**
Cash and cash equivalents at beginning of the year	**48,716,990**	**46,362,696**
Foreign exchange differences in cash and cash equivalents	**(125,424)**	**(83,395)**
Cash and cash equivalents at the end of the year	**38,682,480**	**48,716,990**

The notes on pages 18 to 55 are an integral part of these financial statements.

Athens, 27 February 2018

The Chair of the Board	The Chief Executive Officer & Member of the Board	The Manager of Financial Services
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Eleni Tzakou-Lambropoulou ID No P.144944	Athanasios P. Chrysafidis ID No AM 082833	Efthymios V. Voides ID No AZ 04759 Greek Economic Chamber Licence No. A Class 14475

The notes on pages 18 to 55 are an integral part of these financial statements.

Notes on the Financial Statements

1. General information on the Company

The **NATIONAL SECURITIES S.A.** (hereinafter, the "Company") was established in 1988. The Bank's headquarters are located at Kifisias 66, Marousi (GEMI No 999301000), tel. +30 210 77 20000. The official website is at www.nbgsecurities.com.

The Company provides financial and investment services and is active both in Greece and abroad.

Its total share capital is held by National Bank of Greece SA (hereinafter: NBG) and its financial statements are included in NBG Group consolidated financial statements.

The Board of Directors (hereinafter: BoD) consists of the following members:

Eleni Tzakou-Lambropoulou	Chairman of the Board
Panagiotis-Ioannis Dasmanogolou	Vice Chairman
Athanasios Chrysafides	CEO and member of the Board
Nikolaos Albanis	Member
Christos Dallis	Member
Vasilios Kavalos	Member
Efthymios Katsikas	Member
Panagiotis Alexakis	Member
Vasilios Karamouzis	Member

Supervisor: Hellenic Capital Market Commission - Ministry of Development

Tax Identification Number (TIN): 094239819

General Commercial Registry (GEMI): 999301000

Legal Advisor: Eva Kotzambasi

The Board of Directors was constituted into a body by its resolution of 09/02/2018. Its term of office expires on 10/09/2021. These financial statements have been approved for issue by the Company's Board of Directors on 27/02/2018.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Financial Statements of the Company for the year ended 31/12/2017 (hereinafter: the "financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

If necessary, the comparative data of the previous year were adjusted to be consistent with any changes in the presentation of the current year. Note that due to rounding ups the real sums of the amounts presented may not be exactly equal to the sums in the financial statements.

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 the IFRS requires the use of estimates and assumptions that may affect both the reported amounts of assets and liabilities and 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. The use of available information and application of estimates and assumptions are inherent in the formation of estimates in the following areas: assessment of the recoverability of deferred tax assets, impairment of bad debt, estimation of employee benefits obligations and provisions for other risks. Actual results in future could differ from those reported. The areas presenting a higher level of estimates and assumptions or complexity, or the areas where assumptions and estimates have significant impact on the Financial Statements, are disclosed in Note 3.

2.2 Going concern

Developments in the macroeconomic environment

Following a mild GDP contraction (at fixed values) by 0.3% yoy in 2016, the GDP growth was positive during the first 9 months of 2017 (+1.1% yoy) and remained positive for three consecutive quarters (0.4% yoy in Q1, 1.6% yoy in Q.2 and 1.3% yoy in Q.3), underpinned by the exports and the gross capital formation (7.6% yoy and 12.9% yoy, for the same period respectively). Indeed, for the first time since 2006 the economic activity posted an increase in consecutive quarters (qoq seasonally adjusted), after the cumulative GDP decline by 26.1% yoy from 2008 to 2016). The deflation trends in the economy ended in 2017, when the consumer price index increased by 1.1% yoy following an average annual decline by 1.2% in the period 2013 - 2016. The steady improvement in a significant number of economic indicators and indicators with predictive capacity on economic trends and the business environment in 2017.Q3 and, in particular, 2017.Q4 and early 2018 (with some indicators reaching high levels after many years in December 2017 and January 2018) suggests that economic activity will be further enhanced by the end of 2017 and early 2018.

Regarding public finances, Greece is expected to achieve a significant surplus against the targets of the Third Program for the third consecutive year following a primary surplus in the general government budget of 3.8% of GDP (according to the methodology of the financing facility agreement) in 2016 vs. the targeted 0,5% surplus on GDP in the same period. The government budget continues to outperform in 2017 according to the budget execution figures for the twelve-month period, with the primary surplus amounting to 1.1% of GDP vs. the government budget target for 2018 of 0.5% of GDP for the respective period. At the same time, the government budget for 2018 provides for a primary surplus at general government level (according to the methodology of the financing facility agreement) of 2,44% of GDP for 2017 compared to the corresponding target of the Program set at 1,75% of GDP. The European institutions also estimate that Greece will not only achieve the program's target for a primary surplus of 1.75% of GDP for 2017 but will even pass it by at least 0.5% of GDP and at the same time it will be able to achieve the Program's target of a primary surplus in the general government budget of 3.5% of GDP in 2018. However, this favorable momentum is still depending, to a large extent, on the improvement of the performance of public revenue, which in turn could adversely affect the financials of the private sector.

These positive trends support the credibility of the adjustment effort for 2018, for which the relevant target of the Program is particularly demanding (3.5% of GDP). In fact, the primary surplus of the general government in the government budget for 2018 is set at 3.8% of GDP, which is expected to be improved by the implementation of the new fiscal measures legislated in 2017, combined with the positive cyclical impact as GDP growth is accelerating, and the effectiveness of public revenue and expenditure. However, if this fiscal target is attained, the economic activity in 2018 could still be affected and the improvement trends of liquidity as well as the debt servicing ability of the economy's private sector could be weakened.

In 2017, Greece received €8.5 billion of the official funds of the Program following completion of the second evaluation in June 2017, which was disbursed in two instalments of €7.7 billion in June 2017 and €0.8 billion in October 2017, respectively, to cover current financing needs, clear overdue debts and, if possible, create the conditions for the formation of a cash buffer. With regard to the forthcoming disbursements in 2018 following completion of the third evaluation of the Program in January 2018, the Institutions decided to proceed with the disbursement the fourth tranche of the Program from the ESM, amounting to €6.7 billion, as as to cover current financing needs, clear overdue debts and help the formation of the Greek government's cash buffer to support the return of Greece to the markets. The amount of the disbursement will be paid in two instalments. Specifically, the first disbursement amounts to €5.7 billion and will be paid in February 2018 and the second amounts to €1 billion and will be used for the clearance of overdue debts in April 2018, after the Greek government completes the necessary measures.

The General Government debt ratio to GDP amounted to 180.8% in 2016, and is expected to reach its peak at 181.1% by the end of 2017 and then follow a downward trend from 2018 onwards, according to the baseline projections (Scenario A) of the European Commission debt sustainability analysis. However, this development is linked with the GDP growth rate and the attainment of fiscal targets, given that a sustainable reduction in gross debt as a percentage of GDP depends largely on the additional concession by official creditors, especially with regard to service costs of long-term loans from EFSF and ESM.

On 23 June 2017, the Moody's rating agency upgraded Greece's credit standing to "Caa2" and changed the outlook to positive, reflecting its positive expectations for the successful completion of the Third Program of Greece, which will increase the probability of further debt relief from institutional creditors. On 18 August 2017, the Fitch rating house upgraded Greece's credit standing by one grade to B and changed its outlook to positive, while on 21 July 2017 Standard & Poor's (S&P) also revised the outlook for the credit standing of Greece to positive, retaining however its rating at B-. On 19 January 2018, S&P rated Greece's credit standing with B from B-, considering mainly the ongoing improvement in its fiscal performance and the better economic outlook. At the same time, the large rating agencies maintained positive prospects for Greece which reflects the potential of further upgrading within 2018 and 2019, if following is confirmed: (a) further improvement in the macroeconomic environment, (b) progress in the defined fiscal adjustment and (c) the successful completion of the Third Program. The successful formation of a satisfactory cash buffer to secure advance financing of future public debt repayments after exiting the Third Program is an additional positive factor that will be taken into account when rating the credit standing of Greece. However, the rating agencies note that the possibility of further downgrading Greece's credit standing could reappear in the event of doubts about the country's commitment to maintain a sound fiscal position and implement major reforms or meet various obligations under the supervisory framework of Greece after the Program ends.

On 25 July 2017, the Greek State successfully issued, through a syndicated issue, a new benchmark bond of five years, along with an Exchange Offer to investors for repurchasing the five-year bond (maturing on 17 April 2019) issued in 2014. This was the first attempt of Greece to re-enter the markets during the last three years, which led to raising €3 billion with interest at 4.375% and return at 4.625%. In addition, Greece announced a bond exchange of € 30 billion and invited all holders of twenty sets of old bonds issued under the PSI - with maturity horizon between 2023 and 2042 - to exchange them at current prices with five new bonds of longer maturity - 5, 10, 15, 17 and 25 years - with interest coupons ranging from 3.5% to 4.2%. The successful completion of this Exchange Offer on 29 November 2017 (involving twenty bondholders who correspond to € 25.5 billion or about 86% of the total target amount) was accompanied by a rapid decline in government bond returns. On 8 February 2018, the Greek State successfully issued, through a syndicated issue, a new benchmark bond of seven years, thus raising €3 billion with return at 3.5%. This reflects the improved ability of the Greek State to access the markets for refinancing activities and supports the timely formation of the Greek cash buffer before the end of the Program in August 2018.

Stock Market

The deposits held by the Company with Greek credit institutions are subject to restrictions on cash withdrawals and capital transfers, as set out in the Act of Legislative Content 65/28.06.2015 and implemented in line with the relevant ministerial decisions.

The capital controls led to the contraction of trading activity in the Athens Exchange and, accordingly, to the significant decline of the Company's turnover.

2017 was a good year regarding the performance of the General Index but an extremely adverse year as to the average daily trading values, given the ongoing recession and capital controls. The stock market's prospects are considered to be relatively positive, as:

- The expected positive for Greece settlement of the debt within 2018 will result in the reversal of the overall negative environment in general.
- The expectation for lifting capital control by the end of 2018 will result in reversal of the negative environment in the Athens Exchange.
- A restart of the privatization process will have a positive impact on investment activity in the Athens Exchange.

Conclusion for the going concern

The Company's Management has stated that the going concern of the Company is not in doubt, taking into consideration a) the high capital adequacy ratios as at 31 December 2017 (51.82%), b) the exceptionally high liquidity ratio, which stands at 2.16 as at 31 December 2017, and c) the improvement in P&L due to the positive impact of reforms and measures to reduce operating costs in the previous year and the increase in turnover.

2.3 Adoption of IFRS

2.3.1 New IFRS, interpretations and amendments effective as of 01.01.2017

IAS 12 (Amendment) Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the accounting treatment for the recognition of deferred tax assets for unrealised losses arising from loans measured at fair value. The adoption of this amendment had no impact on the financial statements of the Company.

IAS 7 (Amendment) Disclosures initiative

This amendment requires the disclosure of specific information to enable users of financial statements to evaluate changes in liabilities arising from financial activities. The adoption of this amendment had no impact on the financial statements of the Company.

Annual Improvements to IFRS (2014-2016)

The improvements affect the following standard:

IFRS 12 Disclosure of Interests in Other Entities

The amendment clarifies that the disclosure obligation under IFRS 12 applies by an entity that has interests held for sale, except for the financial overview. The adoption of this amendment had no impact on the financial statements of the Company.

2.3.2 New IFRS, interpretations and amendments to become effective after 2017

IFRS 9 Financial Instruments and subsequent amendments to IFRS 9 and IFRS 7 (effective as at 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, which replaces all previous versions, 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 amortised cost or fair value. Specifically, debt instruments held on the basis of a business model aiming at collecting contractual cash flows (instead of selling this instrument prior to its maturity in order to recognize modifications in fair value), that consist solely of payments of principal and interest on the principal outstanding, can generally be measured at amortised 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, unless the asset is designated at fair value through profit or loss. 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 recognised 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 recognised 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 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 recognised 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 realised 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 expected credit loss must be measured through provisions at an amount equal to:
  - expected 12-month credit loss (expected credit loss arising from credit events that may occur within 12 months as of the financial statements date) or
  - expected credit loss throughout the term of the financial instrument (expected credit loss arising from all potential credit events during the term of the financial instrument).

- A provision for expected credit loss throughout the term of the financial instrument is formed only if the credit risk of the said financial instrument has significantly increased since its initial recognition, as well as for contract assets or receivables from trade activities that do not constitute a financing activity as per IFRS 15.

The Company intends to apply IFRS 9 as of 1 January 2018 and expects no changes after its adoption. The adoption of this amendment shall have no impact on the financial statements of the Company.

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 01 January 2018)

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.
- Recognize revenue when each performance obligation is satisfied by the company.

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 intends to apply IFRS 15 as of 1 January 2018 and expects no changes after its adoption. The adoption of IFRS 15 shall have no impact on the financial statements of the Company.

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019)

This IFRS establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard specifies the accounting of leases, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the approach to lessor accounting substantially unchanged from IAS 17.

Lease recognition
A contract is, or contains, a lease if it conveys the right to control the use of a leased asset in exchange for consideration.

Lease accounting by lessees
Upon lease commencement a lessee recognises a right-of-use asset (right of use) and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Subsequently, the lessee measures the right-of-use asset at cost less accumulated depreciation and accumulated impairment, unless fair value accounting or revaluation models shall apply. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. Otherwise, the lessee shall use their incremental borrowing rate.

Lease accounting by lessors
Lessors shall classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease. Upon lease commencement, a lessor shall recognise assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. The lessor recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant return on the investment The lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another basis.

Sale and leaseback transactions
To determine whether the transfer of an asset is accounted for as a sale, an entity applies the requirements of IFRS 15 for determining when a performance obligation is satisfied. If an asset transfer satisfies the requirements of IFRS 15 to be accounted for as a sale the seller measures the right-of-use asset at the proportion of the previous carrying amount that relates to the right of use retained Accordingly, the seller only recognises the amount of gain or loss that relates to the rights transferred to the buyer. If the fair value of the sale consideration does not equal the asset's fair value, or if the lease payments are not market rates, the sales proceeds are adjusted to fair value, either by accounting for prepayments or additional financing.

The Company has not applied this standard and is currently evaluating the impact of IFRS 16 on the Company's Financial Statements and the timing of its adoption. Although the application of IFRS 16 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.

IFRS 15 (Amendment) Clarifications on IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)

The amendment addresses three topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts. The Company has not applied this standard and is currently evaluating the impact of IFRS 15 and the amendments on the Company's Financial Statements and the timing of its adoption.

IFRS 2 (Amendment) Classification and measurement of share-based payment transactions (effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies issues related to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. This amendment has not been adopted yet by the EU. The adoption of this amendment shall have no impact on the financial statements of the Company.

IFRS 40 (Amendment) Transfers of Property (effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies that a company shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. This amendment has not been adopted yet by the EU. The adoption of this amendment shall have no impact on the financial statements of the Company.

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018)

The interpretation provides guidance on how to define the date of the transaction when IAS 21 is applied to foreign currency transactions. The interpretation is applied when an entity has paid or received in advance a consideration in foreign currency. The interpretation has not been adopted yet by the EU. The adoption of this interpretation shall have no impact on the financial statements of the Company.

IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 Specifically, it clarifies:

- Whether tax treatments should be considered collectively.

- Determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- Effect of changes in facts and circumstances.

The interpretation has not been adopted yet by the EU. The adoption of this interpretation shall have no impact on the financial statements of the Company.

Annual Improvements to IFRS (2014-2016 Cycle)

The improvements affect the following standard:

IAS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2018)

Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The adoption of this amendment shall have no impact on the financial statements of the Company.

Annual Improvements to IFRS (2015-2017 Cycle) (effective for annual periods beginning or or after 01 January 2019)

The improvements affect the following standards and have not yet been approved by the EU.

IFRS 3 Business Combinations

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

IFRS 11 Joint Arrangements

The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 Income Taxes

The amendments clarify that an entity shall recognise all income tax consequences of dividends in the same way.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

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

2.4 Foreign currency transactions

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

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the 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 recognised either in the profit or loss (e.g. equity securities held for trading) or in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

2.5 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.

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

Gains and losses realised on disposal or redemption and unrealised gains or losses from changes in the fair value are recognised in Profit & Loss under "Gains/ (Losses) on financial assets".

Dividend income is recognised when the right to receive payment is established (the ex-dividend date) for equity securities and is separately reported and included in “Dividend income”.

The amount of change during the annual period, and cumulatively, in the fair values of financial assets and liabilities 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.

2.6 Derivative financial instruments and hedging

Derivative financial instruments including futures and other derivative financial instruments are initially recognised 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, realised and unrealised gains or losses are recognised 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.

2.7 Receivables from and liabilities to customers

From the initial recognition receivables from and liabilities to customers are measured at fair value. Receivables form customers shall be measured at amortised 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 recognised in the statement of financial position as a deduction from the carrying amount of receivables from customers.

2.8 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. An active market is a market in which there are frequent and large trading volumes and information on prices is provided on an ongoing basis, and high profit margins are achieved.

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.

2.9 Derecognition

Financial assets

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

- The rights to receive cash flows from the asset have expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- The Company has transferred the rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

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

2.10 Securities borrowing and lending

Securities borrowed and securities lent are recorded at the amount of cash collateral advanced or received, plus accrued interest. Securities borrowed from and securities lent to third parties as collateral under securities lending transactions are not recognised in the financial statements unless control of the contractual rights that comprise these securities transferred is gained or sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading portfolio. The obligation to return them is recorded at fair value as a trading liability.

Respectively, securities borrowed from or lent to third parties as collateral under securities borrowing transactions are not derecognised from the financial statements unless control of the contractual rights that comprise these securities transferred is relinquished. The Company monitors the market value of the securities borrowed and lent on a regular basis and provides or requests additional collateral in accordance with the underlying agreements. Fees and interest received or paid are recorded as interest income or interest expense, on an accrual basis.

2.11 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 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.

2.12 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 liabilities unless the Company can defer payment for longer than 12 months as of the date of the financial statements.

2.13 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 recognised 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.

2.14 Interest income and expense

Interest income and expense are recognised in the profit or loss for all interest bearing financial instruments. The said income and expense is calculated by using the effective interest rate method. Interest income includes mainly receivables from customers of long- or short-term credit and interest expenses include mainly short term lending obligations.

2.15 Fee and commission income

Fees and commissions are recognised as at the date the relevant services are provided.

Commissions and fees arise from:

- negotiating stock exchange transactions on the ATHEX, the Derivative Exchange and other foreign stock exchanges.
- Investment banking consulting services in the field of mergers and acquisitions and development strategy, covering the need of Company customers in all sectors.

In addition, the Company has a licence to carry out market making transactions on shares on the ATHEX and operates as a Class B Market Maker in derivatives on the ATHEX.

2.16 Property and equipment

Property and equipment include 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.

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 “Property and equipment” are capitalised 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 profit or loss as they occur.

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

Properties and equipment are depreciated on a straight-line basis over their useful lives. The estimated useful life of each category of asset 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 assets for possible impairment loss. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating results.

2.17 Intangible assets

The item "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 recognised as an intangible asset and amortised 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 reorganising 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.

2.18 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.

Operating leases

A. The Company as a lessee

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 Profit or Loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the fiscal year in which termination takes place.

B. The Company as a lessor

Assets subject to operating leases are included in the statement of financial position 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 recognised on a straight line basis over the lease term.

2.19 Cash and cash equivalents

Cash and cash equivalents include:

- cash in hand,
- sight deposits of own cash and mature credit balances of customers

2.20 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.

2.21 Employee Benefits

The Company participates in defined benefit/contribution plans.

Employee benefits

A. Defined benefit plans

A defined 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 date of the financial statements 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 recognised in Profit or Loss and are included in staff costs. Net defined benefit liability (after deduction of assets) is recognised in the statement of financial position, 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 recognised directly in other comprehensive income and cannot be reclassified in the future to Profit or 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 in profit or loss 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 in profit or loss in the year to which they relate and are described in the note "Employee Benefits".

2.22 Taxes

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

Deferred tax is measured, using the Statement of Financial Position 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 employee benefits obligations, write-downs resulting from the PSI pursuant to art. 3 of Law 4046/2012, valuation of financial assets and transferable tax losses. Deferred tax is also measured for tax benefits that may occur from unused tax losses carried forward to be offset, and are recognised 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 realised 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 obligations 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.

2.23 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.

2.24 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 members of the Company's management, their close relatives, companies held by such persons or over which the latter are able to exercise significant influence in respect of financial and operating policy. 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.

2.25 Fiduciary activities

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.

2.26 Reclassifications

During the period under review some items of the previous period were reclassified for purposes of comparability. Specifically:

Statement of financial position			
Amounts (in €)	**Comparable amounts**	**As previously reported**	**Reclassified**
Current Assets			
Financial assets at fair value through profit or loss	16,518,539	16,562,401	(43,862)
Derivative Financial assets	43,862	-	43,862
Total	**16,562,401**	**16,562,401**	**-**
Short-term Liabilities			
Financial liabilities at fair value through profit or loss	19,167	23,100	(3,933)
Derivative Financial liabilities	146,620	-	146,620
Other short-term liabilities	1,603,185	1,745,872	(142,687)
Total	**1,768,972**	**1,768,972**	**-**

Statement of Cash Flows			
Amounts (in €)	**Comparable amounts**	**As previously reported**	**Reclassified**
Cash flows from operating activities			
Profit/ (Loss) before tax	**(11,032,887)**	**(8,566,898)**	**(2,465,989)**
Adjustments for:			
Provisions for employee benefits	(170,522)	-	(170,522)
Other provisions	(15,349)	(185,871)	170,522
Interest expenses	55,693	-	55,693
(Gains)/ Losses on financial assets	767,052	-	767,052
Investment income	(845,654)	-	(845,654)
Foreign exchange differences	83,395	-	83,395
Deferred income tax	-	(2,465,989)	2,465,989
	(125,385)	**(2,651,860)**	**2,526,475**
Changes in working capital:			
(Purchase)/ Sale of financial assets at fair value through profit or loss	(8,563,613)	(7,796,561)	(767,052)
Receivables from customers / Liabilities to customers (net amount)	16,011,159	16,031,840	(20,681)
Decrease/ (increase) of other receivables	7,590,963	7,310,434	280,529
Increase/ (decrease) of other liabilities	127,649	208,511	(80,862)
	15,166,158	**15,754,224**	**(588,066)**
Interest received	597,954	12,149	585,805
Taxes paid	-	(25,169)	25,169
	597,954	**(13,020)**	**610,974**
Total reclassified cash flows from operating activities	**4,605,840**	**4,522,445**	**83,395**
Foreign exchange differences in cash and cash equivalents	**(83,395)**	**-**	**(83,395)**
Total	**4,522,445**	**4,522,445**	**-**

3. Important subjective judgements 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 and 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 31/12/2017.

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

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses and deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the losses and deductible temporary differences. Significant subjective judgement on the part of the Management is required in order to determine the level of deferred tax assets that can be recognised, depending on the time estimates and the level of future taxable profits together with future strategies for tax issues.

The Management assesses the recoverability of deferred tax assets preparing detailed financial provisions until 2021, taking into consideration the following assumptions:

- the anticipated revival of investment activity in the ATHEX is estimated to positively affect both turnover growth due to the increased revenues from stock trading fees, and profitability in the same portfolio.
- the anticipated increase in market share based on strategies for the expansion of the sales network.
- the anticipated income increase from investment banking by achieving new agreements.

Based on the above, the Management concluded that the deferred tax asset may be considered recoverable.

4. Financial risk Management

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 management functions 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, liquidity, operational and concentration 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 Activities subject to credit risk

A. Receivables from customers, stockbrokers and the stock exchange

Subject to credit risk are every kind of receivables from customers, stockbrokers and stock exchange, amounting to €24,868,112 at 31/12/2017 (2016: €10,749,611), of which €544,414 (2016: €43,406) concerned foreign and Greek institutional customers, €21,010,520 (2016: €8,730,191) retail customers, and €3,313,178 clearing by the ATHEX and international brokers/clearing houses (2016: €1,976,014). 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.

Long-term (margin) or short-term (2D) credit for the purchase of securities 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 31/12/2017 and 31/12/2016, respectively.

Long-term credit (Margin)		
Amounts (in €)		
Category	**31.12.2017**	**31.12.2016**
Debit balances	20,762,529	8,232,756
Value of collateral	57,722,138	23,097,366
Out-of-margin sum	3,487,509	2,783,280
Debit balance not covered after valuation	22,748	49,968

Short-term credit (2D-Credit)		
Amounts (in €)		
Category	**31.12.2017**	**31.12.2016**
Debit balances	104,641	62,532
Value of collateral	2,166,685	485,267
Out-of-margin sum	26,649	57,530
Debit balance not covered after valuation	27,002	26,921

For clients in total (Current Accounts, Margin, 2D-Credit) the non-covered debit balance that was over 12M past due amounted to €126,467 at 31/12/2017 (vs. €152,854 at 31/12/2016).

B. Financial assets at fair value through profit or loss

The counterparty risk in positions assumed by Market Makers (Company's portfolio) is very limited given that they assume positions only in tangible assets traded in regulated markets. The Company is not responsible for clearing clients' positions in derivatives and accordingly does not incur counterparty risk from this activity.

C. Deposits in banks

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. Accordingly, sight deposits amounting to €38,677,732 (2016: €48,713,307) are subject to credit risk. 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) and systemic Greek credit institutions.

D. Other non-current assets

Amounts (in €)	31.12.2017	31.12.2016
Participation in the Guarantee Fund for Investment Services	3,056,853	3,345,456
Participation in the Athens Stock Exchange Clearing Fund	757,994	1,755,652
Participation in the Cyprus Stock Exchange Clearing Fund	304,509	300,000
Other receivables	192,281	194,265
Total other non-current assets	**4,311,637**	**5,595,373**

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 Clearing 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 Clearing 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.

E. Other current assets

Amounts (in €)	31.12.2017	31.12.2016
Blocked deposit in favor of ATHEXClear on a derivative margin account	967,719	881,519
Receivables from the Greek State	8,266,571	9,403,890
Additional collateral in the ATHEX Clearing Fund	7,450,000	19,050,000
Other receivables	232,185	217,377
Total other current assets	**16,916,475**	**29,552,786**

Blocked deposit in favor of ATHEXClear on a derivative margin account is subject to credit risk. The risk of ATHEX Clearing Fund is limited and falls under the previous paragraph (D). The impact on loss or profit and the net position of the Company caused by credit risk of receivables from the Greek State and other receivables is limited.

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.

- Reducing the ability to take up positions only in financial instruments 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 2017 the figure ranged between €25,463 and €164,329, while the average stood at €82,300.

	VaR index value
31.12.2017	75,380
01.01 - 31.12.2017:	
Average (daily values)	82,300
Max (daily values)	164,329
Min (daily values)	25,463

4.2.1 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' receivables and liabilities in foreign currency do not affect significantly, net amount, the profit or loss of the Company. As at 31/12/2017 the foreign exchange risk is deemed insignificant.

4.2.2 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. Exposed to interest rate risk are positions in the same portfolio and mainly tradable equity available outside Greece which is measured and monitored on a daily basis. The impact of interest rate risk in the Company's profit or loss and its net assets is limited.

4.3 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 current assets and their correlation for the years ended at 31/12/2017 and 31/12/2016, accordingly.

	31.12.2017				
Amounts (in €)	**Up to 1 month**	**1 -3 months**	**4 -12 months**	**12+ months**	**Total**
Liquidity – short-term liabilities					
Liabilities to suppliers	522,510	-	-	-	**522,510**
Liabilities to customers, stockbrokers - stock exchange	37,007,963	-	-	-	**37,007,963**
Financial liabilities at fair value through profit or loss	8,179	-	-	-	**8,179**
Derivative financial liabilities	83,839	1,924	-	-	**85,763**
Borrowing	7,113,725	-	-	-	**7,113,725**
Other liabilities	419,374	348,610	4,337	-	**772,320**
Maturity of short-term liabilities by period	**45,155,590**	**350,534**	**4,337**	**-**	**45,510,461**
Current Assets	**82,681,415**	**292,454**	**15,452,439**	**-**	**98,426,308**

	31.12.2016				
Amounts (in €)	**Up to 1 month**	**1 -3 months**	**4 -12 months**	**12+ months**	**Total**
Liquidity – short-term liabilities					
Liabilities to suppliers	354,325	-	-	-	**354,325**
Liabilities to customers, stockbrokers - stock exchange	46,946,957	-	-	-	**46,946,957**
Financial liabilities at fair value through profit or loss	19,167	-	-	-	**19,167**
Derivative financial liabilities	146,620	-	-	-	**146,620**
Borrowing	5,157,550	-	-	-	**5,157,550**
Other liabilities	869,044	375,479	4,337	-	**1,248,860**
Maturity of short-term liabilities by period	**53,493,663**	**375,479**	**4,337**	**-**	**53,873,479**
Current Assets	**77,070,953**	**224,490**	**28,286,345**	**-**	**105,581,788**

In 2017, the Company's funding line from the parent Company (NBG) stood at €30,000,000. Based on the above data and the nature of the Company's business, the liquidity risk is considered minimal.

4.4 Operational risk

Operational Risk is the risk of losses due to insufficiency or ineffectiveness/ failure of internal processes, persons or systems, or due to external events.

The Company has set out specific Strategy, Policy and Implementation Guidelines on Operational Risk Management, which define the management framework of operational risk in terms of strategy principles and targets and at the level of policy-process management. The Policy and Implementation Guidelines on Operational Risk Management define and describe: (a) the measurement and management system of operational risk, (b) operational risk typology and (c) the general management process for operational risk. This framework ensures that the operational risk assessment system is integrated in the risk management process of the Company. In addition, the Company has special policies and processes regarding measurement and management of operational risk. The Company has set up a Disaster Recovery Site, has implemented a Business Continuity Plan and has drafted a Business Security Policy regarding its IT systems, which is based on NBG's Security Policies.

4.5 Concentration risk

Concentration risk is the risk of loss arising from a large exposure to a security or exposure to a market sector or financial instrument category or geographical region. An excessively one-sided concentration of exposures in one debtor group may lead to losses from exposures to Credit Risk, Liquidity Risk and/or Market Risk.

The Company has taken measures to avoid high concentration of exposures against individual debtors or linked debtor groups. Specifically, with regard to the investment of the Company's cash in time or sight deposits, an internal model has been established including an approved debtor list with maximum investment limit per counterparty. Similar limits per exposure to individual issuers are set for exposures to shares acquired from market making operations (Company's portfolio). The Company is indirectly exposed to concentration risk by virtue of concentration in securities of individual or related issuers that may appear in the security portfolios of customers who have been provided credit to buy shares. To mitigate this risk the Company has adopted and implemented stricter requirements than those legally imposed, thereby promoting the widest possible dispersion of securities in customer security portfolios.

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 31/12/2017 and 31/12/2016, respectively.

Amounts (in €)	**31.12.2017**	**31.12.2016**
Core Equity		
Share Capital	11,674,101	11,674,101
Reserves excluding revaluation adjustments	49,717,355	49,715,544
Retained earnings/ (losses)	(101,363)	(837,555)
Total Core Equity	**61,290,093**	**60,552,090**
Less: Deferred tax assets	3,019,634	2,321,428
Less: Intangible assets	167,857	164,308
Total Regulatory Equity	**58,102,602**	**58,066,354**
Weighted Assets		
Weighted Assets for credit risk	77,421,674	103,460,374
Weighted Assets for market risk	17,375,124	21,824,981
Weighted Assets for operational risk	17,326,318	23,577,475
Total-Risk Weighted Assets	**112,123,116**	**148,862,830**
Basel II Capital Adequacy Ratio	**51.82%**	**39.01%**

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 recognised 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 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 recognised financial instruments as at 31/12/2017 and 31/12/2016 respectively, 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:

	31.12.2017		
Amounts (in €)	**Derivative financial instruments**	**Securities lending agreements**	**Total**
Recognised financial assets (gross amount)	77,362	-	**77,362**
Financial assets recognised in the Statement of Financial Position (net amount)	77,362	-	**77,362**
Related amounts not offset in the Statement of Financial Position			
Received financial instrument guarantees	(77,362)	-	**(77,362)**
Net amount	-	-	**-**

Amounts (in €)	**Derivative financial instruments**	**Securities lending agreements (1)**	**Total**
Recognised financial liabilities (gross amount)	85,763	8,179	**93,942**
Financial liabilities recognised in the Statement of Financial Position (net amount)	85,763	8,179	**93,942**
Related amounts not offset in the Statement of Financial Position			
Granted financial instrument guarantees	(77,362)	-	**(77,362)**
Granted cash guarantees	(8,401)	(8,179)	**(16,580)**
Net amount	-	-	**-**

	31.12.2016		
Amounts (in €)	**Derivative financial instruments**	**Securities lending agreements**	**Total**
Recognised financial assets (gross amount)	43,862	-	**43,862**
Financial assets recognised in the Statement of Financial Position (net amount)	43,862	-	**43,862**
Related amounts not offset in the Statement of Financial Position			
Received financial instrument guarantees	(43,862)	-	**(43,862)**
Net amount	-	-	**-**

Amounts (in €)	**Derivative financial instruments**	**Securities lending agreements (1)**	**Total**
Recognised financial liabilities (gross amount)	146,620	19,167	**165,787**
Financial liabilities recognised in the Statement of Financial Position (net amount)	146,620	19,167	**165,787**
Related amounts not offset in the Statement of Financial Position			
Granted financial instrument guarantees	(43,862)	-	**(43,862)**
Granted cash guarantees	(102,758)	(19,167)	**(121,925)**
Net amount	-	-	**-**

(1) Included in "Financial liabilities at fair value through profit or loss" in the Company's Statement of Financial Position at 31/12/2017 and 31/12/2016, respectively.

5. Fee and commission income

Net fee and commission income includes the following:

Amounts (in €)	01.01-31.12.2017	01.01-31.12.2016
Commission income from sale and purchase of shares	5,497,756	5,490,853
Commission income from bonds and mutual funds	149,161	269,015
Commission income from derivatives	465,516	515,014
Other income (Consulting/ custodian services)	3,818,942	377,294
Total fee and commission income	**9,931,375**	**6,652,176**

6. Gains/ (Losses) on financial assets

Gains / (Losses) on financial assets include:

Amounts (in €)	01.01-31.12.2017	01.01-31.12.2016
Gains/ (losses) from shares	1,428,535	(944,748)
Gains / (losses) from derivatives	(3,214,574)	(824,434)
Gains / (losses) from other securities	303,188	517,044
Gains / (losses) from share valuation	620,818	457,825
Gains / (losses) from derivative valuation	54,244	39,929
Gains / (losses) from valuation of other securities	(28,413)	(12,668)
Total gains/ (losses) on financial assets	**(836,202)**	**(767,052)**

7. Expenses by category

Expenses by category include:

	01.01-31.12.2017			
Amounts (in €)	Costs for provision of services	Administration expenses	Distribution expenses	Total
Employee benefits	(2,999,848)	(1,356,601)	(79,195)	(4,435,644)
Subscriptions	(1,632,348)	(41,187)	(681)	(1,674,216)
Income from rents of buildings/ means of transport	(251,461)	(148,174)	(6,509)	(406,144)
Depreciation/ Amortisation	(176,509)	-	-	(176,509)
Other taxes	(489,028)	(3,675)	(190)	(492,893)
Third party fees and expenses	(1,669,285)	(294,656)	(771)	(1,964,713)
Telecommunications	(211,425)	(31,620)	(1,862)	(244,908)
Premiums	(109,586)	-	-	(109,586)
Other expenses	(216,956)	(63,056)	(3,225)	(283,237)
Sundry advertising and promotion expenses	(190,513)	(63,246)	(21,906)	(275,664)
Travel expenses	(447)	(357)	(39,587)	(40,390)
Total	**(7,947,406)**	**(2,002,572)**	**(153,926)**	**(10,103,904)**

Amounts (in €)	01.01-31.12.2016			
	Costs for provision of services	**Administration expenses**	**Distribution expenses**	**Total**
Employee benefits	(8,378,098)	(2,537,105)	(56,262)	(10,971,465)
Subscriptions	(2,334,233)	(42,032)	(452)	(2,376,717)
Income from rents of buildings/ means of transport	(679,375)	(171,337)	(4,454)	(855,167)
Depreciation/ Amortisation	(145,203)	-	-	(145,203)
Other taxes	(607,732)	(3,820)	(120)	(611,672)
Thrid party fees and expenses	(1,362,348)	(127,411)	(395)	(1,490,154)
Telecommunications	(266,614)	(23,614)	(2,014)	(292,242)
Premiums	(147,231)	-	-	(147,231)
Other expenses	(207,572)	(60,904)	(1,804)	(270,279)
Sundry advertising and promotion expenses	(276,745)	(52,556)	(24,384)	(353,686)
Travel expenses	(4,700)	(2,442)	(55,832)	(62,974)
Total	**(14,409,851)**	**(3,021,222)**	**(145,718)**	**(17,576,790)**

8. Other operating expenses

Other operating expenses include:

Amounts (in €)	01.01-31.12.2017	01.01-31.12.2016
Loss from customer transactions	18,835	34,398
Foreign exchange differences	125,424	83,395
Loss from write downs and disposal of fixed assets	2,579	42,228
Provisions for legal claims	40,000	-
Other expenses	64,432	78,678
Total other operating expenses	**251,270**	**238,699**

9. Income tax

Taxes included in the Profit or Loss account and Other comprehensive income are analysed as follows:

Amounts (in €)	01.01-31.12.2017	01.01.-.31.12.2016
Current income tax	300,000	-
Deferred tax income/ (expenses)	(93,764)	2,465,989
Total income tax	**206,236**	**2,465,989**

The income tax rate for the Company for 2017 is 29% (vs. 29% in 2016). The income tax for profit or loss before tax based on the applicable rates and the tax expenses is calculated as follows:

Amounts (in €)	**01.01-31.12.2017**	**01.01-31.12.2016**
Profit/(Loss) before taxes	529,956	(11,032,887)
Income tax (tax rate 29%)		
Income / (expense)	**(153,687)**	**3,199,537**
Increase/decrease resulting from:		
Effect of unused tax losses not recognised as deferred tax assets	-	(1,000,000)
Non taxable income	404,455	151,976
Non deductible expenses	(44,532)	(25,145)
Tax difference of previous years	-	139,621
Income tax	**206,236**	**2,465,989**

Financial years 2011 to 2013 have been audited by external certified auditors in line with article 82 of Law 2238/1994, the years 2014 to 2016 have been audited by external certified auditors pursuant to article 65A of Law 4174/2013. The relevant tax compliance reports were issued unreservedly.

For 2017, the Company was subject to tax audit by external certified auditors in line with article 65A of 4147/2013. The said audit is still in progress and the relevant tax compliance report will be issued after the financial statements for the year ended on 31/12/2017 are published. In the event that by the end of the tax audit further tax obligations arise, we assume that they will have minimum impact of the financial statements of the year.

Under POL. 1006/05.01.2016, businesses for which a tax certificate is issued without any reservation for tax violations are not exempt from the regular tax audit by the competent tax authorities. As a result, the tax authorities are entitled to re-examine and conduct their own tax audit. However, the Company's management estimates that the findings of such future audits by the tax authorities, if any, shall not have a material effect on the Company's financial position.

10. Employee benefits

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

	31.12.2017	**31.12.2016**
Salaried employees	79	82
Total	**79**	**82**

Employee benefits are broken down as follows:

Amounts (in €)	**01.01-31.12.2017**	**01.01-31.12.2016**
Salaries, wages and allowances	3,359,257	5,943,677
Social security contributions	846,949	1,096,992
Other related employee benefits and costs	137,553	154,214
Indemnity upon dismissal	60,258	3,947,104
Change in employee benefits obligations	31,627	(170,522)
Total employee benefits	**4,435,644**	**10,971,465**

11. Intangible assets

All intangible assets concern software. Intangible assets in 2017 and 2016 are broken down as follows:

Amounts (in €)	**Software**
Cost	
Balance at 01/01/2016	2,794,610
Additions	78,550
Disposals and Write Offs	(55,582)
Balance at 31/12/2016	**2,817,578**
Additions	61,880
Disposals and Write Offs	(450)
Balance at 31/12/2017	**2,879,008**
Accumulated amortisation	
Balance at 01/01/2016	2,635,563
Amortisation for the period	56,397
Disposals and Write Offs	(38,690)
Balance at 31/12/2016	**2,653,270**
Amortisation for the period	57,944
Disposals and Write Offs	(63)
Balance at 31/12/2017	**2,711,151**
Carrying amount 31/12/2016	**164,308**
Carrying amount 31/12/2017	**167,857**

12. Property and equipment

Property and equipment in 2017 and 2016 is broken down as follows:

Amounts (in €)	Leasehold improvements	Vehicles & equipment	Total
Cost			
Balance at 01.01.2016	4,186,985	5,171,233	9,358,218
Additions	421,326	195,773	617,100
Disposals and Write Offs	(3,963,812)	(500,198)	(4,464,010)
Balance at 31.12.2016	**644,499**	**4,866,807**	**5,511,307**
Additions	110,346	60,263	170,610
Disposals and Write Offs	(32,491)	(126,314)	(158,805)
Balance at 31.12.2017	**722,354**	**4,800,758**	**5,523,112**
Accumulated depreciation			
Balance at 01.01.2016	4,175,673	4,971,741	9,147,414
Depreciation for the period	25,051	63,754	88,806
Disposals and Write Offs	(3,963,163)	(458,959)	(4,422,122)
Balance at 31.12.2016	**237,561**	**4,576,536**	**4,814,098**
Depreciation for the period	48,934	69,630	118,565
Disposals and Write Offs	(31,636)	(125,288)	(156,924)
Balance at 31.12.2017	**254,859**	**4,520,879**	**4,775,738**
Carrying amount 31.12.2016	**406,938**	**290,271**	**697,209**
Carrying amount 31.12.2017	**467,495**	**279,879**	**747,374**

13. Deferred tax assets

Deferred tax assets and liabilities in 2017, excluding offsetting, were as follows:

Amounts (in €)	Balance 01.01.2017	Recognition in Profit or Loss	Recognition in Other comprehensive income	Balance 31.12.2017
Tax loss transferred to offset	3,521,269	56,363	-	3,577,632
Employee benefit obligations	127,770	9,172	(740)	136,202
Provisions for leave not taken	599	(599)	-	-
Tax provisions for litigation losses	101,500	(101,500)	-	-
Valuation losses on financial assets	(140,676)	(46,857)	-	(187,533)
Debit difference as a result of the GGB swap under the PSI	258,585	(10,343)	-	248,242
Total deferred tax assets	**3,869,047**	**(93,764)**	**(740)**	**3,774,542**

Amounts (in €)	Balance 01.01.2016	Recognition in Profit or Loss	Recognition in Other comprehensive income	Balance 31.12.2016
Tax loss transferred to offset	730,737	2,790,532	-	3,521,269
Employee benefit obligations	181,608	(49,451)	(4,387)	127,770
Provisions for leave not taken	5,936	(5,337)	-	599
Tax provisions for litigation losses	101,500	-	-	101,500
Valuation losses on financial assets	(118,736)	(259,412)	-	(140,676)
Debit difference as a result of the GGB swap under the PSI	268,928	(10,343)	-	258,585
Total deferred tax assets	**1,407,445**	**2,465,989**	**(4,387)**	**3,869,047**

Deferred tax assets on transferable tax losses are recognised to the amount that future taxable profits are considered probable.

Deferred tax assets on transferable tax losses amount to €730,737 in 2015, €2,790,532 in 2016 and €56,363 in 2017 respectively. Specifically, they are broken down as follows:

Use	2015	2016	2017	Total
Tax losses	3,001,234	12,589,347	194,356	15,784,937

As at 31/12/2017 the Company recognised tax assets on part of the said deferred tax losses amounting to €12,336,662, which the Management considers recoverable for the following reasons:

- The anticipated revival of investment activity in the ATHEX is estimated to positively affect both turnover growth due to the increased revenues from stock trading fees, and profitability in the same portfolio.
- the anticipated increase in market share based on strategies for the expansion of the sales network.
- the anticipated income increase from investment banking by achieving new agreements.

The amount of the deferred tax assets on tax losses currently considered as non realisable, however, could be recognised in future periods if estimates of future taxable income during the carryforward period are increased.

14. Other non-current assets

Other non-current assets include:

Amounts (in €)	31.12.2017	31.12.2016
Participation in the Guarantee Fund for Investment Services	3,056,853	3,345,456
Participation in the Athens Stock Exchange Clearing Fund	757,994	1,755,652
Participation in the Cyprus Stock Exchange Clearing Fund	304,509	300,000
Other receivables	192,281	194,265
Total other non-current assets	**4,311,637**	**5,595,373**

According to the provisions of article 74.4 of Law 2533/1997, in the event that the Company stops operating, the amount by which the latter participates in the Guarantee Fund for Investment Services for covering possible obligations is returned to the Company from the Fund, reduced by the compensations it is expected to pay.

Contributions to the Clearing Fund were paid as per the provisions of Law 2471/1997 and the decisions issued by the Hellenic Capital Market Commission.

15. Receivables from customers, stockbrokers - stock exchange

Receivables from customers, stockbrokers - stock markets are broken down as follows:

Amounts (in €)	31.12.2017	31.12.2016
Receivables from customers	817,698	635,910
Receivables from customers of long- or short-term credit	20,867,170	8,295,288
Receivables from the HELEX Group companies and foreign brokers	3,313,178	1,976,015
Provisions for doubtful receivables	(129,934)	(157,602)
Total receivables from customers, stockbrokers - stock markets	**24,868,112**	**10,749,611**

Provisions are analysed as follows:

Amounts (in €)	2017	2016
Balance at 01/01	157,602	167,942
Income from unused provisions	(27,668)	(10,340)
Balance at 31.12	**129,934**	**157,602**

The fair values of these assets and their carrying amounts are similar.

16. Financial assets at fair value through profit or loss

The Company's trading portfolio is broken down as follows:

Amounts (in €)	31.12.2017	31.12.2016
Listed shares on ATHEX	15,150,070	13,673,769
Mutual Funds	2,731,810	2,844,770
Total financial assets at fair value through profit or loss	**17,881,879**	**16,518,539**

The fair value of financial assets is calculated on the basis of quoted prices in active markets for identical financial instruments (Level 1). The positions of the Company in listed shares and mutual funds in the Athens Stock Exchange are effectively offset against derivative financial instruments. The amount of pledged financial assets is described under Note 28.

17. Other current assets

Other current assets include:

Amounts (in €)	31.12.2017	31.12.2016
Blocked deposit in favor of ATHEXClear on a derivative margin account	967,719	881,519
Receivables from the Greek State	8,266,571	9,403,890
Additional collateral in the ATHEX Clearing Fund	7,450,000	19,050,000
Other receivables	232,185	217,377
Total other current assets	**16,916,475**	**29,552,786**

The level of additional collateral in the Clearing Fund is determined by the daily trading volume and the Fund is activated in the event of default of a clearing member pursuant to article 79 of Law 3606/2007. In the event that the Company stops to operate, by decision of the Hellenic Capital Market Commission, the relevant amount from the Clearing Fund is returned to the Company, after satisfying by absolute priority the claims of its customers arising from the provision of investment services, as per article 76 of Law 3606/2007 (Note 28).

The fair values of these assets and their carrying amounts are similar.

18. Cash and cash equivalents

Cash and cash equivalents include:

Amounts (in €)	31.12.2017	31.12.2016
Cash	4,748	3,683
Sight deposits of own cash resources	3,654,767	3,943,215
Sight deposits in mature credit balances of customers	35,022,965	44,770,092
Total Cash and Cash Equivalents	**38,682,480**	**48,716,990**

19. Share capital

As at 31/12/2017 and 31/12/2016, the Company´s share capital amounted to €11,674,101, divided into 3,891,367 ordinary shares of a par value of €3,00 each.

20. Reserves

Reserves are broken down as follows:

Amounts (in €)	Statutory reserve	Tax-free reserves pursuant to special legal provisions	Defined benefit plans	Total
Balance at 01.01.2016	**3,891,367**	**47,872,008**	**462,408**	**52,112,010**
Distribution of reserves		(2,520,979)		(2,520,979)
Remeasurement of employee benefits obligations	-	-	10,741	10,741
Balance at 31.12.2016	**3,891,367**	**45,351,029**	**473,149**	**49,715,544**
Balance at 01.01.2017	**3,891,367**	**45,351,029**	**473,149**	**49,715,544**
Remeasurement of employee benefits obligations	-	-	1,811	1,811
Balance at 31.12.2017	**3,891,367**	**45,351,029**	**474,960**	**49,717,355**

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. The reserve, which is already taxed, cannot be distributed throughout the Company's life and is intended to cover any debit balance of retained earnings. At 31/12/2017, the Company's statutory reserve stood at €3,891,367 and was accordingly equal to 1/3 of the paid up share capital.

21. Employee benefit obligations

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 recognised in the profit or loss for 2017 and 2016, as well as the changes in the relevant provisions for employee benefits.

Amounts (in €)	2017	2016
Balance at 01/01	440,589	626,238
Benefits paid by the Company	-	(3,877,301)
(Credit)/ debit in Profit or Loss	31,627	3,706,779
Recognition of actuarial losses/(gains) in Other Comprehensive Income	(2,551)	(15,127)
Balance at 31/12	**469,665**	**440,589**

Amounts (in €)	01.01-31.12.2017	01.01-31.12.2016
Current service cost	24,578	34,189
Net interest cost on the net defined benefit obligation	7,049	14,717
Total (regular cost)	**31,627**	**48,906**
Losses/(income) on curtailments / settlements	-	3,657,873
Net impact on Profit or Loss	**31,627**	**3,706,779**

The present value of employee benefit obligations depends on factors that are defined by actuarial method using a series of assumptions, as detailed in the following table.

The main assumptions are as follows:

	31.12.2017	31.12.2016
Discount Rate	1.60%	1.60%
Inflation	1.50%	1.50%
Rate of of increase in salary	0% for the period 2018-2019 0.50% annually, for the period 2019-2020 1.00% annually, for the period 2021-2022 and 1.50% annually, thereafter	0% for the period 2017-2018 0.50% annually, for the period 2019-2020 1.00% annually, for the period 2021-2022 and 1.50% annually, thereafter
Average remaining working life	18.86	19.99

The table below presents the sensitivity analysis of each significant actuarial assumption by showing how the defined benefit obligation would be affected by the changes in the relevant actuarial assumption that would be possible at year end.

Actuarial assumption	Change in assumption	Increase/ (decrease) in the defined benefit obligation
Discount interest rate	Increase by 50 bps	(8.3)%
	Decrease by 50 bps	9.8%
Inflation	Increase by 50 bps	0.4%
	Decrease by 50 bps	(1.6)%
Rate of of increase in salary	Increase by 50 bps	8.0%
	Decrease by 50 bps	(8.5)%
Rate of pension increases	Increase by 50 bps	0.0%
	Decrease by 50 bps	(0.0)%
Expected duration	More than one year	1.1%
	Less than one year	(1.2)%

22. Other provisions

Other provisions are broken down as follows:

Amounts (in €)	Legal proceedings	Other risks	Total
Balance at 01.01.2017	**239,500**	**802,067**	**1,041,567**
Additional provisions	40,000	-	**40,000**
Used provisions	-	(230,000)	**(230,000)**
Income from unused provisions	(152,000)	(542,067)	**(694,067)**
Balance at 31.12.2017	**127,500**	**30,000**	**157,500**

Amounts (in €)	Legal proceedings	Other risks	Total
Balance at 01.01.2016	**239,500**	**817,417**	**1,056,917**
Additional provisions	-	2,066	**2,066**
Income from unused provisions	-	(17,416)	**(17,416)**
Balance at 31.12.2016	**239,500**	**802,067**	**1,041,567**

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: Included are provisions for possible 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.

23. Borrowing

Borrowing includes:

Amounts (in €)	**31.12.2017**	**31.12.2016**
Working capital	7,113,725	5,157,550
Total borrowing	**7,113,725**	**5,157,550**

Authorised credit limit by NBG, including letters of guarantee, as at 31/12/2017 stands at €30,000,000 (31/12/2016: €30,000,000). The amount of the pledged financial assets for borrowing is detailed under Note 28.

The fair value of the above liability and its accounting value are similar.

24. Liabilities to customers, stockbrokers - stock exchange

Liabilities to customers, stockbrokers-stock exchange are broken down as follows:

Amounts (in €)	**31.12.2017**	**31.12.2016**
Liabilities to Customers (not settled transactions)	1,930,374	2,037,947
Liabilities to Customers (mature credit balances)	35,022,965	44,770,092
Liabilities to HELEX Group companies and foreign brokers	54,624	138,918
Total liabilities to customers, stockbrokers - stock exchange	**37,007,963**	**46,946,957**

The fair values of these liabilities and their carrying amounts are similar.

25. Financial liabilities at fair value through profit or loss

These liabilities are as follows:

Amounts (in €)	**31.12.2017**	**31.12.2016**
Listed stocks on the ATHEX (short selling)	8,179	19,167
Total financial liabilities at fair value through profit or loss	**8,179**	**19,167**

The fair value of financial assets is calculated on the basis of quoted prices in active markets for identical financial instruments (Level 1).

26. Other short-term liabilities

Other short-term liabilities include:

Amounts (in €)	31.12.2017	31.12.2016
Social Security	197,896	228,662
Accrued expenses of year	342,001	229,206
Salaries payable	21,841	36,347
Payroll taxes	174,855	627,645
Other taxes	11,844	8,248
Other creditors	23,884	118,752
Suppliers	522,510	354,325
Total other short-term liabilities	**1,294,830**	**1,603,185**

The decreased of payroll taxes is due to the voluntary retirement scheme completed on 30 December 2016.

27. 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 2017 and 2016, as well as the balance of assets and liabilities at 31/12/2017 and 31/12/2016 are as follows:

ASSETS	**31.12.2017**	**31.12.2016**
Parent Company (NBG)	36,803,930	46,435,999
Other NBG Group Companies	2,285,628	2,612,157
LIABILITIES	**31.12.2017**	**31.12.2016**
Parent Company (NBG)	7,482,106	5,438,462
Other NBG Group Companies	4,267	22,492
INCOME	**01.01-31.12.2017**	**01.01-31.12.2016**
Parent Company (NBG)	570,712	717,654
Other NBG Group Companies	18,390	89,550
EXPENSES	**01.01-31.12.2017**	**01.01-31.12.2016**
Parent Company (NBG)	1,293,474	1,183,210
Other NBG Group Companies	474,176	566,499
Key management personnel	853,451	1,046,323

Key management personnel fees include fees to the CEO, to members of the Board and to members of the Executive Committee.

28. Contingent liabilities and commitments

A. Legal proceedings

Some legal proceedings and claims against the Company are still pending, in the context of normal business activity, which at first instance were decided in our favor and are expected to have a positive final outcome for the Company. Moreover, a number of actions by counterparties and third parties against the Company are pending before the Athens Mutli-member and One-member Courts of First Instance, for the payment of €948,181 (2015: €196,000), the outcome of which is not expected to have a significant impact on the Company's financial statements.

B. Capital commitments

At 31/12/2017 the Company had granted letters of guarantee to third parties totalling €73,893 vs. €71,273 in 2016.

C. Operating lease commitments

Operating lease commitments from rented buildings are amounted to €3,086,736 (2016: €4,414,475). The calculation was based on the contractually agreed rents plus stamp duty, adjusted annually until expiry of the contract, at a zero average CPI (0.0%).

Amounts (in €)	31.12.2017	31.12.2016
0 to 1 yr	310,701	478,688
1 to 5 yrs	1,538,875	1,961,883
Over 5 years	1,237,160	1,973,904
Total operating lease commitments	**3,086,736**	**4,414,475**

D. Assets pledged

Assets pledged include:

Amounts (in €)	31.12.2017	31.12.2016
Shares	8,863,105	9,431,399
Mutual Funds, guarantees for loan accounts (overdraft)	2,731,810	-
Additional collateral in the Clearing Fund	7,450,000	19,050,000
Blocked deposit in favor of ATHEXClear on a derivative margin account	967,719	881,519
Total assets pledged	**20,012,634**	**29,362,918**

The above securities of €8,863,105 (2016: €9,431,399) are pledged in favour of ATHEXClear and €2,731,810 (2016: €0) are pledged in favor of the parent company NBG.

29. Events after the reporting period

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

30. Fees of Certified Auditors

The total fees charged by the certified auditors for the year ended 31/12/2017 (01/01/2017-31/12/2017) are:

Amounts (in €)	**31.12.2017**
Fee for the statutory audit of financial statements	80,000
Fees for other auditing services related to tax legislation and the regulatory framework for the Company's operations	72,000
Total Fees of Certified Auditors	**152,000**