PROTONBANK

FINANCIAL STATEMENTS

FOR THE ACCOUNTING PERIOD
9 OCTOBER 2011 TO 31 DECEMBER 2012

In accordance with International
Financial Reporting Standards – IFRS

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CONTENTS

BOARD OF DIRECTORS ANNUAL REPORT FOR THE ACCOUNTING PERIOD ENDED 31 DECEMBER 2012

The Board of Directors presents the Annual Report accompanied by the Financial Statements for the first accounting period of New Proton Bank (the Bank), 9 October 2011 to 31 December 2012.

Operating activities
The Bank is a transitional financial institution, established on 9 October 2011 by a decision of the Minister of Finance, after a proposal of the Bank of Greece, pursuant to Law 4021/2011 on the resolution of credit institutions.

All deposits and selected assets, i.e. the ones assessed as healthy, of Proton Bank SA (under liquidation), have been transferred to New Proton Bank.

The Bank operates in Greece with a network of 28 branches providing retail banking, corporate banking, and investment advisory services.

Review of business environment
In 2012, Greece continued the structural reform and fiscal adjustment initiated the previous years. Within 2012, Greece successfully reduced the total public debt, which resulted in the gradual improvement of the investors and Greek depositor's confidence.

GDP declined by 6,4% during 2012, while the Greek economy has shrunk by 20% in real terms since 2008. The unemployment rate climbed to 26,4% on December 2012.

Inflation was further reduced to 0,8% on December 2012, mainly due to low consumption and the decrease of crude oil prices. Current Account Balance has significantly improved in 2012 due to the imports decrease. Current Account Deficit was reduced to € 5,6 billion, being just the one fourth of the 2011 deficit, while as a percentage of GDP was reduced to 2,9% from 9,9% in 2011 and 14,9% in 2008.

For the first time after the commencement of the economic adjustment programme in 2010, Greece performed better than expected and on December 2012 accomplished a primary surplus of 0,2% of GDP against the 1.5% of GDB target. Greek debt as a GDP percentage rose from 170,6% to 176,7% at the end of 2012.

On March 2012 Greece launched a voluntary plan to restructure its debt. On the completion of the specific plan, Greece managed to reduce its debt by € 105 billion which extenuated the schedule of the future funding needs. Greek Banks participated in the debt restructuring plan with € 50 billion nominal value of bonds, contributing in this way to overall participation (96,6%) and thus to the success of the plan. However, Greek Banks suffered losses from the debt restructuring plan and thus the benefits of the plan were mitigated, since the capital necessary for the recapitalisation of the Greek Banks was added back to the public debt.

Furthermore, on December 2012 Greece together with its partners agreed on a further relief of public debt and for an extension of the maturity of the existing public sector loans. The measures included interest rates reduction in the bilateral loans granted with the first economic adjustment programme, transfer of profits that ECB made on Greek bonds to the Greek Government, and extension by 15 years of the loan maturity held by the official public sector. On December 2012 also, Greece successfully completed the voluntary bonds buy-back from the private sector, which resulted in the withdrawal of bonds with nominal value of € 31,8 billion.

The liquidity needs of Greek Banks were covered in full by Bank of Greece and in particular through the ELA process (Emergency Liquidity Assistance).

The Bank
During its first accounting period, which lasted from 9 October 2012 to 31 December 2012, the Bank embarked on the implementation of its restructuring plan.

Within the plan context proceeded to the improvement of the risk management, and of the internal control framework of the Bank. Additionally, after mid 2012, the Bank proceeded to a limited and selective credit expansion to corporate clients with excellent credit characteristics.

Finally, special care and effort has been put on the improvement of the loan portfolio transferred from the former Proton Bank S.A..

Great emphasis has been placed to the containment of costs. The reduction in costs has been achieved through:

1. the reduction of the cost of funding (mainly deposits), which also had as a consequence the reduction of their deposits outstanding amounts,
2. the reduction of administrative expenses,
3. the reduction of the personnel related expenses.

Allowances for impairment of loans and advances to customers were considerable, and related to risks inherited to the Bank with the loan portfolio transferred from Proton Bank S.A. (under liquidation).

This contributed to the negative result of the Bank for its first, 15 months, accounting period that ended at 31 December 2012. Specifically, the loss for the period amounted to € (623) million while the total equity of the Bank for the same period was negative and reached € (197) million. The Bank requires the support of the Hellenic Financial Stability Fund, its sole shareholder, for its recapitalisation.

INDEPENDENT AUDITORS' REPORT

Deloitte.

TRUE TRANSLATION

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "New Proton Bank S.A."

Report on the Financial Statements

We have audited the accompanying financial statements of the transitional financial institution New Proton Bank SA ("the Bank"), which comprise the statement of financial position as at December 31, 2012, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2012, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

Emphasis of matter

We draw your attention to the fact that as it is disclosed in note 2.1 to the financial statements of the Bank, according to the provisions of article 4 of the Establishment Document and Articles of Association of the Bank its operational life is set to be two years from the registration of the relevant decision of the Minister of Finance about the establishment of the Bank with the Commercial Register of Companies namely up to 9 October 2013.In addition, according to the provisions of article 3 of the above Establishment Document, the objective of the Bank is the one provided by paragraph 3 of article 63E of law 3601/2007 governing the establishment of transitional financial institutions. According to the provisions of paragraph 9 of article 63E of law 3601/2007, a transitional financial institution which is established according to the provisions of this article cannot operate for a period exceeding two years. On the basis of a decision by the Minister of Finance following a relevant recommendation by Bank of Greece and exclusively for the purpose of preserving the financial stability, the operational life of such a transitional financial institution may be extended for an additional period of two years. Further paragraph 3 of the said article 63ΣΤ of the above law 3601/2007, provides that the process of the disposal of the shares of such a transitional financial institution is in any case concluded within a two years period from the issuance of the relevant decision resolving the transfer of the transferable assets and liabilities from the preexisting old bank to the new transitional financial institution and in any case within the extended period of its operation should such an extension has been granted on the basis of the provisions of paragraph 9 of the above article 63E. In case of a failed disposal auction or after the above maximum period has been elapsed or through a decision by the Minister of Finance following a relevant recommendation by Bank of Greece, taken at any time provided the intended purpose of this transitional financial institution has become impossible, the transitional financial institution is dissolved and liquidated according to the provisions of article 68 of the same law 3601/2007. Furthermore the Bank for its first accounting period ended on 31 December 2012 has experienced negative cash flows from operations amounting to Euros 678,541 thousand and has incurred losses amounting to Euros 622,970 thousand while its reported equity on the above date is negative by Euros 197,290 thousand and thus, its ability to continue as a going concern depends on the extension of continuing capital support by its sole shareholder the Hellenic Financial Stability Fund (HFSF). Hence, there is a significant uncertainty regarding the ability of the Bank to continue as a going concern and especially beyond the 9th of October 2013 in case the forthcoming auction process of its disposal proves to be unsuccessful. However, the Bank has compiled the accompanying financial statements on a going concern basis assuming its continuing operations in the foreseeable future and, therefore, the liquidation of its assets and settlement of its liabilities in the normal course of business on the grounds that the management of the Bank has received written representations from HFSF that on one hand HFSF within the framework of its institutional function and within the boundaries of the strategy governing the (Greek) financial system which has been developed in cooperation with the Ministry of Finance, Bank of Greece and troika (EC/ECB/IMF) and as long as HFSH remains the sole shareholder of the Bank, it will continue to provide the Bank with the necessary capital so that the latter is able to operate and meet its obligations towards the supervisory authorities and on the other hand should the forthcoming auction proves to be unsuccessful, HFSF will take all necessary actions to expand the Bank's operation for the foreseeable future.

We are not qualifying our opinion in respect of the aforementioned issue.

Report on Other Legal and Regulatory Requirements

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

Athens, June 19, 2013
The Certified Public Accountant

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INCOME STATEMENT

(in € 000's)	Note	09.10.2011 - 31.12.2012
Interest and similar income		118.586
Interest expense and similar charges		(88.023)
Net interest income	5	**30.563**
Fee and commission income		7.313
Fee and commission expense		(870)
Net fee and commission income	6	**6.443**
Dividend income	7	29
Net gains / (losses) on financial instruments held for trading	8	(12.985)
Net gains / (losses) on investment securities	9	15.663
Other operating income		2.194
Total operating income		**41.907**
Personnel expenses	10	(29.897)
Other administrative expenses	11	(18.756)
Depreciation and amortisation expenses	12	(1.875)
Total operating expenses before provisions		**(50.528)**
Allowance for impairment on loans and advances to customers	13, 18	(444.918)
Impairment of investment in subsidiaries	13, 23	(6.855)
Impairment of loans and receivables (LAR) portfolio	13, 22	(151.754)
Other provisions and allowances for impairment	13, 27, 32	(10.822)
Total expenses for impairment and provisions		**(614.349)**
Loss before tax		**(622.970)**
Income tax	14, 26	-
Loss after tax		**(622.970)**

STATEMENT OF COMPREHENSIVE INCOME

(in € 000's)	Note	09.10.2011 - 31.12.2012
Loss after tax		**(622.970)**
Net change in fair value of available for sale financial assets		(646)
Other comprehensive income / (expense) for the period, net of tax		**(646)**
Total comprehensive income / (expense) for the period, after tax		**(623.616)**

STATEMENT OF FINANCIAL POSITION

(in € 000's)	Note	31.12.2012
ASSETS		
Cash and balances with Central Bank	15	57.395
Due from banks	17	78.672
Loans and advances to customers (net of allowance)	18	521.863
Derivative financial instruments held for trading	19	5.082
Financial assets at fair value through profit or loss	20	4.290
Investment securities:		
-Available-for-sale	21	55.757
Dept receivable (LAR)	22	46.192
Investments in subsidiaries	23	6.573
Intangible assets	24	77
Tangible assets	25	13.962
Other assets	27	50.798
Total assets		**840.661**
LIABILITIES		
Due to banks	28	2.631
Due to customers	29	1.002.050
Derivative financial instruments held for trading	19	17.968
Debt securities in issue	30	5.019
Retirement benefit obligations	31	500
Provisions for risks	32	2.632
Other liabilities	33	7.151
Total liabilities		**1.037.951**
EQUITY		
Share capital	34	283.125
Share premium	35	231.875
Other reserves	35	(89.320)
Retained earnings		(622.970)
Total equity		**(197.290)**
Total equity and liabilities		**840.661**

STATEMENT OF CHANGES IN EQUITY

(in € 000's)	Share capital	Share premium	Share capital issue costs	Available-for-sale reserve	Transferred loans' additional provision reserve	Retained earnings	Total
Balance at 9 October 2011	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share capital increase	283.125	231.875	-	-	-	-	515.000
Share capital issue costs	-	-	(3.346)	-	-	-	(3.346)
Transfer of assets from Proton Bank SA (under liquidation)	-	-	-	-	(85.328)	-	(85.328)
Net change in fair value of available-for-sale financial assets	-	-	-	(646)	-	-	(646)
Loss for the period after tax	-	-	-	-	-	(622.970)	(622.970)
Total comprehensive income / (expense) for the period, after tax	**-**	**-**	**-**	**(646)**	**-**	**(622.970)**	**(623.616)**
Balance at 31 December 2012	**283.125**	**231.875**	**(3.346)**	**(646)**	**(85.328)**	**(622.970)**	**(197.290)**

CASH FLOW STATEMENT

(in € 000's)	Note	09.10.2011 - 31.12.2012
Cash flows from operating activities		
Loss before tax		(622.970)
Adjustments for:		
Allowance for impairment on loans and advances to customers	13, 18	444.918
Impairment of loans and receivable (LAR) portfolio	8, 13, 22	144.327
Impairment of available-for-sale investments	13, 22	7.959
Provision for other assets	13, 27	8.190
Impairment of investment in subsidiaries	13, 23	6.855
Provision for risks	32	2.632
Fixed assets write-offs	25	506
Depreciation and amortisation expenses	12	1.875
Provisions for retirement benefits obligations	10	(1.601)
Interest (income) / expense from investing activities		(45.579)
Interest (income) / expense from financing activities	5	402
(Gains) / losses from investment activities		(15.841)
Effect of foreign exchange rate changes on cash and cash equivalents		(119)
Cash flows before changes in operating assets and liabilities		**(68.446)**
Net (increase) / decrease in operating assets and increase / (decrease) in operating liabilities		
Cash and balances with the Central Bank		20.665
Loans and advances to banks		28.737
Loans and receivables		15.615
Financial assets at fair value through profit or loss		24.810
Other assets		1.105.848
Due to banks		(1.190.592)
Due to customers		(613.451)
Other liabilities		(1.727)
Net cash flow from / (for) operating activities		**(678.541)**
Cash flow from investing activities		
Purchase of tangible assets	25	(366)
Purchase of intangible assets	24	(84)
Proceeds from sale of tangible assets	25	6
Proceeds from sale of investment securities - Dept receivable (LAR)		210.068
Purchase of investment securities - available-for-sale		(89.040)
Proceeds from sale of investment securities - available-for-sale		110.628
Interest income from investing activities		28.051
Dividend income from investing activities		328
Net cash (used in) / provided by investing activities		**259.591**
Cash flows from financing activities		
Share capital increase	34, 35	515.000
Share capital issue costs	35	(3.346)
Repurchase of debts securities in issue	9	(6.950)
Interest expense from debts securities in issue		(561)
Net cash from / (for) financing activities		**504.143**
Effect of foreign exchange rate changes on cash and cash equivalents		119
Net increase /(decrease) in cash and cash equivalents		**85.312**
Cash and cash equivalents transferred from Proton Bank S.A. (under liquidation)		**21.626**
Cash and cash equivalents at the end of the period	16	**106.938**

1 General information

Following the 9250/9-10-2011 decision of the Minister of Finance (Government Gazette Issue B 2246/9-10-2011) taken after a proposal of the Bank of Greece, pursuant to Law 4021/2011 on the resolution of credit institutions, "NEW PROTON BANK S.A." was established as a transitional financial institution, with the commercial title "PROTON BANK". The Head Office of New Proton Bank S.A. is in Athens 115 23, 20 Amaliados & Eslin street, and its registration number with the General Commercial Register is 117913901000.

Pursuant to the aforementioned legislation, all third parties' contractual relationships of PROTON BANK S.A. (under liquidation) have been transferred to the newly formed Bank. Additionally, with the exclusion of certain assets and contractual relationships mentioned in the aforementioned decision, the total assets and liabilities of the PROTON BANK S.A. (under liquidation) were also transferred to New Proton Bank S.A.. Transferred items include, but are not restricted to the loan and securities portfolio, assessed as healthy, as well as the total of deposits.

The Bank was financially supported by the Hellenic Deposit and Investment Guarantee Fund. Hellenic Financial Stability Fund (HFSF) contributed the necessary capital to New Proton Bank S.A. and is the sole shareholder of the Bank. On 31 December 2012 the share capital comprised 56.625.000 ordinary shares.

The Bank operates in Greece with a network of 28 branches providing retail banking, corporate banking, investment advisory, capital & portfolio management and other services.

The present financial statements have been approved by the Board of Directors at the meeting of 19 June 2013 and are subject to the final approval of the Annual Shareholders Meeting.

2 Summary of significant accounting policies

The accounting policies adopted in the preparation of these financial statements are set out below. The Bank's functional currency is the euro and the amounts included in the financial statements are presented in thousands of euros, unless otherwise stated in the respective notes. Any differences in the tables are due to rounding.

2.1 Basis of preparation

The present financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their Interpretations as adopted by the European Union. The financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss, and all derivative financial instruments, which are measured at fair value.

The historical cost convention, as amended with the above mentioned adjustments, has been considered appropriate for the Financial Statements preparation due to the support provided by the Bank's sole shareholder. In particular, HFSF, was committed towards the sufficient recapitalization of the Bank for as long as HFSF will remain the sole shareholder of the Bank. Additionally, should the Bank is not transformed, sold, merged etc within the time frame set by updated Memorandum, the shareholder will proceed to all necessary actions for the extension of the Bank's duration beyond October 2013. October 2013 is the time when the Bank's duration will expire, according to its articles of association, which are in compliance with the legislation for transitional financial institutions.

Additionally, for the accounting recognition and derecognition of the financial assets traded at the regular way of purchase or sale, the trade date is been used.

Contracts that require or allow net settlement of the contract value change, are accounted for as derivatives for the period from the trade date to the settlement date.

The preparation of financial statements in conformity with the IFRS includes the use of certain estimates and requires management to exercise its judgment, which may affect the carrying amounts of the items reported in the Financial Statements. Estimates and assumptions are based on historical data and other factors that are considered reasonable under the current circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an on-going basis. Any changes in accounting estimates are recognised prospectively in the period of the change. Judgments made by management in the application of the IFRS that have a significant effect on the financial statements, as well as estimates carrying significant risk for material adjustments in future periods, are disclosed in note 4.

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current or subsequent financial years. The Bank's estimation on the effect of these new standards, amendments to standards and interpretations is as follows:

<u>Standards and Interpretations adopted for the current accounting period</u>

IAS 24 (Amendment) "Related Party Disclosures" (effective for annual periods beginning on or after effective for annual periods beginning on or after 1 January 2011)

The current amendment attempts to reduce the disclosures on transactions of government-related entities and to clarify the definition of related party. In particular, government-related entities are not obliged to disclose the details of the transactions with the government and other government-related parties, clarifies and simplifies the definition of related party, and apart from the disclosure of the related party relationships, transactions, and balances it necessitates the disclosure of related party commitments in Separate and Consolidated Financial Statements. The Bank has applied the aforementioned changes in the Financial Statements of 31 December 2012.

IFRS 1 (Amendment) "First-time Adoption of International Financial Reporting Standards" Hyperinflation (effective for annual periods beginning on or after 1 July 2011)

The amendment modifies the requirements in regard to the reference on fixed dates, as well as the preconditions for the presentation of Financial Statements after a period of hyperinflation in the functional currency of entities applying IFRS for the first time. This amendment was adopted by European Union on December 2012 and it does not apply to the Financial Statements of the Bank.

IFRS 7 (Amendment) "Financial Instruments: Disclosures" – transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)

The specific amendment define the disclosures for transferred financial assets that have not been fully derecognised, as well as for transferred financial assets that that have been fully derecognised but the Bank has continued involvement. It also offers guidance for the implementation of the necessary disclosures. This amendment was adopted by European Union on November 2011 and it does not apply to the Financial Statements of the Bank.

IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2011)

These amendments are applied in limited circumstances: when the financial entity is subject to a statutory or contractual minimum funding requirement, and proceeds to an early payment of contributions in order to meet the minimum funding requirement. These amendments allow a financial entity to treat the benefit from an early payment as an asset. The interpretation does not apply to the Financial Statements of the Bank.

Standards, Interpretations and amendments mandatory for annual periods beginning on or after 1 January 2013

IAS 1 (Amendment) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012)

This amendment, which was approved by European Union on June 2012, clarifies that financial entities may present the analysis of Other Comprehensive Income either in the Statement of Changes in Equity or in the notes. The Bank has not applied the particular amendment.

IAS 12 (Amendment) "Income Taxes" (effective for annual periods beginning on or after 1 January 2012)

The amendment of IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 "Investment Property". According to IAS 12, the measurement of deferred tax depends on the way the financial entity expects to recover the value of the asset: through use or through sale. Due to the difficulty and subjectivity involved in the determination of the recovery method when the investment property is measured in fair value according to IAS 40, this amendment introduces the assumption that investment property value will be recovered in full through sale. This assumption is not valid when the investment property is being depreciated and it is part of a wider investment plan, which aims at the recovery of economic benefits through use and not through a sale. This assumption is valid for land measured as investment property, due to the fact that the value of the land can only be recovered through the sale. The particular amendment, which is not expected to have any impact on the Financial Statements of the Bank, was adopted by European Union on December 2012.

IAS 19 (Amendment) "Employee Benefits" (effective for annual periods beginning on or after 1st January 2013)

This amendment changes the definition of short-term and other long-term employee benefits, removes the accounting policy choice for recognition of actuarial gains and losses, and modifies the calculation of the expected return on plan assets. The Bank is going to assess the impact of this amendment to the Financial Statements. This amendment was adopted by European Union on June 2012.

IFRS 1 (Amendment) "First-time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2013)

The amendment allows entities that first adopt IFRS not to apply retrospectively the IFRS in regard to received Government loans that carry preferential interest rates. This amendment, which is not expected to have impact on the Bank's Financial Statements, has not been adopted by European Union.

IFRS 7 (Amendment) "Financial Instruments: Disclosures", IAS 32 (Amendment) "Financial Instruments: Presentation" - netting arrangements (effective for annual periods beginning on or after 1 January 2013 and 1 January 2014 respectively)

The particular amendment (IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's Financial Position. The disclosures concern the amounts having been offset, the nature of these amounts as well as the extent of rights of set-off under master netting arrangements or similar arrangements.
The amendment clarifies the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.
The Bank has not applied the particular amendments that were approved by European Union on December 2012.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015)

IFRS 9 is the first part of the IASB's active project to modify the existing requirements in IAS 39. IASB aims at expanding IFRS 9 to include new requirements for the classification and measurement of financial assets & liabilities, the impairment of financial assets, and hedging accounting. On October 2010, IFRS 9 was amended and requirements for the classification, measurement, and derecognition of financial liabilities were included. IFRS 9 defines that all financial assets are initially measured either at fair value or at amortised cost. The classification and measurement depends on the business model of the financial entity and specifically how financial assets are treated and whether the financial assets' contractual cash flows are intended to be collected. IFRS 9 does not allow reclassifications, except for rare cases when the business model of the financial entity changes, and the financial entity needs to reclassify the financial assets been affected. According to IFRS 9, equity investments should be measured at fair value. However, the option to transfer realised and unrealised fair value gain or losses of investment securities to Other Comprehensive Income remains with management. This selection is made on initial recognition for each financial asset separately and cannot be amended. Fair value gains or losses are not later transferred to the Income Statement, while dividend income will continue to be booked in the profit or loss unless they clearly represent a partial recovery of the cost of the investment. IFRS 9 abolishes the exemption to measure non-listed shares and otc derivatives at cost, but provides guidance on the cases where the cost represents a representative proxy of fair value. The Bank is going to evaluate the impact of IFRS 9 to the Financial Statements. IFRS 9 is not yet approved by European Union.

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

The issuance of IFRS 13 "Fair Value Measurement" on May 2011 by the IASB, aims at establishing of a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. IFRS 13 does not define the circumstances that fair value is allowed or should be used for the measurement of Financial Position elements. Furthermore, IFRS 13 requires additional disclosures in regard to fair value measurement, including the fair value hierarchy disclosures for non-financial assets and liabilities and disclosures on fair value measurements that are categorised in Level 3. IFRS 13 was approved by European Union on June 2012 and the Bank is going to evaluate the impact upon the Financial Statements.

IAS 27 (Amendment) "Separate Financial Statements", IAS 28 (Amendment) "Investments in Associates and Joint Ventures", IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure in Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014)

IAS 28 "Investments in Associates and Joint Ventures" defines the necessary requirements for the application of the equity method for the consolidation of investments in associates and joint ventures.
IFRS 10 introduces a single control model to determine whether an investee should be consolidated within the Consolidated Financial Statements of the parent entity, and sets control as the crucial factor. IFRS 10 replaces the requirements mentioned in IAS 27 "Separate Financial Statements" in regard to

Consolidated Financial Statements. IAS 27 will only define the requirements for the Separate Financial Statements, as well as for the SIC 12 "Consolidation – Special Purpose Entities".
IFRS 11 replaces IAS 31 "Interests In Joint Ventures" and SIC 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". It distinguishes the joint ventures into "joint operations" and "joint ventures" according to the parties' rights and obligations, and it disallows "joint ventures" from being consolidated using the pro-portionate method of consolidation.
IFRS 12 brings together into a single standard all the disclosures requirements concerning the nature, risks, and financial effects of entity's interests in subsidiaries, joint arrangements, and unconsolidated structured entities. The new standards and amendments are not expected to have impact on the Financial Statements of the Bank.

IAS 27 (Amendment) "Separate Financial Statements", IFRS 10 (Amendment) "Consolidated Financial Statements", IFRS 12 (Amendment) "Disclosure in Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014)

The amendments introduced an exception from consolidating subsidiaries, when the parent entity invests funds solely for the returns from capital appreciation, investment income, or both. These entities are called "Investment Entities". Entities with these characteristics are private investment funds, investing organisations, private retirement funds, government and other investment funds. The amendments define both that "Investment Entities" will measure the investment in subsidiaries in fair value through profit or loss, and the necessary disclosures.

IFRS 10 (Amendment) "Consolidated Financial Statements", IFRS 11 (Amendment) "Joint Arrangements", IFRS 12 (Amendment) "Disclosure in Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2013)

The amendments provide clarifications and additional allowances during the transition to IFRS 10, IFRS 11 and IFRS 12, by limiting the requirement for presenting of comparative data to one previous comparative period, and by excluding non-consolidated entities from presenting any comparative data for the period prior to the adoption of IFRS 12. The new standards and amendments are not expected to have impact on the Financial Statements of the Bank.

Amendments to standards consisting part of the annual improvement project of IASB for 2013 (International Accounting Standards Board)

The following amendments describe the most important changes that will be introduced in IFRS as a result of IASB's annual improvement project that was published on May 2012. Unless otherwise stated, the following amendments are effective for annual accounting periods beginning on or after 1 January 2013, and they are not expected to have a material impact upon the Financial Statements of the Bank. These amendments have not been adopted by European Union.

IAS 1 & IAS 34, defines the requirements for comparative information,
IAS 16, determines the inclusion of certain equipment into property, plant and equipment,
IAS 32, defines the tax accounting treatment on distributions to holders of equity instruments,
IAS 34, amendments in regard to total assets and total liabilities.

2.2 Comparative data

The present financial statements were prepared for the first accounting period of the Bank, which extends from 9 October 2011 until 31 December 2012. Therefore no comparatives exist.

2.3 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency (euro) using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities, denominated in foreign currencies, are translated into euro at the prevailing spot exchange rate. Translation differences from monetary items are recognised in the other comprehensive income.

2.4 Fair Value Measurement

The determination of financial assets' and liabilities' fair value is based on quoted market prices for the financial instruments traded in active markets. For all other financial instruments, fair value is being determined by using valuation techniques. In particular:
For investments traded in active markets, fair value was based on quoted market prices at the balance sheet date.
For investments in financial instruments that do not have a quoted price, fair value was determined by using valuation techniques.

2.5 Cash and balances with central bank

For the purposes of the cash flow statement, cash and cash equivalents include monetary assets with a maturity of less than three months from the date of acquisition, including cash and non-restricted balances with central bank, balances with other financial institutions, and short-term money market placements.

2.6 Investment in subsidiaries

Subsidiaries are considered all entities controlled by the Bank. Control is the power to govern directly or indirectly the financial and operating policies of the entity. The existence of any exercisable potential voting rights, are taken into consideration for the determination of the Bank's control over other entities (note 23).

2.7 Financial instruments

ASSETS

The Bank classifies its financial assets in the following categories: *financial assets at fair value through profit or loss*; *loans and receivables*; *held-to-maturity investments*; and *available-for-sale financial assets*. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss: these assets are distinguished in two categories: a) financial assets held for trading, and b) those designated at fair value through profit or loss at initial recognition. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedging instruments. Fair value changes are recognised in the Income Statement as *gains or losses on financial instruments held for trading*.

Loans and advances to customers: Loans and and advances to customers are non-derivative financial assets, with fixed or easily determined payments, that are not quoted in an active market, and are measured at amortised cost using effective interest rate method. They arise when the Bank provides monetary funds directly to a debtor with no intention of trading the receivable. Loans and advances to customers are initially measured at fair value, which is the net amount granted, including additional expenses that relate to the loan issuance or other administrative and management fees that are taken into account for the calculation of the effective interest rate. The loans and advances to customers are measured at amortised cost and are amortised using the effective interest rate method. The loans and advances to customers are included in the Statement of Financial Position within the accounts "*Loans and advances to customers (net of allowance)*" and "Due from banks". Interest income is booked in the Income Statement within the line "*Interest and similar income"*. In cases of impairment, the loss reduces the loan balance and is booked in the Income Statement within the account "*Allowance for impairment on loans and advances to customers*".

Financial assets held-to-maturity: Financial assets held-to-maturity are non-derivative financial assets, with fixed or easily determined payments, fixed maturity until which the Bank has the intention and ability to hold to. They are measured at amortised cost and they are subject to an impairment test. The amortised cost includes the discount or premium, the transaction costs, and it is booked in the Statement of Financial Position in the account "Investment securities – held-to-maturity. For the specific portfolio there is the limitation of retention until final maturity. In case the Bank proceeds with the disposal of a financial asset that is classified as held-to-maturity, the remaining held-to-maturity portfolio is tainted and should be reclassified to available-for-sale financial assets. The Bank does not own such financial assets.

Available-for-sale financial assets: Available-for-sale financial assets are investments intended to be held for an indefinite period of time, which may be sold in response to the Bank's liquidity needs or changes in interest rates, exchange rates or equity prices. Financial assets of this category are initially recognised at fair value plus transaction costs. Subsequently they are measured at fair value with changes recognised in a separate component of equity (available-for-sale reserve) until they are sold or impaired. When they are impaired, any cumulative loss that had been previously recognised directly in equity is removed from equity and recognised in Income Statement as impairment losses on available-for-sale investments. Furthermore, the fair value of investments in equity instruments that do not have a quoted market price, is based on valuation techniques. For these securities' valuation, the fair value extracted from the different economic models, the estimations for the sector's fluctuations and prospects, and the economic conditions of each corporate entity are taken into consideration. The accrued or paid interest of debt securities is booked in the Income Statement, using the effective interest rate method, and within the account "*Interest and similar income"*.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity, and available-for-sale are recognised at trade date; the date on which the Bank commits to purchase or sell the asset. Loans and advances to customers are recognised when cash is advanced to the borrowers.

All financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs.

LIABILITIES

Financial liabilities are treated as held for trading in the following two cases: a) they are acquired principally with the purpose of selling or be repurchased in the short-term, in order to take advantage of short-term market fluctuations, and b) they are derivative financial instruments. Financial liabilities are initially recognised at fair value. Subsequent fair value changes are recognised in the Income Statement.

All derivative financial instruments, which are not held or not qualified for hedging purposes, are classified in this category.

Liabilities that are not included in the above categories are carried at amortised cost, and are amortised using the effective interest rate method. This category includes balances due to banks and customers, as well as other liabilities.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets expires or when the Bank has transferred substantially all the risks and rewards of ownership.

Netting arrangements

Financial assets and liabilities are offset and the net amount is recorded in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis. Income and expenses are offset only when permitted by the IFRS or at the cases that gains and losses arise from a group of similar transactions.

2.8 Derivative financial instruments

On trade date, time a derivative contract is entered into, derivatives are recognised at fair value. The subsequent fair value changes are recognised in the Income Statement as *gains or losses on financial instruments held for trading*. By definition, all derivatives financial instruments are considered as financial instruments held for trading. Fair values are obtained from quoted market prices in active markets, including recent market transactions, as well as valuation techniques. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative. The transaction price, namely the fair value of the consideration given or received, is the best evidence of the derivative fair value at initial recognition.

Derivatives embedded in other financial instruments are treated as separate derivatives, when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Income Statement.

2.9 Leases

2.9.1 The Bank as a Lessor

(a) Financial leases:

When assets are held subject to a finance lease and the risks and rewards of ownership are transferred to the lessee, the present value of the minimum lease payments is recognised as receivable in the account "*Loans and advances to customers (net of allowance)*" in the Statement of Financial Position of the Bank. Lease payments reduce the receivable from leases and interest income is recognised on an accrual basis over the lease term. Receivables from financial leases are reviewed for impairment, according to the applicable procedure for loans and receivables as described in note 2.20.1.

(b) Operating leases:

When assets are held subject to an operating lease, they are recognised in the Statement of Financial Position of the Bank and they are depreciated over their useful life. The lease payments are recognised as other income on an accrual basis over the lease term.

2.9.2 The Bank as a Lessee

Lease agreements, under the terms of which the risks and rewards of ownership are not substantially transferred by the lessor to the lessee (Bank), are classified as operating leases. In these cases, the leased asset is not recognised as a separate asset within the account "*Tangible assets*" in the Statement of Financial Position of the Bank. Lease payments (less of any discounts offered by the lessor) are recognised as an expense in the Income Statement of the Bank, on a straight line basis over the lease term.

2.10 Sale and repurchase agreements

The Bank enters into agreements to purchase (sale) and to resell (repurchase) investments at a certain date in the future at a predetermined price. The amounts paid are recognised as loans and receivables to other banks or customers. The receivables are collateralized by the underlying security. Investments sold under repurchase agreements continue to be recognised in the Statement of Financial Position and they are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are recognised as liabilities to other banks or customers. The difference between the sale and repurchase price is recognised as interest on an accrual basis over the life of the agreement.

2.11 Intangible assets
Intangible assets include software which is carried at amortised cost less accumulated amortisation. Amortisation is charged over the estimated useful life, which has been defined by the Bank to five years. Maintenance expenses in regard to software programs are recognised in the Income Statement when incurred. On the contrary, expenditures incurred to enhance or to improve the performance of the software, beyond the initial technical specifications, as well as expenditures incurred for conversion of the software, are included in the carrying amount of the asset provided that these can be measured reliably.

2.12 Tangible assets
This category includes land, head offices buildings, lease hold improvements, office equipment, and vehicles. Tangible assets are stated at historical cost less depreciation.
Historical cost includes expenditure that is directly attributable to the acquisition of the items. Repair and maintenance expenses are charged to the Income Statement when incurred.
Depreciation on buildings and other tangible assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives. Land is not depreciated, but is reviewed for impairment.
Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

- Land: not depreciated,
- Buildings: 50 years,
- Lease hold improvements: over the lease period,
- Computers: 3 years,
- Vehicles: 5 to 7 years,
- Furniture and equipment: 10 years,

The assets' useful life are reviewed, and adjusted if appropriate, at each balance sheet date.
Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is higher of the asset's fair value less costs of sale and value in use (present value of the asset's future net cash flows). Gain or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

2.13 Repossed assets
Unless otherwise stated, assets acquired through foreclosure proceedings with the purpose to recover impaired loans, are included in "Other Assets". The aforementioned assets are held temporary in an available-for-sale status, and are valued at the lower of cost and net realisable value. Any gains or losses on liquidation are included in "Other operating income".

2.14 Provisions for risks
When the Bank has a present legal or constructive obligation as a result of past events, an outflow of economic benefits to settle the obligation is probable, and the amount has been reliably estimated, respective provisions are recognised in the statement of financial position. Provisions are reviewed at year end, and are adjusted to reflect the best possible estimation.

2.15 Equity
Share Capital is defined by the par value of the ordinary shares issued during the reported period. Ordinary shares outstanding are classified as equity. Share Premium represents the extra amount received per share above its par value. Incremental transaction costs or tax benefits directly attributable to the issue of new shares are deducted from or added to Share Capital.

Available-for-sale reserve includes the net change in fair value of available-for-sale financial assets. The retain earnings include the current financial results.

2.16 Net interest income
Interest income and expense are recognised in the Income Statement on an accrual basis using either the effective interest rate or the respective floating rate. Interest income and expense includes the amortisation of any discount or premium, transaction costs or other differences between the initial cost of an interest bearing financial asset and the amount to be received or paid at maturity using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of the financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash receipts or payments through the expected life of the financial instrument.
Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognised using the original effective interest rate that was used to discount the future cash flows for the purpose of measuring the impairment loss.

2.17 Net fee and commission income
Fees and commissions are generally recognised on an accrual basis during the period in which the service is being provided. Fees and commissions arising from third party transactions are recognised in the Income Statement on completion of the underlying transaction. Portfolio management and advisory fees are recognised in the Income Statement according to the applicable service contract, usually on a pro rata temporis basis.

2.18 Dividend income
Dividend income is recognised in the Income Statement when the entity's right to receive payment is established. Dividends are normally received in a subsequent date than the date the Bank's right to receive payment is established.

2.19 Personnel expenses

2.19.1 Salaries and employee related costs
Salaries & social security contributions and other employee related costs include all staff payroll costs, apart from the cost of the retirement plan.

2.19.2 Retirement benefits obligations
Defined contribution plans limit the Bank's liability to the contributions paid for the plan and they do not commit the Bank to a provision of a certain level of future benefits. The paid contributions are booked as an expense incurred during the accounting period.

Defined benefit plans commit the Bank, either legally or constructively, to pay a certain lump sum or a certain level of future benefits, and thus the Bank carries the medium to long-term risk. Certain provisions are booked in regard to this liability. The provision made in respect of retirement benefit obligations, which is defined by the provisions of the Law 2112/1920 being amended by the provisions of the Law 4110/2013, is being calculated with the use of actuarial techniques and in particular with the use of the projected unit credit method. This actuarial technique includes assumptions on demographics, early retirement, salaries increases, discount rates, and inflation rates. The differences that arise from the change in the assumptions (i.e. early retirement, discount rates, etc) are booked as actuarial gains or losses in Other Comprehensive Income.

The annual charge recognised in personnel expenses for retirement benefit obligations, consists of: (a) additional rights obtained by each employee (current service cost), (b) finance charge due to the unwinding of discounting.

2.20 Financial instruments impairment

2.20.1 Financial instruments at amortised cost

For the calculation of loan's impairment losses, the Bank conducts an impairment testing at least at each balance sheet date. The estimates, assumptions, and methodology that are used, are regularly examined in order to minimise the variation between the expected impairments and the real impairments from the non collectability of loans and advances to customers. Should there are sufficient indications that the loans have been impaired, an impairment loss is booked equal to the difference between the book value and the present value of the expected future cash flows, taking into consideration any guarantees received, discounted using the initial effective interest rate of the financial asset. In regard to the bad loans transferred at the inception of New Proton Bank S.A. from Proton Bank. S.A. (under liquidation), the discount rate used is the cost of capital on 9 October 2011. The impairment loss is booked in the account "Allowance for impairment on loans and advances to customers" within Income Statement and the value of the financial asset is reduced respectively. If at a later date, the impairment loss is reduced, and the decrease can be substantiated that is due to an event occurring after the recognition of the impairment loss to the Income Statement, then the recognised impairment loss is reversed within the account "Allowance for impairment on loans and advances to customers" in the Income Statement.

When a loan is considered to uncollectible, it is written-off against the allowance made for impairment on loans and advances to customers. The write-off occurs after all necessary procedures have taken place and the loss has been finalised.

2.20.2 Financial instruments at fair value

For equity investments classified as financial assets and specifically as available-for-sale, a substantial and prolonged decrease in security's fair value, when this is compared to the initial purchase cost, is considered as an indication of impairment. As long as such an indication exists for financial assets classified as available-for-sale, the cumulative loss, which is calculated as the difference between initial purchase cost and current fair value minus impairment losses recognised already, is transferred from Other Comprehensive Income to the Income Statement. If at a later date, the fair value of a security classified as available-for-sale is increased, and the increase can be substantiated that is due to an event occurring after the transfer of the impairment loss to the Income Statement, then the impairment concerned is reversed in the Income Statement.

2.20.3 Impairment losses in investments in subsidiaries - participations

The investment in subsidiaries are measured at amortised cost less any cumulative impairment loss. Should there are indications for impairment, the Bank estimates the recoverable amount of the investment. In case the investment net book value exceeds the estimated recoverable amount, the investment is written-off by the aforementioned difference. The impairment loss is booked in the Income Statement in "impairment of investment in subsidiaries".

2.21 Income tax and deferred tax

A deferred tax asset and/or liability is being recognised for all temporary differences by applying the liability method arising between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill, or/and (b) the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profits nor taxable profits. The method of accounting of the deferred tax is based on the current legislating tax rates or on tax rates being enacted after the balance sheet date.

A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. If the tax benefit is not likely to be utilized, the deferred tax asset is adjusted.

The income tax is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity. As such, if the tax relates to items that are credited or charged directly to equity current tax and deferred tax shall be charged or credited directly to equity.

The income tax represents the current tax obligation over the taxable profit which results from tax rates or tax laws, by taking into consideration any adjustment which might affect a deferred tax asset or liability relating to a transaction or item that was previously charged or credited to equity.

In Greece, any taxable profits are being considered temporary until the Local Tax Authorities proceed in the relevant audit which is fully prescribed and enforced by the current Tax Legislation. As such, additional tax burden and differences might be incurred as a result of such an audit.

2.22 Fiduciary services

The Bank provides custody services to individuals and institutional clients. The assets held for safekeeping as well as their respective income (i.e. interest, dividends etc) are excluded from the present financial statements, as they are assets of the Bank's clientele.

3 Financial risk management

This section discloses information regarding the Bank's exposure to financial risks, as well as an analysis of the methodologies used by the management in order to monitor and control them. The major financial risks to which the Bank is exposed to are: Credit Risk, Liquidity Risk and Market Risk; Market Risk includes three types of risk: foreign exchange risk, interest rate risk and price risk.

3.1 Credit risk

Credit Risk is the risk of financial loss that results when counterparty fully defaults on its contractual/transactional obligations. The Bank's total exposure to Credit Risk emanates mainly from the approved credit limits and financing to corporate and retail clients, from investing in over the counter derivative products and from the settlement of financial products.

The Bank monitors and controls the level of Credit Risk in which is exposed to by establishing credit limits at the risk levels that deems acceptable for counterparties and group of economic related counterparties. The undertaken risks are regularly reviewed; the credit limits are renewed at least annually, while the Bank establishes credit limits per portfolio, economic sector and country.

The Bank manages Credit Risk through the implementation of approved and well defined policies and practices regarding the credit process of new financing, as well as the restructuring, renewal and re-financing of existing credit exposures. The Bank regularly assesses the creditworthiness of its counterparties and potential customers through internal credit rating models and employs corrective actions for the management of non performing credit exposures.

3.1.1 Credit risk measurement

α) Loans and advances to customers
Internal Rating Models
The Bank assesses the credit profile of its counterparties through the application of internal credit rating models, based on qualitative and quantitative characteristics, which are differentiated by customer types. The credit rating for each counterparty takes place when the credit limit is originated and, thereafter, at least once a year along with the annual renewal of the credit limits. The Bank's Credit Rating System has been developed in accordance with the best banking practices, securing the three lines of defence as specified in the responsibilities of the Bank's Business Units, the Credit Department and the Risk Management Department and ensuring at the same time the application of the "four eyes principle".

Impairment and Provisioning Policy
The Bank has adapted an Impairment and Provisioning Policy, based on the International Financial Reporting Standards framework, according to which, the assessment of the anticipated repayments of loans and advances is conducted for all the amounts that are considered significant based on the counterparty's financial situation, the qualitative characteristics, the repayment history and transactional behaviour, the possible existence of reliable and credit worthy guarantors and the liquidation value of collaterals.

Loan amounts that are not considered significant as well as significant amounts with no indications for impairment, are grouped under portfolios with common credit risk characteristics, like Consumer Loans, Mortgages, Credit Cards etc. The Bank conducts an estimation of impairment on a collective basis for each group through the use of the "Straight Rate to Zero" statistical model. This method is in accordance with the International Financial Reporting Standards and is calculated through the use of an internally developed application by the Risk Management Department.

When a loan is considered impaired, its book value decreases to the estimated recoverable amount, which is defined as the present value of anticipated future cash flows, including the expected recoverable amounts from guarantees and tangible collaterals, discounted at the interest rate of initial recognition of the loan.

Any differences arising from subsequent reassessments in the recoverable amounts, at the time horizon that these amounts are expected to be collected, are compared to the previous estimates and in the event that a difference in the impairment loss occurs, an appropriate credit/debit is recognized in the Income Statement.

For non performing loans with over 90 days past due in terms of interest payment, no interest charge takes place.

When the collection of loans and advances is no longer feasible, they are written off against the respective provisions for bad debts, after the Bank has exhausted all judicial and other procedures for their collection and after a resolution of the Board of Directors. The Bank continues monitoring credit exposures written off in case of a potential resurgence of the collectability.

β) Securities
For the evaluation and measurement of Credit Risk arising from investment securities, the Bank mainly uses the credit ratings of external Credit Rating Agencies. The Bank's exposure to Credit Risk emanating from securities is measured on the basis of their market value. Investments in securities constitute an instrument for differentiation of Credit Risk, while, at the same time, they provide reliable and direct liquidity.

3.1.2 Financial assets subject to credit risk
On the following table, the maximum exposure to credit risk of the financial assets of the Bank as at 31.12.2012 is presented. It should be noted that in regard to loan balances, guarantees received, allowances for impairment, and other measures for credit protection are not taken into account. For the preparation of the following table the accounting book value has been used.

Maximum exposure to credit risk	**31.12.2012**
	(in € 000's)
The financial position exposure to credit risk is as follows:	
Due from banks	78.672
Loans and advances to customers	
Loans to individuals	
-Credit cards	13.094
-Consumer / personal loans	17.212
-Mortgage loans	27.767
Loans to corporates	
-Small-medium enterprises (SME's)	182.165
-Corporate loans	1.045.671
Derivative financial instruments held for trading	5.082
Financial assets at fair value through profit or loss	4.290
Investment securities:	
- Financial assets available-for-sale	55.757
Dept receivable (LAR)	46.192
Other assets	68.658
Total	**1.544.560**

3.1.3 Loans and advances

Loans and advances to customers as well as due from banks are summarised as follows:

(in € 000's)	Loans & advances to customers	Due from banks
Loans and advances neither past due nor impaired	170.387	78.672
Loans and advances past due (>1 day) but not impaired	98.030	-
Impaired loans and advances to customers	1.017.492	-
Total loans and advances	**1.285.909**	**78.672**
Less: Allowance for impairment losses		
Specific allowances	(761.006)	-
Collective allowances	(3.040)	-
Total loans and advances (net of allowances for impairment losses)	**521.863**	**78.672**

a) Loans and advances to customers, neither past due nor impaired

(in € 000's)	Loans to individuals				Loans to corporates			
Rating	**Consumer /Personal Loans**	**Credit Cards**	**Mortgage Loans**	**Total Retail Loans**	**S.M.E.'s Loans**	**Corporate Loans**	**Total Businesses Loans**	**Total Loans**
Standard monitoring	6.048	6.734	16.379	**29.161**	48.451	92.775	**141.226**	**170.387**

The Loans and advances neither past due nor impaired category includes restructured claims that are analysed as follows:

(in € 000's)	31.12.2012
Loans to individuals	907
Loans to corporates	26.422
Total	**27.329**

b) Due from banks, neither past due nor impaired

(in € 000's)	31.12.2012
Standard monitoring	52.818
Investment grade	25.854
Total	**78.672**

c) Loans and advances to customers, past due (>1 day) but not impaired

(in € 000's)	Loans to individuals				Loans to corporates			
	Consumer /Personal Loans	**Credit Cards**	**Mortgage Loans**	**Total Retail Loans**	**S.M.E.'s Loans**	**Corporate Loans**	**Total Businesses Loans**	**Total Loans**
1 - 90 days past due	1.543	-	2.859	**4.402**	5.222	65.821	**71.043**	**75.445**
91 - 180 days past due	847	-	1.279	**2.126**	4.505	3.918	**8.423**	**10.549**
+180 days past due	1.265	-	587	**1.852**	4.323	5.861	**10.184**	**12.036**
Total	**3.655**	**-**	**4.725**	**8.380**	**14.050**	**75.600**	**89.650**	**98.030**
Fair value of tangible collaterals	1.272	-	5.507	**6.779**	4.163	400	**4.563**	**11.342**

Business loans with a delay of more than one (1) day, but not impaired were examined for impairment, but not deemed necessary to decrease the corresponding book value. In the case of retail loans category the majority has been included in the calculation of collective impairment.

d) Impaired loans and advances to customers, (net of allowance for impairment losses)

(in € 000's)	Loans to individuals				Loans to corporates			
	Consumer /Personal Loans	**Credit Cards**	**Mortgage Loans**	**Total Retail Loans**	**S.M.E.'s Loans**	**Corporate Loans**	**Total Businesses Loans**	**Total Loans**
Impaired loans and advances	1.900	1.980	5.773	**9.653**	73.527	170.266	**243.793**	**253.446**
Fair value of tangible collaterals	134	-	1.658	**1.792**	15.902	29.800	**45.702**	**47.494**

In the context of conservatism only the eligible collateral, according to the Basel's II standardised approach of calculating credit risk capital requirement, have been considered. The fair value of collateral corresponds to the after haircut adjusted value based to the Basel II standardised approach of estimated capital adequacy ratio, which is allocated to the net of provision exposure and therefore is significantly below the commercial pledged value.

3.1.4 Debt and other securities

The following table presents the Bank's portfolio security analysis by credit rating category, according to the ratings provided by Standard & Poor's:

(in € 000's)	**Due from banks**	**Financial assets at fair value through profit or loss**	**Investment securities Available-for-sale**	**Dept receivable (LAR)**	**Total**
AAA	-	35	-	-	**35**
AA- to AA+	167	3.198	1.910	-	**5.275**
A- to A+	23.619	-	869	-	**24.488**
Less than A-	52.745	93	40.250	46.192	**139.280**
Unrated	2.141	964	12.728	-	**15.833**
Total	**78.672**	**4.290**	**55.757**	**46.192**	**184.911**

3.1.5 Assets acquired through foreclosure proceedings

The Bank has taken possession of the following assets (ownership transferred) that were originally held as loan collaterals:

(in € 000's)	31.12.2012
Property (Land and Buildings)	5.583
Vehicles	452
Total	**6.035**

3.1.6 Financial assets subject to credit risk, analysis by business sector

The Financial assets subject to credit risk are analysed in the following table by business sector of each counterpart.

(in € 000's)	Financial Institutions	Manufacturing	Agriculture & Food Processing	Constructions	Public Domain	Trade & Services	Financial Services	Other Sectors	Individuals	Total
Due from banks	78.672	-	-	-	-	-	-	-	-	**78.672**
Loans and advances to customers										
Loans to individuals										
-Credit cards	-	-	-	-	-	-	-	-	13.094	**13.094**
-Consumer / personal loans	-	-	-	-	-	-	-	-	17.212	**17.212**
-Mortgage loans	-	-	-	-	-	-	-	-	27.767	**27.767**
Loans to corporates										
-Small-medium enterprises (SME's)	-	36.364	26.375	25.318	-	72.398	917	20.793	-	**182.165**
-Corporate loans	-	167.064	55.267	10.876	-	401.544	188.298	222.622	-	**1.045.671**
Derivative financial instruments held for trading	5.082	-	-	-	-	-	-	-	-	**5.082**
Financial assets at F.V. through profit or loss	3.787	-	-	-	112	3	-	388	-	**4.290**
Investment securities:										
- Available-for-sale	8.209	-	-	-	41.433	-	-	6.115	-	**55.757**
Dept receivable (LAR)	-	-	-	-	46.192	-	-	-	-	**46.192**
Other assets	-	-	-	-	36.788	-	-	31.870	-	**68.658**
Total exposure 31.12.2012	**95.750**	**203.428**	**81.642**	**36.194**	**124.525**	**473.945**	**189.215**	**281.788**	**58.073**	**1.544.560**

3.2 Market risk

Market risk is the financial risk which arises from bank's open positions caused by fluctuations of interest rates, equity prices, foreign exchange rates, stock indices, and their volatilities. The bank in order to achieve its objective of reducing total market risk has kept a limited trading activity. In preparing market risk analysis, the Bank employs, on a daily basis, up-to-date methods and processes, such as VaR calculations, sensitivity analysis (delta, gamma, PV01) and stress testing.

The Board Risk Committee (BRC) approved Policies and market risk limits monitored and controlled on a daily basis for the total portfolio of the bank (Banking and Trading book). Market Risk Limits are set on VaR, Nominal and Maximum Daily Loss limit terms. Limits are monitored on a financial instrument, risk type and business unit basis.

Value At Risk methodology is based on historical method, with a holding period of ten days and 99% confidence interval. Under this method a set of daily historical scenarios is created for each risk variable, calculating in this way the total potential loss and the loss for each different risk factor (interest risk factor, equity risk factor, volatility). More specifically the potential loss for a confidence level of 99% is the worst possible outcome after the elimination of the 1% worst historical observations. The Bank is developing constantly its internal Value At Risk model, and uses back testing tools / methodologies, where the actual losses of the portfolio is compared to the VaR predicted loss to test model's accuracy. The following tables present different components of the VaR of the total portfolio and its maximum, minimum and average level for 2012.

VAR Overview (in € 000's)	**VaR 99% 10 day** **31.12.2012**	**VaR 99% 10 day** **31.12.2012**	
Total VAR separated in risk factors			
Foreign Exchange Risk	115	Maximum	16.879
Interest Rate Risk	806	Minimum	946
Equity Risk	964	Average	13.418
VAR for the total portfolio	**1.293**		

In addition to Value at Risk, the Bank monitors sensitivity measures on a daily basis and performs scenario analysis to estimate the financial losses of the total portfolio in severely adverse economic conditions.

Scenario analysis is based on the worst historical observation of VaR distribution. Therefore, the methodology uses historical data to simulate the historical scenarios, while in parallel the estimation of the loss is done by using extreme observations of the sample in order to simulate the EVT methodology

Indicatively the crisis scenario for 31.12.2012 estimates a loss of € 1,54 million for interest rate risk, a loss of € 114 thousand for equity risk and 110 thousand € loss for Foreign Exchange risk. In 2012, Interest rate risk has been reduced significantly, the decrease is apparent from the difference of the average level of Total VaR (€ 13,42 million) from the current level (€ 1,29 million).

The significant decrease of interest rate risk (obvious from the decrease of VaR from the average of € 13,42 million to the current level of € 1,29 million) is caused by finalization of the PSI+ and the recent Greek government bond buy-back program.

3.2.1 Foreign exchange risk

Foreign exchange risk arises from the adverse effects of fluctuations of the prevailing foreign currency exchange rates on its total foreign exchange position. Bank's Management through Assets Liabilities Committee (ALCO), has set Value at Risk limit for the total FX position and nominal limits for the total FX position, for the major currencies (USD, GBP and CHF) and for the rest currencies in total. Additionally ALCO has set a daily maximum stop loss limit for its foreign exchange activity. Foreign Exchange Limits and exposures are monitored on a daily basis.

The table presented below summarizes Bank's exposure to foreign currency exchange risk on 31 December 2012 (in € 000's). Financial assets and liabilities as stated in the Statement of Financial Position have been categorised by currency:

ASSETS	EUR	USD	GBP	CHF	Other	Total
Cash and balances with Central Bank	56.858	476	26	17	18	**57.395**
Due from banks	71.624	5.180	141	605	1.122	**78.672**
Loans and advances to customers (net of allowance)	411.765	105.247	1.856	2.983	12	**521.863**
Derivative financial instruments held for trading	1.343	3.739	-	-	-	**5.082**
Financial assets at fair value through profit or loss	4.187	-	70	-	33	**4.290**
Investment securities:						
-Available-for-sale	55.609	148	-	-	-	**55.757**
Dept receivable (LAR)	46.192	-	-	-	-	**46.192**
Investments in subsidiaries	6.573	-	-	-	-	**6.573**
Other assets	58.578	3.649	71	2.540	(1)	**64.837**
Total assets	**712.729**	**118.439**	**2.164**	**6.145**	**1.184**	**840.661**

LIABILITIES	EUR	USD	GBP	CHF	Other	Total
Due to banks	2.631	-	-	-	-	**2.631**
Due to customers	918.274	77.983	2.108	1.054	2.631	**1.002.050**
Derivative financial instruments held for trading	14.229	3.739	-	-	-	**17.968**
Debt securities in issue	5.019	-	-	-	-	**5.019**
Other liabilities	8.650	1.556	76	-	1	**10.283**
Total liabilities	**948.803**	**83.278**	**2.184**	**1.054**	**2.632**	**1.037.951**
Net on-balance sheet financial position	**(236.074)**	**35.161**	**(20)**	**5.091**	**(1.448)**	**(197.290)**

3.2.2 Interest rate risk

Interest Rate Risk results from the volatility of financial instrument's future cash flows which is caused by interest rate changes. Interest rate changes have significant effect on the present value of the future cash flow of an asset or liability.

The following table summarizes bank's exposure to interest rate risk (in € 000's). The amounts presented are accounting balances of financial instruments clustered into time buckets depending on the expiry of a financial instrument or the next repricing date (floating instrument).

ASSETS	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with Central Bank	43.421	-	-	-	-	13.974	**57.395**
Due from banks	76.544	-	-	-	-	2.128	**78.672**
Loans and advances to customers (net of allowance)	184.890	169.658	87.611	16.708	62.996	-	**521.863**
Derivative financial instruments held for trading	5.082	-	-	-	-	-	**5.082**
Financial assets at fair value through profit or loss	-	44	3.158	12	112	964	**4.290**
Investment securities:							
-Available-for-sale	2.519	42.160	-	-	3.612	7.466	**55.757**
Dept receivable (LAR)	-	-	46.192	-	-	-	**46.192**
Investments in subsidiaries	-	-	-	-	-	6.573	**6.573**
Other assets	-	-	-	-	-	64.837	**64.837**
Total assets	**312.456**	**211.862**	**136.961**	**16.720**	**66.720**	**95.942**	**840.661**

LIABILITIES	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non-interest bearing	Total
Due to banks	2.631	-	-	-	-	-	**2.631**
Due to customers	347.902	541.773	109.552	2.823	-	-	**1.002.050**
Derivative financial instruments held for trading	17.968	-	-	-	-	-	**17.968**
Debt securities in issue	-	-	-	5.019	-	-	**5.019**
Other liabilities	-	-	-	-	-	10.283	**10.283**
Total liabilities	**368.501**	**541.773**	**109.552**	**7.842**	**-**	**10.283**	**1.037.951**
Total interest rate exposure	**(56.045)**	**(329.911)**	**27.409**	**8.878**	**66.720**	**85.659**	**(197.290)**

3.2.3 Liquidity risk

Liquidity risk arises whenever the Bank encounters difficulty to meet its commitments (in time and at the agreed rates) associated with its financial liabilities and whenever the Bank, in the absence of a liquid Market, is unable to liquidate at fair value and in a timely manner its financial assets.

The Bank tries to balance the need between financing and flexibility, by maintaining a portfolio of instruments with variable maturities. The monitoring and controlling of the liquidity risk exposures, represents a dynamic procedure in order the Bank's business and strategic objectives to be fully achieved.

Liquidity management is under the supervision of the Assets / Liabilities Committee (ALCO). The ALCO Committee is informed, on a regular basis, for the current liquidity levels and is responsible for ensuring that liquidity risks are kept within the approved levels / limits granted by the Board Risk Committee (BRC Committee). The Risk Management Division is responsible for the daily estimation / calculation of the liquidity risk. Liquidity risk is calculated based on several assumptions regarding the maturities of the financial instruments, the funding needs of the Bank and the difficulty in liquidation of financial assets.

3.2.3.1 Cash flows of non derivative financial instruments (Liabilities)

The following tables present the cash flows payable, derived from the non derivative financial liabilities of the Bank, at balance sheet date. Amounts disclosed in the table are contractual not discounted cash flows (in € 000's). Liabilities in foreign currencies are converted to EUR equivalent at the balance sheet exchange rates.

LIABILITIES	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Due to banks	2.631	-	-	-	-	**2.631**
Due to customers	350.177	546.097	111.871	3.051	-	**1.011.196**
Debt securities in issue	23	-	69	5.345	-	**5.437**
Retirement benefit obligations	-	-	-	-	500	**500**
Other liabilities	-	6.206	945	-	2.632	**9.783**
Total liabilities	**352.831**	**552.303**	**112.885**	**8.396**	**3.132**	**1.029.547**

3.2.3.2 Derivative financial instruments (held for trading) cash flows
The Bank is performing transaction on the following derivative financial instruments:

1. Interest rate swaps
2. Futures
3. Credit default swaps
4. Options
5. FX Forwards / FX Swaps

The table below analyses bank's derivative exposures (assets and liabilities) that are settled, on a gross basis, into relevant maturity groupings, based on the remaining days until their contractual maturity date. The amounts disclosed in the table are the contractual not discounted cash flows (in € 000's).

Derivatives settled on a gross basis

As at 31 December 2012:	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange Derivatives:						
-Outflow	(1.887)	(107)	-	-	-	**(1.994)**
-Inflow	1.734	99	-	-	-	**1.833**
-Interest rate Derivatives:						
-Outflow	(41)	(795)	(3.154)	(30.902)	(78.155)	**(113.047)**
-Inflow	357	50	1.585	22.473	69.001	**93.466**
-Other derivative contracts:						
-Outflow	-	-	-	-	-	**-**
-Inflow	-	-	130	56	-	**186**
Total Outflow	**(1.928)**	**(902)**	**(3.154)**	**(30.902)**	**(78.155)**	**(115.041)**
Total Inflow	**2.091**	**149**	**1.715**	**22.529**	**69.001**	**95.485**

3.2.4 Fair value of financial assets and liabilities
The following table presents the book and fair values of Bank's financial instruments (assets and liabilities). The carrying amount and the fair value of floating rate loans, which consist the vast majority of bank's loans, can be assumed equal, due to their frequent reprising.

a) Financial assets not measured in fair value

As at 31 December 2012	**Book value**	**Fair value**
(in € 000's)		
Financial Assets		
Due from banks		
Interbank loan	50.000	50.000
Placements with other banks	28.610	28.610
Cheques receivable	62	62
Total	**78.672**	**78.672**
Loans and advances to customers (net of allowance)	521.863	513.486
Financial Liabilities		
Due to banks	2.631	2.631
Due to customers	1.002.050	1.010.821

i. The fair value of loans and advances to credit institutions is based on discounting cash flows using money market rates of similar tenors.
ii. The fair value of loans and advances to customers is estimated by discounting expected future cash flows using interest rates for instruments with similar credit risk and maturity.
iii. The fair value of due to customers is based on discounted cash flows using appropriate money market rates with similar maturity.

Fair value hierarchy
IFRS 7 specifies a hierarchy of valuation techniques, based on whether the inputs used are observable or unobservable data. Observable inputs reflect market data obtained from active markets and independent sources, whereas unobservable inputs reflect Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices in active markets for the specific asset / liability
This level includes listed equity securities and debt instruments traded on exchanges (for example, Athens Stock Exchange, London Stock Exchange, Belgrade Stock Exchange) and derivatives presented in the balance sheet.

Level 2 – Inputs other than quoted prices, which are included within Level 1, that are directly or indirectly observable for the asset or liability. This level includes the majority of the OTC derivative contracts, and issued debt. The sources of input parameters are Bloomberg and Reuters.

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments not traded in active markets, or cannot be compared to similar equity investments and debt instuments that are actively traded.

This hierarchy requires the use of observable market data when available. The Bank uses observable market prices for its valuations where possible.

b) Financial assets and liabilities measured at fair value

(in € 000's)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets at fair value through profit or loss:				
-Debt securities	3.326	-	-	3.326
-Equity securities	428	-	-	428
-Mutual funds shares	536	-	-	536
-Derivative financial instruments held for trading - assets	-	5.082	-	5.082
-Derivative financial instruments held for trading - liabilities	-	(17.968)	-	(17.968)
Investment securities available-for-sale:				
-Debt securities	46.641	1.650	-	48.291
-Equity securities	3.378	-	4.088	7.466
Total	**54.309**	**(11.236)**	**4.088**	**47.161**

Reconciliation of fair value measurement in Level 3

(in € 000's)	**Investment securities available-for-sale**
	Equity securities
Balance at 9 October 2011	**-**
Balance transferred from Proton Bank S.A. (under liquidation)	6.170
Additions	-
Gains / (losses)	-
Foreign exchange difference	(31)
Impairment loss	(1.547)
Other Comprehensive Income	(505)
Transfers / Matured	-
Balance at 31 December 2012	**4.088**

3.2.5 Capital management and capital adequacy

The Capital adequacy and the risk-weighted assets of the Bank are calculated according to the Bank of Greece Governor Acts, being the implementation of the European Union directive on capital adequacy of financial institutions. In particular, for the calculation of the capital requirements regards credit and market risk the Bank employs the Standardised approach, while for the calculation of the capital requirements in regard to operating risk the methodology of Tier I ratio is applied.

The regulatory capital of the Bank is comprised from Tier I capital only.

The following table summarises the composition of the regulatory capital and of the risk-weighted assets of the Bank as at period end 31 December 2012 (in € 000’s).

Tier I Capital	**31.12.2012**
Ordinary share capital	283.125
Share premium	231.875
Other reserves	(88.674)
Retained earnings	(622.970)
Available-for-sale reserve (equity securities)	(451)
Available-for-sale reserve (debt securities)	(195)
Less: Regulatory adjustment at revaluation reserve (dept securities available-for-sale)	195
Upper Tier I capital	**(197.095)**
Less: Intangible assets	(77)
Less: Other deductible items from Tier I Capital	(1.349)
Total Tier I capital	**(198.521)**
Total Regulatory Capital	**(198.521)**
Risk-weighted assets	**775.620**
Capital adequacy ratio	**0,00%**

The Capital adequacy ratio does not comply to the minimum capital requirements set by the supervisory Authority. The actions concerning the improvement of the Capital adequacy ratio are mentioned in the Board of Directors annual report and in the note 2.1.

4 Important estimates and assumptions used

During the preparation of the Financial Statements, the Bank is making some estimates and assumptions in regard to the future outcome and conditions of certain assets and liabilities, which influence the measurement of these elements into the Financial Statements. These estimates and assumptions are being examined in every accounting period in comparison to historic data and other factors, including the expectations of future events that are reasonable estimations under normal conditions.

4.1 Impairment of loans and advances to customers

The Bank at each balance sheet date examines whether there are significant indications that a receivable or a group of receivables are impaired. If such indications exist, the recoverable amount of the receivable or the group of receivables is calculated and a respective allowance for impairment loss is made. The amount for the allowance for the impairment loss is booked in the Income Statement. The estimates, assumptions, and methodology used are being examined regularly in order to minimise the variations between the estimated losses and the real losses incurred from the uncollectibility of the debt receivable.

4.2 Fair value of derivative financial instruments

The fair value of the derivatives that are not being quoted in an active market is defined by valuation models. These models, though they use measurable data, require estimations and assumptions (such as for the determination of the volatility of the credit risk) that are being re-examined on a periodic basis and certainly when the market conditions change. Changes in the assumptions of the above mentioned derivatives may influence the published financial instruments’ fair value.

4.3 Impairment of available-for-sale portfolio

The available-for-sale portfolio is measured at fair value, the change of which is booked in a special reserve. Indication for the impairment of this portfolio exists when the fair value reduction in contrast to the purchased cost, is substantial and prolonged. In this case, part or the total of the reserve is transferred to the Income Statement. Furthermore, estimates are being used for the determination of the securities fair value that are not traded in an organised market. For these securities’ valuation, the fair value extracted from the different economic models, the estimations for the sector’s fluctuations and prospects, and the economic conditions of each corporate entity are taken into consideration.

4.4 Income tax

The Bank is subject to the income tax legislation enacted in Greece. The tax liability of the Bank can be considered definite only after the completion of a tax audit.

Due to the method prevailing in Greece for the finalisation of the tax liabilities, the Bank may be contingent subject to additional taxes and penalties for unaudited tax years. There is no respective provision made according to the IFRS. Any differences that may arise from a future tax audit are going to burden the accounting period in which they will arise.

5 Net interest income

	09.10.2011-31.12.2012 (in € 000's)
Interest and similar income	
Loans and receivables	71.179
Debt securities	45.721
Due from Banks	587
Other interest and similar income	1.099
Total	**118.586**
Interest expense and similar charges	
Due to customers	(78.144)
Due to banks	(7.265)
Hellenic Deposit and Investment Guarantee Fund contribution	(1.546)
Debt securities in issue	(402)
Other interest and similar expense	(96)
Hellenic Government Guarantees (pledging of assets for liquidity)	(570)
Total	**(88.023)**
Net interest income	**30.563**

6 Net fee and commission income

	09.10.2011-31.12.2012 (in € 000's)
Fee and commission income	
Investment Banking:	
Investment activities	261
Securities brokerage	906
Asset management	75
Retail Banking:	
Loans and receivables	4.126
Credit cards	345
Bancassurance	226
Letters of guarantee	904
Imports-exports	154
Fund Management:	
Foreign currency transactions	278
Remittance fees	38
Total	**7.313**
Fee and commission expense	
Investment Banking:	
Investment activities	(39)
Securities brokerage	(511)
Retail Banking:	
Credit cards	(226)
Remittance fees / commissions from LGs	(37)
Fund Management:	
Sub-fiduciary activities	(57)
Total	**(870)**
Net fee and commission income	**6.443**

7 Dividend income

	09.10.2011-31.12.2012 (in € 000's)
Trading securities	7
Available-for-sale securities	22
Total	**29**

8 Net gains / (losses) on financial instruments classified as held for trading

	09.10.2011-31.12.2012 (in € 000's)
Realised net gains / (loss) on bonds disposal	1.718
Loss on Greek Government Bond exchange (PSI)	(532)
Realised net gains / (loss) on shares disposal	26
Securities valuation	18
Derivative financial instruments held for trading	(14.697)
Foreign exchange differences	482
Total	**(12.985)**

Details and the movement of trading portfolio are shown in notes 19 and 20.

9 Net gains/ (losses) on investment securities

	09.10.2011-31.12.2012 (in € 000's)
Realised net gains / (loss) on AFS bonds disposal	5.133
Realised net gains / (loss) on L&R bonds disposal	3.047
Realised net gains / (loss) on AFS shares disposal	(567)
Repurchase of debts securities in issue	8.050
Total	**15.663**

The amount of € 8.050 thousand is due to the partial repurchase of the debt securities issued by the Bank. In particular, bonds carrying a nominal value of € 15.000 thousand, out of a total nominal value of € 20.000 thousand, were repurchased at a cost of € 6.950 thousand.

Details and the movement of investment portfolio are shown in note 22.

10 Personnel expenses

	Note	09.10.2011-31.12.2012 (in € 000's)
Salaries & social security contributions		(24.942)
Voluntary retirement scheme *		(4.861)
Leaving indemnity provision	31	(500)
Reversal of leaving indemnity provision transferred from Proton Bank S.A. (under liquidation)		2.101
Other employee related costs		(1.695)
Total		**(29.897)**

At 31 December 2012, the Bank employed 412 people.

* The number of employed personnel at 9th October 2011 was 536. During the period from the commencement of operations until August 2012, 130 employees left the Bank (96 of which participated in the voluntary retirement scheme launched early in 2012)**.**

11 Other administrative expenses

	09.10.2011-31.12.2012 (in € 000's)
Operating lease rentals	(3.351)
Maintenance costs	(1.847)
Promotion and advertising expenses	(403)
Telephone, posting costs	(993)
Third party fees	(2.030)
Utilities	(537)
Subscriptions and other contributions	(1.365)
Insurance costs	(708)
Stationery	(210)
Taxes and duties	(2.158)
Other expenses	(1.224)
Travel expenses	(231)
Cash handling cost	(224)
Legal expenses	(1.913)
IT support and maintenance costs	(1.019)
Blackrock consideration	(254)
Leases' termination and relocation costs	(289)
Total	**(18.756)**

12 Depreciation / Amortisation

	Note	09.10.2011-31.12.2012 (in € 000's)
Tangible assets	25	(1.868)
Other intangible assets	24	(7)
Total		**(1.875)**

13 Total expenses for impairment and provisions

	Note	09.10.2011-31.12.2012 (in € 000's)
a) Allowance for impairment on loans and advances to customers	18	**(444.918)**
b) Other provisions and allowances for impairment		
Provision for risks	32	(2.632)
Allowance for impairment for other assets	27	(8.190)
Total of other provisions and allowances for impairment		**(10.822)**
c) Impairment losses		
Impairment for available-for-sale investments	21, 22	(7.959)
Impairment for investment of loans and receivables (LAR) portfolio	22	(143.795)
Impairment of investment in subsidiaries	23	(6.855)
Total of impairment losses		**(158.609)**
Total expenses for impairment and provisions		**(614.349)**

14 Income Tax

Following the provisions of article 82 of Law 2238/1994, the Bank is obliged to undergo an annual tax audit and be issued with a tax certificate of compliance and conformance. Currently, the auditing firm Deloitte Hadjipavlou Sofianos & Cambanis S.A. is performing the tax audit for the accounting period from 9 October 2011 to 31 December 2012. Although the particular process will have been completed after the approval of the Financial Statements, no material impact is expected by the conclusions of the tax audit in the financial position of the Bank.

The nominal enacted applicable tax rate for the accounting period ended 31st December 2012 is 20%. The income tax benefit that is actually available, is different from the amount that results if the tax rate is applied on the accounting loss. The reconciliation of the difference is as follows:

(in € 000's)	AMOUNTS	TAX
Theoretical Tax: Accounting result at 20%:	**(622.970)**	**124.594**
Net interest income	(9.544)	1.909
Net fee and commission income	(951)	190
Net gains / (losses) on financial instruments	(62.041)	12.408
Personnel and other administrative expenses	(7.469)	1.494
Depreciation / amortisation *	(15.252)	3.050
Allowance for impairment on loans and advances to customers *	433.269	(86.654)
Impairment of investment in subsidiaries *	6.855	(1.371)
Impairment of loans and receivable (LAR) portfolio *	123.723	(24.745)
Impairment of AFS portfolio *	7.959	(1.592)
Provisions for risks *	2.632	(526)
Allowance for impairment for other assets *	8.190	(1.638)
Other differences	1.690	(338)
Total differences:	**489.061**	**(97.813)**
Tax loss for the period	**(133.909)**	**26.781**
Non deductible expenses:	18.822	(3.764)
Tax loss carried forward	**(115.087)**	**23.017**

* No deferred tax asset / liability has been recognised.

15 Cash and balances with Central Bank

	31.12.2012
	(in € 000's)
Cash in hand and items in course of collection	8.004
Balances with the Central Bank	43.420
Cheques receivable	5.971
Total	**57.395**
Included in cash and cash equivalents (Note 16)	47.482
Mandatory reserve deposits with Central Bank *	9.913
Total cash and cash equivalents	**57.395**

* Mandatory reserve deposits with Central Bank represent the minimum average deposit balance that has to be retained by the Bank at a given period. As soon as the minimum average deposit balance has been reached for that period, cash and balances with Central Bank can be withdrawn at any time.

16 Cash and cash equivalents

Cash and cash equivalents within the Cash Flow Statement consist of the following balances that have initial maturity of 90 days or less:

	31.12.2012
	(in € 000's)
Cash and balances with Central Bank (Note 15)	47.482
Due from Banks (Note 17)	59.456
Total	**106.938**

17 Due from banks

	31.12.2012
	(in € 000's)
Interbank loan	50.000
Placements with other banks (up to 90 days)	9.394
Placements with other banks (over 90 days)	19.216
Cheques receivable	62
Total	**78.672**
Included in cash and cash equivalents (Note 16)	59.456
Total	**59.456**

Placements with other banks (over 90 days) include guarantees given to foreign Financial Institutions of the euro zone, in regard to derivative transactions of the Bank's own portfolio.

18 Loans and advances to customers (net of allowance)

	31.12.2012 (in € 000's)
Loans to individuals	58.073
Loans to corporate	1.175.582
Finance lease receivables (1)	52.254
Gross loans and receivables	**1.285.909**
Less: Allowance for impairment on loans and advances to customers	
a) Specific allowance for impairment	
Balance at the beginning of the period	-
Balance transferred from Proton Bank SA (under liquidation)	(177.962)
Additional allowance for impairment made on the fair value of transferred loans, according to management judgement	(83.191)
Reclassification due to misclassification (transfer from Proton Bank S.A. (under liquidation)) *	(33.067)
Impairment charge for the period	(466.786)
Total of specific allowance for impairment	**(761.006)**
b) Collective allowance for impairment	
Balance at the beginning of the period	-
Balance transferred from Proton Bank SA (under liquidation)	(24.908)
Reversal	21.868
Total of collective allowance for impairment	**(3.040)**
Total allowance for impairment at the end of the period	**(764.046)**
Net loans and receivables	**521.863**

* The amount of € 33.067 thousand represents additional allowances for impairment in regard to specific ordinary bond loans (Law 3156/2003). At the transfer of balances from Proton Bank S.A. (under liquidation), these bond loans were classified as "Financial instruments measured at fair value through profit or loss". The additional allowances for impairment have been recognised after the reclassification of these bond loans to the "loans and advances asset class", and they are now measured at amortised cost.

(1) Finance lease receivables

	31.12.2012 (in € 000's)
Gross investment in the lease	
Less than 1 year	29.316
More than 1 year & less than 5 years	19.378
More than 5 years	9.460
	58.154
Less: unearned finance income	(5.900)
Net investment in lease at the end of the period	**52.254**
Present value of minimum lease payments receivable at the end of the period	
Less than 1 year	27.687
More than 1 year & less than 5 years	16.031
More than 5 years	8.536
Total	**52.254**

19 Derivative financial instruments held for trading

Derivative financial instruments held for trading (in € 000's)	**Contract/ notional amount**	**Fair values**	
		Assets	**Liabilities**
- Interest rate swaps	80.000	1.325	(14.050)
- Options	1.970.593	3.739	(3.739)
- Forwards	1.794	-	(179)
- Credit default swaps	2.857	10	-
- GDP - linked securities	1.198	8	-
Total identifiable derivative assets / (liabilities)	**2.056.442**	**5.082**	**(17.968)**

20 Trading portfolio

	31.12.2012 (in € 000's)
Government bonds	112
EFSF bonds	3.198
Corporate bonds	16
Mutual funds	536
Equity securities	428
Total	**4.290**

21 Available-for-sale financial instruments

	31.12.2012 (in € 000's)
Government bonds	1.910
Greek Government Treasury Bills	39.523
Corporate bonds	6.858
Equity securities	4.732
Other investments	2.734
Total	**55.757**

At 31.12.2012 there were two Greek Government Treasury Bills in the available-for-sale portfolio. The respective details were, ISIN GR0000102054 and GR0000103060, nominal value € 10.000 thousand and € 30.000 thousand, maturities at 15 February 2013 and 22 March 2013.

The fair value change of the financial instruments, which are classified as available-for-sale, is measured in other comprehensive income and in particular in the "Available-for-sale reserve". During the period, the changes in fair value resulted in a debit balance of € 8.605 thousand. At period end, it was decided that the amount of € 7.959 thousand represented a substantial and permanent fair value reduction of certain investments, and thus, it was subsequently transferred to Income Statement (note 13). The movement of "Available-for-sale reserve" is shown in the Statement of Changes in Equity.

22 Dept receivable (LAR)

	31.12.2012 (in € 000's)
Government bonds	46.192
Total	**46.192**

The amount of € 46.192 thousand includes a Greek Government bond measured at amortised cost, which was not eligible to be included in the Greek Government bond exchange programme (PSI). The particular bond carries the following details: ISIN GR0514017145, nominal amount € 80.000 thousand, maturity 21 May 2014.

The investment portfolio movement is as follows:

(in € 000's)	Available-for-sale	Dept receivable (LAR)	Total
Balance at 9/10/2011	-	-	-
Balance transferred from Proton Bank S.A. (under liquidation)	80.204	407.408	487.612
Additions	89.262	-	89.262
Valuation through AFS reserve	(646)	-	(646)
Disposals	(105.221)	(18.170)	(123.391)
Amortisation using the effective interest rate method	117	9.306	9.423
Greek Government bonds exchange - PSI (purchase cost recovery)	-	(208.557)	(208.557)
Impairment loss	(7.959)	(143.795)	(151.754)
Balance at 31/12/2012	**55.757**	**46.192**	**101.949**

The exchange of Greek Government bonds subject to foreign law, as well as of the loans guaranteed by or granted to the Greek Government and legal entities owned by the Greek Government, was completed on 11 April 2012. Before the exchange, the Bank owned Greek Government bonds with nominal value € 829.201 thousand, which were classified either at the Trading portfolio or as Debt receivables (LAR). After the exchange, the bonds received under the terms of the PSI had nominal value of € 385.579 thousand.

On 3 December 2012, Hellenic Republic announced a new invitation to exchange (Buy-Back) Greek Government bonds with short-term six-month maturity EFSF bonds, in order to further reduce the Greek public debt.

The voluntary Buy-Back of Greek Government bonds was successfully completed on 18 December 2012 resulting in the withdrawal from the private sector of bonds carrying a nominal value of € 31,8 billion.

New Proton Bank S.A. accepted the terms of the invitation and participated to the Buy-back scheme. The scheme involved the exchange of predefined securities, including the already accrued and not paid interest, with short-term six-month EFSF bonds. The nominal value of the Greek Government bonds held by the Bank that were subject to the December 2012 Buy-Back scheme was € 261.217 thousand, all been previously acquired at the PSI exchange. The exchange that took place on December 2012 is fully summarised in the following table.

Nominal value of Greek Government bonds after the completion of the exchange - PSI	Net Book Value 17/12/2012	Nominal value of EFSF bonds after the completion of buy-back scheme 17/12/2012	Effect in Financial Results
(in € 000's)			
261.217	64.558	88.902	24.344

23 Investments in subsidiaries

The changes in the Bank's investment portfolio in regard to subsidiaries is summarized in the following table:

(in € 000's)	Subsidiaries	Participations	Total
Balance at 9/10/2011	-	-	-
Balance transferred from Proton Bank S.A. (under liquidation)	13.428	-	13.428
Additions	-	-	-
Transfer from Subsidiaries to Participations	(1.458)	1.458	-
Impairment (Note 13)	(5.397)	(1.458)	(6.855)
Fair value change	-	-	-
Balance at 31/12/2012	**6.573**	**-**	**6.573**

At 9 October 2011, an equity share of 99,91% of Proton Mutual Funds S.A., as well as an equity share of 66% of Omega Insurance Brokerage S.A. were transferred to New Proton Bank S.A..

- On 29 June 2012, Proton Mutual Funds S.A. entered into a liquidation process. At 31 December 2012 a) the total assets of Proton Mutual Funds S.A. represented less than 1% of the total assets of New Proton Bank S.A., and b) the total value of shareholders equity of Proton Mutual Funds S.A. represented the 3% of the net assets value of New Proton Bank S.A.. Taking into consideration the fact that a liquidation process is in place and the immaterial balances of Proton Mutual Funds S.A. the Bank did not consolidated Proton Mutual Funds S.A. within the Financial Statements as of 31.12.2012. The decision was made on the grounds that the Consolidated Financial Statements will not material differ from the Separate Financial Statements of the Bank.
  The value of Proton Mutual Funds S.A. within the Financial Statements of New Proton Bank S.A. as of 31 December 2012 is reflecting the cash flow expected at the completion of the liquidation process.

- New Proton Bank S.A. did not participate to the share capital increase decided and announced by Omega Insurance Brokerage S.A. on 20.07.2012. The decision of the Bank to refrain from participation to the share capital increase of Omega Insurance Brokerage S.A. resulted in the reduction of its equity share from the initial 66,00% to 26,05%. As a consequence of the equity share reduction below the level of control, Omega Insurance Brokerage S.A. ceased from being considered as a subsidiary of the Bank, with effective date, the date of the successful completion of the share capital increase.

24 Intangible assets

(in € 000's)	Software
Cost at 9/10/2011	-
Balance transferred from Proton Bank S.A. (under liquidation)	-
Additions	84
Disposals	-
Write-offs	-
Balance at 31/12/2012	**84**
Accumulated depreciation as at 9/10/2011	-
Balance transferred from Proton Bank S.A. (under liquidation)	-
Additions	-
Disposals	-
Write-off's	-
Amortisation charge	(7)
Balance at 31/12/2012	**(7)**
Net book value as at 31/12/2012	**77**

25 Tangible assets

(in € 000's)	Land	Buildings	Machinery	Vehicles	Furniture	Total
Cost at 9/10/2011	-	-	-	-	-	-
Balance transferred from Proton Bank S.A. (under liquidation)	5.063	7.043	4	7	3.858	15.975
Additions	-	238	3	-	125	366
Disposals	-	-	-	-	(6)	(6)
Write-off's	-	(506)	-	-	(18)	(524)
Balance at 31/12/2012	**5.063**	**6.775**	**7**	**7**	**3.959**	**15.811**
Accumulated depreciation as at 9/10/2011	-	-	-	-	-	-
Balance transferred from Proton Bank S.A. (under liquidation)	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Write-off's	-	17	-	-	2	19
Depreciation charge	-	(942)	(4)	(3)	(919)	(1.868)
Balance at 31/12/2012	**-**	**(925)**	**(4)**	**(3)**	**(917)**	**(1.849)**
Net book value as at 31/12/2012	**5.063**	**5.850**	**3**	**4**	**3.042**	**13.962**

26 Deferred tax asset / liability

Following the tax loss position for the period 09.10.2011 – 31.12.2012, no deferred tax asset has been recognised in the Statement of Financial Position. For the periods commencing from 1 January 2013 thereon, the nominal corporation tax rate is increased to 26% following the provisions of Law 4110/2013.

It should be noted that there is a contingent deferred tax asset that is calculated as follows:

- A contingent and substantial deferred tax asset arises from the amount of "*Allowance for impairment on loans and advances to customers*" booked under IFRS accounting and the corresponding tax deductible allowance (Law 2238/1994), with the latter being an annual 1% at the average balance of specific loan categories (approximately € 752 million x 26%),

- The recognised tax loss and the ability to carry forward this tax loss for the five years give rise to a further deferred tax asset (approximately € 115 million x 26%),

- Finally, an additional deferred tax asset may arise from the tax loss incurred by the Bank at the exchange of Greek Government bonds (PSI), as well as at the Greek Government bonds' buy-back program (approximately € 598 million x 26%).

27 Other assets

	31.12.2012 (in € 000's)
Receivables from brokerage	16
Foreign stock exchange receivables	3.843
Trade receivables	3.257
Bankassurance contract receivables *	15.000
Due from Proton Bank S.A. (under liquidation)	555
Hellenic Deposit and Investment Guarantee Fund	29.469
ASE Guarantee Fund, & Auxiliary Fund **	2.029
Tax prepayments and other recoverable taxes ***	5.290
Assets acquired through foreclosure proceedings ****	8.384
Guarantees	465
Reinvoiced expenses	301
Other	49
Other assets total	**68.658**
Less: Allowance for impairment	
Balance at the beginning of the period	-
Balance transferred from Proton Bank S.A. (under liquidation) *	(10.703)
Impairment charge for the period *	(8.190)
Amounts recovered during the period	861
Write-off's	172
Allowance for impairment total	**(17.860)**
Other assets net of allowance for impairment	**50.798**

* The receivable from the Bankassurance contract, which amounts to € 15 million, has been gradually fully impaired. Amount of € 7.500 thousand is included within the balance of allowance for impairment transferred from Proton Bank S.A. (under liquidation), and an equal amount of € 7.500 thousand has been additionally charged during the period (included in the period charge of € 8.190 thousand). The remaining allowance for impairment of € 690 thousand, which was charged during the period, concerns "*Assets acquired through foreclosure proceedings*".

** The amount of € 2.029 thousand includes part of the annual guarantee granted to The Athens Stock Exchange Members' Guarantee Fund (ASEMF), for the amount of € 1.349 thousand. Moreover, a letter of guarantee has been granted for the remaining amount of the annual guarantee towards ASEMF, for the amount of € 849 thousand (booked in off-balance sheet accounts).

*** According to the tax regulation changes that were enacted in Greece within 2012, withheld taxes on interest earned from foreign securities, as well as on interest earned from domestic corporate bonds that do not carry the Greek Government guarantee, are fully reimbursed. This applies to the financial year 2011 thereon and the effect for the Bank amounts to € 3.146 thousand. The remainder amount of € 2.144 thousand consist of withheld taxes on interest from bonds or from Greek Government Treasury Bills, which can be offset on a reducing balance basis with the income tax that will arise for the next five consecutive years.

**** "*Assets acquired through foreclosure proceedings*" include mainly land and buildings acquired in the ordinary course of business. The former are treated as inventory according to IAS 2 "*Inventories*" and the respective movement is shown in the following table:

Assets acquired through foreclosure proceedings	(in € 000's)
Balance at 9/10/2011	-
Balance transferred from Proton Bank S.A. (under liquidation)	3.319
Additions	5.065
Disposals	-
Balance at 31/12/2012	**8.384**
Allowance for impairment on assets acquired through foreclosure proceedings	
Balance at 9/10/2011	-
Balance transferred from Proton Bank S.A. (under liquidation)	(1.659)
Impairment charge for the period	(690)
Balance at 31/12/2012	**(2.349)**
Net book value as at 31/12/2012	**6.035**

28 Due to banks

	31.12.2012
	(in € 000's)
Current accounts	2.631
Total	**2.631**

The current account balances - due to banks, amounting to € 2.631 thousand, concern guarantees received from a foreign Financial Institution of the euro zone, with respect to derivative transactions of the Bank's own portfolio.

29 Due to customers

	31.12.2012
	(in € 000's)
Individuals:	
Time deposits	740.894
Savings accounts	45.642
Current accounts	9.182
Total	**795.718**
Corporate entities:	
Current accounts	34.241
Time deposits:	
Corporate entities	127.230
Public organizations	1.238
Other time deposits	20.726
Total	**183.435**
Margin accounts	8.662
Pledged deposits	14.135
Blocked deposits	100
Total	**1.002.050**

30 Debt securities in issue

	31.12.2012 (in € 000's)
Debt securities in issue - more than one year	5.019
Total	**5.019**

On July 2012, New Proton Bank S.A. reduced its liability to debt securities in issue by repurchasing € 15 million out of a total of € 20 million. The terms of the issued debt are as follows:

- Standard Eurobond loan with a ten-year maturity (13 July 2017), paying a three-month coupon bearing an interest rate that is linked to FRB DBFRB USD index.

- The bond's coupon payable by the Bank has been fully hedged with an Interest Rate Swap (IRS). According to the IRS terms, the Bank receives an amount equal to the bond coupon payable, and pays a floating Euribor rate plus a credit spread of 3.25%.

31 Retirement benefits obligations

In the context of the preparation of the Financial Statements of the Bank for the period 09.10.2011 to 31.12.2012 an actuarial study has been performed for defining the retirement benefit obligation relating to the Bank's employees.

The actuarial study prepared for New Proton Bank S.A. is in essence an initial actuarial study and is in no way linked to previous actuarial studies prepared in the past for Proton Bank S.A. (under liquidation). This approach has been adopted for the following reasons:

- All personnel of Proton Bank S.A. was transferred to New Proton Bank S.A. at the time the former was put under a liquidation process (8 October 2011). During the transfer, the employees did not abolish any of their accumulated employment rights.

  Within the framework of the restructuring business plan of New Proton Bank S.A., a voluntary retirement plan was announced for the employees of the Bank. A significant number of managers and staff members participated in the plan. Furthermore, the salaries of a substantial number of managers and staff members, which remained with the Bank, have been reduced.

  The aforementioned facts lead to a radically different staff population and salary structure and have been considered as a point of discontinuity in relation to the past actuarial studies.

- The calculation scale for the determination of the retirement benefit obligation is the one provisioned by the Law 2112/1920, which sets the conditions for employees working in the private sector. The scale of Law 2112/1920 was later modified by the Law 4093/2012 and the entitled indemnities were significantly decreased. It should be noted that the condition enacted with the Law 4093/2012, which raises the entitled indemnity for employees working to the same employer for more than 17 years, does not apply to the Bank's population. This is mainly due to the fact that the initial establishment date of Proton Bank S.A. (under liquidation), the personnel of which has been transferred to the Bank, is less than 17 years.

The actuarial assumptions used are as follows:

- The benefit calculation scale is the one provisioned by the Law 2112/1920, as amended by the Law 4093/2012.

- Bank of Greece mortality tables were used, and in particular the ones approved by the meeting 49/12.9.12 of the Credit and Insurance Committee.

- The Discount rate for the calculation of the expected benefit obligation is: 4%

The retirement benefit obligation towards the employees of the Bank as of 31.12.2012 was € 500 thousand, which has been charged against Income Statement of the period.

The sensitivity analysis results in regard to the accrued retirement benefit obligation towards Bank's employees is shown in the two entry table listed below. The factors considered for the calculation are a) an estimation of future salaries increase (rows), and b) the discount rate used (columns).

Sensitivity Analysis Table

(in € 000's)

		Discount rate		
		3%	4%	5%
Salaries growth rate	1.5%	641	544	464
	2.0%	699	591	503
	2.5%	762	643	546

32 Provisions for risks

The movement of litigation provision during the period is summarized in the following table:

	31.12.2012 (in € 000's)
Balance at 9/10/2011	-
Balance transferred from Proton Bank S.A. (under liquidation)	-
Additions	2.632
Reversal	-
Write-off's	-
Balance at 31/12/2012	**2.632**

33 Other liabilities

	31.12.2012 (in € 000's)
Taxes and duties payable - other than income taxes:	
Payroll related taxes and duties	375
Withheld taxes on deposits	892
Other taxes and duties payable	509
Total	**1.776**
Contributions payable to social security funds	**778**
Other amounts payable:	
Suppliers	1.186
Salaries payable	945
Other	2.466
Total	**4.597**
Other liabilities total	**7.151**

34 Share capital

	31.12.2012 (in € 000's)
Initial paid-up share capital (Nominal value € 5,00 per share)	250.000
Share capital increase (E.G.M. 19.07.2012, nominal value € 40,00 per share)	28.750
Share capital increase (E.G.M. 20.12.2012, nominal value € 40,00 per share)	4.375
Total paid-up share capital 31.12.2012	**283.125**
Ordinary shares (number of shares):	
Issued shares at the initial injection of capital	50.000
Share capital increase (E.G.M. 19.07.2012)	5.750
Share capital increase (E.G.M. 20.12.2012)	875
Total number of shares at the end of period	**56.625**

35 Other reserves

	31.12.2012 (in € 000's)
Share premium	231.875
Transferred loans' additional provision reserve	(85.328)
Available-for-sale reserve	(646)
Share capital issue costs	(3.346)
Total	**142.555**

The amount of € 85.328 thousand consists of the amount € 83.191 thousand, which is additional allowance for impairment on the fair value of transferred loans according to management's judgement, as well as the amount of € 2.137 thousand, which consist of other differences at the initial recognition of transferred assets and liabilities. (note 18)

Share premium	31.12.2012 (in € 000's)
Initial paid-up share capital	-
Share capital increase (E.G.M. 19.07.2012)	201.250
Share capital increase (E.G.M. 20.12.2012)	30.625
Total	**231.875**

36 Operating leases

For operating purposes, the Bank leases offices for headquarters and branches, as well as vehicles. The future minimum lease payments under operating leases are as follow:

(in € 000's)	Land & Buildings	Vehicles	Total
Less than 1 year	167	18	185
More than 1 year & less than 5 years	2.412	252	2.664
More than 5 years	7.561	-	7.561
Total	**10.140**	**270**	**10.410**

37 Contingent liabilities and commitments

37.1 Legal proceedings

The Bank is a defendand in certain claims and legal actions arising in the ordinary course of business, which amount to € 17.392 thousand. In this respect, a litigation provision for the amount of € 2.632 thousand (note 32) has been formed. The Management of the Bank is estimating that for the remaining amount of € 14.760 thousand there is no possibility of crystallisation of the corresponding risk.

37.2 Letters of guarantee / Irrevocable letters of credit

The off balance sheet items, which represent the Bank's commitment to extend credit to its customers, are analysed as follows (in € 000's):

	31.12.2012
Letters of guarantee	58.633
Irrevocable letters of credit	-
Total	**58.633**

37.3 Pledged assets

For liquidity purposes, the Bank has pledged some of its assets with Bank of Greece. These assets include Greek Government Debt Securities with nominal value € 80.000 thousand, Corporate bonds with nominal value € 10.000 thousand, Republic of Austria bonds with nominal value € 2.000 thousand, and European Investment Bank bonds with nominal value € 14 thousand.

38 Related parties transactions

Related parties include: a) Members of the Board of Directors and Senior Management, b) close members of the family and financial dependant of the above (spouse, children etc), and c) subsidiaries of the Bank.

In applying Bank of Greece Governor's Acts 2577/9.3.2006, the Board of Directors of the Bank decided the agreed limits and procedures for any form of credit or equity towards the people who have a special relationship with the Bank.

The balances and transactions of the Bank with its related parties are as follows (in € 000's):

I. Subsidiaries

	31.12.2012
Liabilities	
Deposits	7.111

	09.10.2011-31.12.2012
Expenses	
Interest expense and similar charges	442
Income	
Other income	48

II. Members of the Board of Directors, Key Management Personnel and Other Related Parties

	31.12.2012
Assets	
Loans	640
Liabilities	
Deposits	2.271
Letters of guarantee	488

	09.10.2011-31.12.2012
Income	
Interest and similar income	130
Expenses	
Personnel expenses	2.762
Interest expense and similar charges	150
Other employee related costs	276
Total	**3.188**

Athens, 19 June 2013

The Chairman & Chief Executive Officer	The Vice President of the BoD - Independent Non-Executive Director	The Chief Financial Officer	The Deputy Director Accounting and Finance Division
EFSTATHIOS E. PAPAGEORGIOU ID No.: AI 576286	PANAGIOTA S. IPLIXIAN ID No.: AA079010	NIKOLAOS CH. PATERAKIS ID No.: AE 517736 REGISTRY No. CLASS A: 0008193	ANASTASIOS J. KARAKASIS ID No.: S 284035 REGISTRY No. CLASS A: 0078896