

ETEAN SA
HELLENIC FUND
FOR ENTREPRENEURSHIP AND DEVELOPMENT

HELLENIC FUND FOR ENTREPRENEURSHIP AND
DEVELOPMENT (ETEAN SA)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2013

IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

MAY 2014

ΕΛΛΗΝΙΚΗ ΔΗΜΟΚΡΑΤΙΑ, ΥΠΟΥΡΓΕΙΟ ΕΞΩΤΕΡΙΚΩΝ
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ETEAN SA

NOTES ON THE FINANCIAL STATEMENTS AS AT 31
DECEMBER 2013

(all amounts in the tables and the notes are in Euros)

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AUDIT REPORT ON THE FINANCIAL STATEMENTS

To the shareholders of the Company

“HELLENIC FUND FOR ENTREPRENEURSHIP AND DEVELOPMENT SA (ETEAN SA)”

Foreword

We have audited the accompanying Financial Statements of the Company “HELLENIC FUND FOR ENTREPRENEURSHIP AND DEVELOPMENT SA (ETEAN SA)” (hereinafter the “Company”) as at 31 December 2013 comprised of the statement of financial position and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as the summary of significant accounting principles and methods and other explanatory information. Management is responsible for the preparation and presentation of these financial statements, in accordance with International Financial Reporting Standards, as adopted by the European Union and implemented in the Presentation of Financial Statements (International Accounting Standard “IAS” 1) as well as for the establishment of such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. Our responsibility is to express an opinion on these Financial statements on the basis of the audit conducted by us.

Audit Scope

We conducted our audit in accordance with International Audit Standards. Such standards call for our compliance with the applicable ethical requirements and for the planning and performance of the auditing task in a manner securing reasonable assurance that the financial statements are free from material misstatements.

The audit involves performing procedures to obtain audit

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evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment and comprise an assessment of the risk for material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements of the company, in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control of the company. The audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the attached Financial Statements present in a fair manner, in all material respects, the financial position of the Company as at 31 December 2013, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Matter of Emphasis

Your attention is drawn to the following:

- 1) To Note 1, making reference to the fact that, under a joint decision issued by the Ministers for Finance and Development, the Company has been entrusted with the management and implementation of several programs. For these programs, the total amount of € 899,734,453.54 as at 31 December 2013 is deposited with the Bank of Greece and other cooperating Banks; as per a standing policy this amount is not shown in the Statement of Financial Position or the Statement of Cash Flows of the

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Company;

2) To Note 13, making reference to the Share Capital of the Company. More specifically, the approval by the Region of Attica with respect to the Share Capital reduction by € 424,299,000.00 so that it be equivalent to the face value of the Greek Government Bond that the Company held as at 31 December 2013 (following the deduction of the cash amount of € 338,885,700.00 allocated to the Company) is still pending. However, this shall not have an impact on the total Equity of the Company given that, pursuant to para. 7 of Law 3775/2009, this impending reduction shall be setoff against accumulated losses from previous years.

No qualification is expressed in our Opinion with respect to these matters.

Athens, 9 May 2014

Kriton Tzavellas

Certified Public Accountant

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Auditing Firm Reg. No. 150

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MANAGEMENT REPORT



By the Board of Directors of the company “Hellenic Fund for Entrepreneurship and Development-ETEAN SA” to the annual Ordinary General Meeting of shareholders for the activities of the third annual reporting period of the company, 01.01.2013-31.12.2013.

Esteemed Shareholders,

2013 has been yet one in a series of difficult years for Greek economy and particularly so for medium-sized entrepreneurship that ETEAN SA is mandated and committed to support. The State’s sustained dedication to the execution of the provisions of the Memorandum of the Greek Economic programme, aimed at the fastest possible curtailment of fiscal deficits, and the recapitalization of the banking system that was completed around the end of the first semester of the year, far from contributed to an improvement of the liquidity circumstances. The dependence of systemic Greek banks on the European Emergency Liquidity Assistance (ELA) mechanism all through 2013, and the stricter credit criteria under the baseline scenarios of the stress test exercises conducted since late 2011 as well as the preparation for their coming under the full banking supervision of the European Central Bank (ECB), has rendered more difficult the access of enterprises to financing and by extension to the implementation of development ventures. In this environment, ETEAN has assumed a key role in financial intermediation, promoting to small- and medium-sized enterprises the financial instruments and vehicles that are managed by it, appropriately customized to cover liquidity requirements through a broad range of cooperating banks with a strong presence all over the country.

On a managerial level, 2013 has been a year of vigorous activity for the Fund, but also a year of internal restructuring aimed at

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bringing its organizational structure in line with the standards observed in modern credit institutions, as ETEAN SA is as a specialist financial body operating within a broad risk assumption and management scope.

In this context within the 2nd quarter of this year the revision of the Bylaws of the Fund (Decision No. 7454/1299/Gov't Gazette issue 1444/B/14.6.2013) was completed with the introduction of the operational principles for its new organizational structure in line with the provisions of the Bank of Greece's Governor Act No. 2577/2006 concerning the operation and criteria for the evaluation of the organization and internal control systems of credit and financial institutions and relevant powers of their management bodies.

From 14 May 2013 through 08 May 2014, when the 2013 financial statements were approved, the ETEAN Board of Directors held 21 meetings, 6 (six) of which in its current composition effective as of 30.1.2014 (change of one non executive member).

An account is given below of the main events that formulated the financial standing and the current prospects of the company.

The Financial Standing of ETEAN SA

Further to the arrangement, in 2012, of the Fund's viability question that arose due to the high negative results before taxes that accumulated in the period 2009-2011, that were primarily due to the differences in the valuation of the Greek Government Bonds comprised in the share capital of the company, 2013 has been a year of stabilization of the Fund's financial position.

The financial standing of ETEAN SA at the end of 2011 was rather critical, and it had been contemplated to convene the General Meeting in order to adopt a resolution for the

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replenishment of the share capital or the dissolution of the company, however this was not effected as a result of the pronounced political instability up until June 2012.

After coming to office in the last quarter of 2012, the current Management of ETEAN SA proceeded with an initiative for the restoration of the capital base of the Fund, submitting to the supervising Ministry and to the representatives of the Tripartite Committee (IMF/EU/ECB) a borrowing proposal for ETEAN SA by the banking system against the Greek Government Bonds held in its share capital. This proposal by the new Management was recognized as the only viable scenario for the restructuring of the company, given that its liabilities would be covered in a 1:1 ratio compared to the company repayment policy then effective which, given the price of the bonds, led to a capital to liabilities ratio of 4:1.

Following negotiations and given Management's refusal to repay the Fund's liabilities to the banks at a capital to liabilities ratio of 4:1 (disadvantageous mark-to-market against a background of skyrocketing risk margins for Greek bonds and lack of transactions in the secondary market), section C4 was included in article 1 of Law 4093/2012 under which forfeitures of guarantees secured with the Bonds comprised in the share capital of ETEAN SA (let it be noted that these Bonds were not included in the PSI) would be paid with cash contributed by the Greek State at an 1:1 ratio.

This arrangement allowed ETEAN SA to reverse provisions due to the valuation of the Bonds held of an approximate amount of 856 mil. Euros, restoring thus already in 2012 the accounting profile of its net worth (equity).

Thereafter and all through 2013 ETEAN SA, having settled all its

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fixed-amount liabilities that arose in 2012 under forfeitures of guarantees, in application of the provision of Law 4093/2012 referred to above, and adopting an approach of more active management-placement of its available funds, was able to sustain its satisfactory results.

EOMMEX Merger

Under Law 4038/12 (Government Gazette issue A/2.2.2012) and Joint Ministerial Decision No. 4567/11 (Government Gazette issue B/7.11.2011), the Greek State decided that EOMMEX SA would be merged by absorption to ETEAN SA. The accounting aspect of the absorption took effect with a Transformation Balance Sheet date of 29.02.2012, while the functional absorption was completed on 31.10.2012. Out of the 43 personnel of EOMMEX included in the ETEAN SA payroll cost pursuant to Law 4038/12, twelve (12) had retired by the end of 2013. There are no projects or actions of the absorbed company being under the supervision-responsibility of ETEAN SA in 2013.

New organizational structure

The ETEAN organizational structure was revised in late 2012 under a decision of its Board of Directors, aimed at bringing the corporate structure in line with the internationally acceptable organization standards for credit institutions and at strengthening the operations aspect of the company in a manner that best serves the fulfillment of the corporate object under the current adverse conditions.

In 2013 the Bylaws of the company were also amended, providing for the allocation of authority and powers across all operational units included in the new Organization Chart.

In the context of such operational reorganization and for the purpose of securing the administration of sensitive information administered by the company, a bidding procedure was scheduled

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and implemented for the selection of a consultant for the preparation, compilation and documentation of the development of an Integrated IT System meeting compatibility, connectivity and parameterization specifications commensurate with the increased requirements anticipated for the forthcoming programming period. In late 2013, with the consultant's assistance, the drafting of the business requirements document was completed and the necessary technical documentation was at an advanced stage, as necessary for including the project under the Information Society action.

ETEAN SA ACTIONS

Rescheduling of loans

Following a proposal to this effect by the new ETEAN SA Management, Joint Ministerial Decision No. 12991/2342/13.11.2012 was issued granting the option of extending until May 2014 the term of repayment in the case of working capital loans (with or without interest rate subsidy) granted under guarantee by the ETEAN SA predecessor, TEMPME SA, which (loans) are nonperforming due to the financial crisis and the consequent inability of businesses to meet and fulfill their obligations.

In implementation of the said Decision, more than 5000 guaranteed loans of a total guaranteed principal of 70 mil. Euros had been rescheduled by the end of the first quarter of 2014.

Program of guarantees in favor of enterprises for the issue of letters of guarantee by the Banks

This Program was initiated in November 2012 and 13 Banks have acceded to it. In late 2012, Management improved the terms of the Program, and now boasts more than 80 approvals for the provision of a 50% guarantee on portfolios of guaranteed liabilities of an amount of 6.9 mil. Euros.

This program ensures to the enterprises, for a reasonable price

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(cost for the issue of letters of guarantee in the place of loan interest), a smooth flow of goods and services by their suppliers, taking the place of available liquidity which is difficult to secure (given the adverse financial circumstances).

Program of guarantee of low-interest loans for the purchase of raw materials, merchandise and services

This Program has closed since 31.12.2012; during its term, 1590 enterprises had been included with a guarantees balance as at 31.12.2013 amounting to 72.5 mil Euros.

Program of guarantee of low-interest loans for meeting social security and tax liabilities

This Program has closed since 31.12.2010; during its term, 215 enterprises had been included with a guarantees balance as at 31.12.2013 amounting to 4 mil Euros.

HOLDING FUNDS

ETEAN SA establishes and manages Holding Funds co-financed by the National Strategic Reference Framework (NRSF) and European Structural Funds. Via this action, ETEAN SA complements the financing capacity of the banking system, contributes to the inflow of new funds in the Greek market under conditions of limited financing potential by the banking system.

Fund for Energy Efficiency in Households (TEXIK)

The Program under the same name is a funding instrument intended for private individuals-households for providing aid in projects implemented by them for upgrading the energy efficiency of their houses. This Program is financed by the Hellenic State and the European Regional Development Fund and is constituted by:

- a) The TEXIK Fund – through this Fund and with co-financing by the four cooperating banks, interest-free (fully subsidized) loans

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are granted.

b) The Direct Aid (Grant) Program, that complements the interest-free loan, as it allows for a non-refundable financial aid, which is also paid by the mediating banks, as set out in the Program prospectus.

From the time of its inception in the second quarter of 2011 and to this day, this has been a popular Program, particularly so in the Regions with higher energy requirements due to their climate conditions. As a consequence, concerns that the resources earmarked for these specific regions are nearly exhausted must be addressed, without the European regulations allowing for the transfer of excess resources from other regions.

Despite the managerial issues created under the binding regional allocation governing the financing under this Program, up until the end of 2013 more than 45,000 cases had qualified under the Program, corresponding to interventions amounting to 515 mil. Euros.

Entrepreneurship Fund (TEPIX)-Business Restart

This is a Loan fund created following the redesigning of the Entrepreneurship Fund in early 2013, which aims at the provision of loans on attractive cost terms, of a total amount of 550 mil. Euros (out of which 275 mil. Euros are contributed by the Fund at no interest and 275 mil. Euros by the 14 cooperating Banks), for the implementation of investment plans but primarily and as a result of the financial crisis for the fulfillment of business development requirements (working capital).

The cooperating banks were in practice ready to receive applications in the second semester of 2013, and by the end of the year approximately 2,000 approvals had been granted for loans of a total amount of 198 mil. Euros.


Entrepreneurship Fund (TEPIX)-Credit Guarantee

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This (sub)Fund is dedicated to the provision of guarantees up to 80% maximum for investments and working capital, including advances for subsidies under other community programs. The funds available from the Entrepreneurship Fund amount to 50 mil. Euros. The total loan capital to be channeled to the market on the Fund's guarantee (investment or working capital) is estimated to exceed 150 mil. Euros.

Following a rather long-drawn technical preparation stage on the part of the cooperating banks, this Fund was launched in the last quarter of 2013; more than 300 applications have been submitted for the guarantee of loans of an amount of approx. 25 mil. Euros. Demand for this particular action is expected to further increase with the progress of implementation of the projects included in the recent call for bids of the Regional Operational Programmes for Small & Medium Sized Enterprises in the areas of Manufacturing, Trade, Tourism and Services.

Entrepreneurship Fund- Island and Tourist Entrepreneurship Fund (TANTE)

This is a Loan Fund having a budget of 80 mil. Euros in which the principle of co-financing is implemented directly with the private sector. This is an action for the provision of loans of a low principal amount (up to 30,000 Euros) at attractive cost terms (2.8% and zero interest rate for enterprises and investments in islands having a population of over or under 3,100 inhabitants, respectively), having both a geographical (islands) and a sectoral (tourism) focus. It is intended for small and very small enterprises, which constitute the core of the productive fiber of the Greek islands. It regards investments or working capital within a context of purely tourist but also tourist-related business activities and covers up to 70% of the net value of eligible expenses.

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In the fourth quarter of 2013, when work for the technical support to the Fund by all parties involved (ETEAN and Banks) was completed, 400 applications were already submitted for loans of a total amount of approx. 10 mil. Euros.

Given the seasonal character of the tourist business, demand already seems to be increasing at a fast rate with the approaching period of preparation for the next tourist season.

Agricultural Entrepreneurship Fund

This is a Loan Fund that has been financed with 116 mil. Euros by the Public Investments Program and the European Agricultural Fund for Rural Development (EAFRD), in which Piraeus Bank, being the cooperating bank, undertook to co-invest 138 mil. Euros.

This Fund is thematic in its orientation, i.e. it aims to facilitate the financing of investment plans included within specific measures covered by the Rural Development Programme run by the Ministry for Rural Development and Food.

With this action ETEAN SA addresses for the first time small and medium sized enterprises in the primary sector, which as a rule are excluded from the other actions, given that manufacturing operations are not a predominant part in their overall business activity.

The Agricultural Entrepreneurship Fund facilities are offered to those investment plans that have qualified under the specific measures of the Rural Development Programme 2007-2013. Already, within the 1st quarter after work for the technical support to the Fund was completed, the cooperating Bank had received 74 requests involving 6.2 mil. Euros of the Fund's budget.

Esteemed Shareholders,

For ETAN SA 2013 has been a year of vigorous activity, internally- and externally-oriented alike, primarily aimed at

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consistently promoting its now suitably structured programmes and also at strengthening its methods and systems relevant to the sorting, assumption, monitoring and management of the risks undertaken.

In this context, personnel remuneration and costs, fees and emoluments to the Board of Directors, and other operating expenses amounted to a total of 3.2 mil. Euros, increased compared to 2012 as a result of the expenses incurred for servicing specific contracts concluded in the context of backing the departments tasked with the evaluation of the requests submitted by the enterprises through the banks on an individual basis (use of financial databases). Operating income for 2013 amounted to 1.4 mil. Euros given the lag observed in the clearance of commissions from the management of TEPIX actions that in essence were initiated in the last five months of the year. Also, the results of financial transactions amounted to 11.17 mil. Euros, a 22% increase compared to 2012, despite the consistent decline in interest rates.

By extension, the operating results before taxes, interest and amortizations amounted to 9.4 mil. Euros, a 9.6% decrease compared to the previous year, due to the lag in the billing of revenue from ETEAN managed programmes.

The results before taxes were 6.2 mil. Euros compared to 678.6 mil. Euros in 2012, which included other extraordinary income in the amount of 856 mil. Euros that resulted from the reversal of provisions for capital impairment due to the implementation of the administrative arrangement that exempted the Greek Government Bonds held by ETEAN SA in its share capital from the mark-to-market valuation principle.

In year 2013, net income from commissions is 0.12% of the assets, while the efficiency ratio (operating income, i.e. commissions under guarantees, to operating expenses, before

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taxes and provisions) is 44%.

The Return On Assets (ROA) ratio (ratio of profit/loss after taxes to average assets) as at 31.12.2013 was 0.5% and the Return On Equity ratio (ratio of profit/loss after taxes to average shareholders equity) was 0.6%.

The credit risk under guarantees for loans to SMEs is the most important source of risks for ETEAN SA. The balance of guaranteed loan terminations as at 31.12.2013 amounted to 136 mil. Euros, a 29% increase compared to the previous year (192 mil. Euros as at 31.12.2012). It is noted that up until 31.12.2013, from the credit guarantee portfolio of the former TEMPME, originally amounting to 4.4 bl. Euros and now in a servicing stage, forfeitures had been examined, cleared and paid in the amount of 418 mil. Euros, corresponding to a forfeitures ratio of 9.5% which is indicative of the quality of the Fund's portfolio compared to the business financing portfolios of the retail banking division of banks.

As regards the Fund's liquidity and capital adequacy as at 31.12.2013, these continued to stand at levels much higher than the respective minimum limits specifically prescribed for ETEAN SA in Bank of Greece's Governor Act No. 2540/2004; more specifically, the liquidity ratio amounted to 327.41% and the capital adequacy ratio amounted to 326.07% compared to the minimum of $\geq 20\%$ and $\geq 10\%$ respectively set by the Bank of Greece.



STATEMENT OF COMPREHENSIVE INCOME**01 January 2013 – 31 December 2013**


		01 January 2013	01 January 2012
	Notes	31 December 2013	31 December 2012
		Continuing	Continuing
		Operations	Operations
Net income from fees/commissions	21	1,417,481.99	4,348,151.01
Other income	22	99,387,535.64	1,173,580,135.67
Income from operations		100,805,017.63	1,177,928,286.68
Results from financial transactions	29	11,171,349.95	9,158,693.27
Personnel remuneration and expenses	28	(2,277,050.60)	(2,477,419.50)
BoD members' Fees/Emoluments	23	(24,000.00)	(24,600.00)
Other expenses	24	(929,658.16)	(598,898.90)
Operating expenses		(3,230,708.76)	(3,100,918.40)
Results before interest, provisions, amortization, forfeitures & taxes		108,745,658.82	1,183,986,061.55
Provisions		0.00	(306,616.45)
Difference between valuation and sale of securities	25	0.00	(318,726,107.00)
Forfeitures of Guarantees	26	(101,290,767.36)	(183,638,696.59)
Amortization	8	(128,598.27)	(91,238.19)
Interest	27	(1,109,739.01)	(2,601,539.13)
Non operating expenses		(102,529,104.64)	(505,364,197.36)
Total expenses		(105,759,813.40)	(508,465,115.76)
Profit before taxes		6,216,554.18	678,621,864.19
Less taxes	16	15,986.36	(63,939.05)
Profit after taxes (A)		6,200,567.82	678,686,803.24
Other total income after taxes (B)		0.00	0.00
Consolidated total income after taxes (A) + (B)		6,200,567.82	678,685,803.24

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STATEMENT OF FINANCIAL POSITION**as at 31 DECEMBER 2013**

	Notes	31 December 2013	31 December 2012
<u>ASSETS</u>			
Cash and Balances with the Central Bank	7	176,280,903.48	320,167,496.19
Receivables from credit institutions	11	253,848,816.99	101,194,455.06
Receivables from guarantee & counter-guarantee commissions	9	930,556.47	1,010,968.89
Held-to-maturity investments	12	742,153,000.00	741,836,000.00
Used tangible fixed and intangible assets	8	588,889.11	386,894.49
Deferred tax assets	16	18,400.37	34,386.74
Other assets	10	<u>7,572,233.26</u>	<u>10,051,031.95</u>
TOTAL ASSETS		1,181,392,799.69	1,174,681,233.32
<u>EQUITY AND LIABILITIES</u>			
Liabilities to credit institutions	19	106,093,112.90	5,678,892.64
Deferred tax liabilities	16	0.00	0.00
Taxes		14,495.57	19,159.85
Retirement benefit liabilities	18	359,384.45	420,183.41
Provisions	17	107,756,569.98	205,198,018.41
Other liabilities	20	<u>1,603,257.31</u>	<u>3,999,468.38</u>
Total liabilities		215,826,820.21	215,315,722.69
Share Capital	13	1,505,337,700.00	1,506,217,400.00
Reserves	14	16,361,488.95	16,361,488.95
Loss carried forward		<u>(556,133,209.47)</u>	<u>(563,213,378.32)</u>
Total Equity		965,565,979.48	959,365,510.63
TOTAL LIABILITIES AND EQUITY		1,181,392,799.69	1,174,681,233.32

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**STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2013**

	Share capital	Statutory Reserve	Contingency Reserve	Other Equity	Total Equity
01 January 2012	1,712,885,700	1,227,305.74	15,134,183.21	(1,448,429,178.52)	280,818,010.43
Share Capital Reduction	(206,668,300)			206,668,300	0.00
Refund to shareholder				(17.12)	(17.12)
Net income directly presented in equity				(138,285.92)	(138,285.92)
Consolidated total income after taxes				678,685,803.24	678,685,803.24
31 December 2012	1,506,217,400	1,227,305.74	15,134,183.21	(563,213,378.32)	959,365,510.63
Share Capital Reduction	(879,700)			879,700	0.00
Share-based payment				(98.97)	(98.97)
Consolidated total income after taxes				6,200,567.82	6,200,567.82
31 December 2013	1,505,337,700	1,227,305.74	15,134,183.21	(556,133,209.47)	965,565,979.48

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STATEMENT OF CASH FLOWS FOR THE YEAR**01 January 2013 – 31 December 2013****Cash flows from operating activities-
continuing operations****Cash inflows**

	Note	01.01.13- 31.12.13	01.01.12- 31.12.2012
Interest and Commissions (Income)		1,303,977.57	3,961,230.93
Other income		1,673,635.54	946,800.57
Collection of receivables		1,130,992.38	1,530,315.25
Increase in deposits		0.00	0.00
Plus: Decrease in Receivable Income		0.00	0.00
Less: Increase in Receivable Income		(1,870,584.01)	(1,686,094.89)
Plus: Increase in Deferred Income		294,882.88	2,396,195.81
Less: Decrease in Deferred Income		(630,864.39)	(5,233,617.49)
Plus: Decrease in Other Assets items		1,923,176.64	2,319,561.39
Less: Increase in Other Assets items		<u>(864,905.96)</u>	<u>(3,645,690.03)</u>
Total Cash Inflows (1)		2,960,310.65	588,701.54

Cash outflows

Interest and commissions (expenses)		1,113,527.42	2,604,257.71
General management expenses (incl. forfeitures amounting to €101,290,767.36)		104,477,863.14	505,458,645.43
Other expenses		40,824.57	4,357.98
Plus: Decrease in Other liabilities		6,313,388.86	304,514,880.87
Less: Increase in Other Liabilities		(104,895,660.85)	(216,162,146.24)
Taxes		<u>202,025.05</u>	<u>502,870.47</u>
Total Cash Outflows (2)		7,250,968.19	596,922,866.22
Cash flows from operating activities-continuing operations (1-2)=A		(4,290,657.54)	(596,334,164.68)

**Cash Flows from Investment activities –
continuing operations****Cash inflows**

Sale of securities, participating interests & fin. instruments		0.00	721,576,000.00
Other income		<u>12,700,159.47</u>	<u>5,442,269.39</u>
Total Cash inflows (3)		12,700,159.47	727,018,269.39


Cash outflows

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Purchase of securities, participating interests and fin. instruments	317,000.00	0.00
Purchase of intangible and tangible assets	<u>330,592.89</u>	<u>107,241.94</u>
Total Cash outflows (4)	647,592.89	107,241.94
Cash Flows from investment activities – continuing operations (3-4) = B	12,052,566.58	726,911,027.45
Cash Flows from financing activities – continuing operations		
Cash inflows		
Proceeds of the Share Capital Increase	<u>0.00</u>	<u>0.00</u>
Total Cash inflows (5)	0.00	0.00
Cash outflows		
Interest on credit instruments (expense)	0.00	0.00
Dividends	0.00	0.00
Share Capital Pay-back	<u>98.97</u>	<u>17.12</u>
Total Cash outflows (6)	98.97	17.12
Cash Flows from financing activities- continuing operations (5-6)=C	(98.97)	(17.12)
ETEAN CASH FLOWS (A+/-B+/-C)	7,761,810.07	130,576,845.65
<i>Plus:</i>		
Cash and Cash Equivalents at beginning of the year	07,11 421,361,951.25	290,785,105.60
Cash and Cash Equivalents at year end	07,11 429,123,761.32	421,361,951.25

1. COMPANY OVERVIEW

The company HELLENIC FUND FOR ENTREPRENEURSHIP AND DEVELOPMENT (ETEAN SA) was established by virtue of Law 3912/2011 (Government Gazette issue No. A/17/17.02.11) as applicable.

The registered office of the company is at 24, Xenias Street, Athens – Postal Code 11528; the company website is **www.etean.com.gr**

The company started its business activities on 21.02.2011 and the current year, 01.01.13-31.12.13, is its third business year.

The Company Registration No. is 70700/01/B/11/48 (General Commercial Register No. 121576499000) and its Tax Identification No. 997673346.

The current composition of the Board of Directors of ETEAN SA is as follows:

George Gerontoukos, BoD Chairman & Managing Director,
Executive director

Thomas Daskalakis, BoD Vice-Chairman, Executive director

Dimitris Giannikis, Non executive director

Movsesian Haroutiun, Non executive director

Giannis Papadopoulos, Independent non executive director

Ioulia Armagou, Non executive director

Panagis Karellas, Independent non executive director

During the period 01.01.13 – 31.12.13 the following were also members of the Board of Directors:

Eleni Romaidou, Non executive director (from 01.01.13 to 4.11.13)

The object of the Company is:

a) To promote entrepreneurship and more specifically to foster access to financing for the establishment of new, innovative

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and dynamic enterprises, focused on sustainable and environmentally friendly development;

b) To facilitate and improve access to financing for Enterprises in all three economy sectors, primary, secondary and tertiary, and specifically Micro, Small and Medium-Sized Enterprises, as these are defined in Commission Recommendation 2003/361/EC, as applicable, for promoting their competitiveness, growth, technological and organization modernization and the introduction of innovation in their organization and operation;

c) To promote social economy and entrepreneurship and more specifically to provide access to financing for enterprises or other organisations engaged in the area of social economy, as well as to provide access to financing for promoting entrepreneurship and employment in the context of economic and social cohesion;

d) To promote co-investment or sharing in Investment Funds, Financial Engineering Instruments or Investment Arrangements, including concession schemes and contracts or Public-Private Partnerships.

In order to achieve its object, the Company may receive direct financing contribution in the form of donation by the competent public authority or the managing authority of the applicable operational programme or other action co-financed by the European Union or other financing source in order to establish and manage:

a) Holding Funds, as per the provisions of art. 44 of EC Regulation No. 1083/2006, as applicable from time to time, and art. 36 of Regulation (EC) 498/2007, as applicable from time to time;

b) Financial Engineering Instruments, such as Venture Capital Funds, Guarantee Funds, Loan Funds, as per the provisions of art. 44 of Regulation (EC) 1083/2006, art. 71 para. 5 of Regulation (EC) 1698/2005 and art. 50, 51, 52, 53, 54 of Regulation (EC)

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1974/2006, art. 55 para. 8 of Regulation 1198/2006 and art. 34, 35, 36 and 37 of Regulation (EC) 498/2007, as applicable from time to time.

The terms, procedures and all necessary arrangements for the implementation and management of the above are set out in the financing agreements executed between the Greek State and the Company, as well as in the joint ministerial decisions issued for the establishment of the above Funds.

Furthermore the Company may, under a decision of the Ministers for Finance and Development, Competitiveness & Shipping, manage and implement programs financed by the Ordinary Budget or the Public Investment Program, community and interstate programs, NSRF or other similar programs, programs of International Multilateral Organisations, including also programs for interest/commissions subsidies, and for zero-interest loans.

The terms, procedures and all necessary arrangements for the implementation of the above programs and initiation of the above instruments are specified in the said decision.

The above objects are fulfilled:

- a) By means of the provision of guarantees or counter-guarantees in favor of Micro, Small and Medium-Sized Enterprises for the coverage of their liabilities to credit or financial institutions or Venture Capital firms arising from credit facilities of all types, such as loans, discounting of receivables, financial leasing, hybrid financing;
- b) By means of the co-investment of the sums managed by the Company, with financial engineering instruments, such as loan funds that operate as stand-alone legal entities or as stand-alone divisions of existing credit or financial institutions, guarantee funds, venture capital funds, seed funds, funds for the support of new and innovative enterprises. This co-investment may be

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effected through the establishment of subsidiaries;

c) By means of the co-investment of the sums managed by the Company, under para. 2 and 3 hereof, in investment funds, concession schemes or PPPs or other appropriate corporate arrangements investing for the sustainable and environmentally friendly development of urban or other areas, either for energy saving or for the promotion of activities utilizing new and renewable energy sources. This co-investment may be effected through the establishment of subsidiaries;

d) By means of the provision of services associated with the above activities, other than direct provision of credit;

e) By means of the elaboration of special studies, market surveys and business plans.

In the present period ETEAN SA is the managing authority of the following programs:

A) Guarantee by ETEAN SA for the issuance of Letters of Guarantee by Banks in favor of Medium-Sized, Small and Micro Enterprises.

The Program Budget reached in late 2013 €8 mil. to cover Letters of Guarantee amounting to a total of €16 mil. (50% maximum guarantee). The provided guarantees are given by virtue of the existing equity of ETEAN SA, in cash and cash equivalents. The program shall last until the exhaustion of its budget and not later than 31.12.2014.


B) Under Joint Ministerial Decision No. 28519/3298/23.12.08 (Government Gazette issue 2679/B/31.12.08), as applicable, issued by the Ministers for Economy & Finance and Development, the former TEMPME SA and now ETEAN SA, as the Intermediary Managing Authority for actions co-financed under the Operational Program for Competitiveness and Entrepreneurship (OPCE II) of the National Strategic Reference

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Framework (NSRF) 2007-2013 (decision No. 16196/1799A1/0027/19.12.08 issued by the Minister for Development) was tasked with the implementation, administrative and financial management of the action entitled “Guarantee and Interest-Subsidy of Working Capital Loans for Small and Micro Enterprises”, under the terms, procedures and implementation arrangements specified in the Program prospectus.

Joint Ministerial Decision No. 8596/981/03.06.09 issued by the Ministers for Economy & Finance and Development, the closing date for the said action was set to 08.04.09 instead of 31.12.10.

The program budget of €100,000,000 was increased to €200,000,000.

Under letter No. 3053/EETEAN/564/08.06.11 it was decided to remove the said action from NSRF programmes and therefore this budget is covered only from Greek State funds.

It is noted that under art. 22 of Law 3775/09, when payments for interest subsidy exceed € 200 mil., the excess (beyond €200 mil.) shall be covered from the share capital of ETEAN SA (in accordance also with the Articles of Association of ETEAN SA (Law 3912/12)).

As per the figures available as at 31.12.13, the total amount for interest payment under the said program amounted to €204.8 mil.


As also indicated in the notes to the financial statements, the amounts deposited as at 31.12.13 with the Bank of Greece and related to the action “Guarantee and Interest Subsidy of Working Capital Loans for Small and Micro Enterprises”, of a total of €177.66 (including credit interest) are not shown in the statement of financial position or the statement of cash flows.

C) Under Joint Ministerial Decision No. 31654/1415/20.7.2010 (Government Gazette issue B/1262/6.8.10) issued by the Ministers for Finance & Economy, Competitiveness

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& Shipping and Environment, Energy & Climate Change, a Holding Fund was established under the name “Fund for Energy Efficiency in Households” as a separate financing unit within ETEAN SA, for the attainment of the objects of the Operational Programmes in Greece, with respect to the integration of the national energy system and the fostering of sustainability, and energy saving in particular.

ETEAN SA acts as a Beneficiary, within the meaning of Article 2 of Regulation (EC) 1083/2006 and is required to fulfill the obligations under the rules of the Management and Control System implemented.

The total Public Expenditure for the Programme, under the initial and the subsequent Joint Ministerial Decisions, amounts to €548.2 mil.

Out of the said total Public Expenditure, the amount of €363,322,714.25 has been paid as at 31.12.2014 to accounts opened for this purpose with the Bank of Greece.

The amounts deposited with the Bank of Greece and cooperating banks, that are related to this programme, amounting to a total of €251,829,862.63 (including credit interest) are not shown in the statement of financial position or the statement of cash flows.


D) Under Joint Ministerial Decision No. 12017/1245/27.10.10 (Government Gazette issue B/1697/6.8.10) issued by the Ministers for Finance & Economy, Competitiveness & Shipping, a Holding Fund was established under the name “ENTREPRENEURSHIP FUND” as a separate financing unit within ETEAN SA, for the attainment of the objects of the Operational Programmes in Greece, with respect to the improvement of competitiveness of Greek enterprises, in conformance with the provisions of art. 24 of Law 3614/2007.

The total Public Expenditure for the Programme amounts to €540

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mil and the full amount had, as at 31.12.13, been transferred to accounts opened for this purpose with the Bank of Greece.

ETEAN SA acts as a Beneficiary, within the meaning of Article 2 of Regulation (EC) 1083/2006 and is required to fulfill the obligations under the rules of the Management and Control System implemented.

The amounts deposited with the Bank of Greece and cooperating bank, that are related to this programme, amounting to a total of €495,187,191.03 (including credit interest) are not shown in the statement of financial position or the statement of cash flows.

E) Under Joint Ministerial Decision No. 1871/25.10.10 (Government Gazette issue B/1741/5.11.10) issued by the Ministers for Finance & Economy, Competitiveness & Shipping and Rural Development & Food, a Holding Fund was established under the name “ENALIO FUND” as a separate financing unit through ETEAN SA, for the attainment of the objects of the Operational Programmes for Fisheries 2007-2013, and more specifically:

- the improvement of the financial viability of the fishing fleet;
- the improvement of the competitiveness of the sector of aquacultures;
- the growth of viable enterprises in the sector of manufacturing and trade of fishing products;
- the sustainable development of the selected fishing areas.


The Fund and the financial instruments are managed by ETEAN on behalf of the Greek State, in conformance with its internal procedures/operating regulations and on the basis of the institutional framework applicable and the Management and Control System of the Operational Programme for Fisheries 2007-2013.

The total Public Expenditure for the Programme amounts to €35

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mil and the full amount had, as at 31.12.13, been transferred to accounts opened for this purpose with the Bank of Greece.

ETEAN SA acts as a Beneficiary, within the meaning of Article 2 of Regulation (EC) 1198/2006 and is bound to the fulfillment of the obligations under the rules of the Management and Control System implemented.

The amounts that are deposited with the Bank of Greece and cooperating banks, and are related to this programme, amounting to a total of €37,544,113.12 (including credit interest) are not shown in the statement of financial position or the statement of cash flows.

F) Under Joint Ministerial Decision No. 1214/16.02.11 issued by the Ministers for Finance & Economy, Competitiveness & Shipping and Rural Development & Food, the “AGRICULTURAL ENTREPRENEURSHIP FUND” was established for the implementation of the objects of the Programme for Rural Development (2007-2013).

On 15.2.13 the financing agreement between ETEAN SA and the Ministry for Rural Development was signed for the launching of the Fund.

The total Public Expenditure for the Programme amounts to €116,000,000.

The amounts that are deposited with the Bank of Greece and cooperating banks, and are related to this programme, amounting to a total of €114,999,987.10 (including credit interest) are not shown in the statement of financial position or the statement of cash flows.

Furthermore,

- the amounts deposited with the BoG related to action 2.10.2 (of a total amount of €173,122.00) are not shown in the statement of financial position or the statement of cash flows.

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The said amount concerns credit interest, refunds of unutilized subsidy for action 2.10.2, etc.

This amount is not owned by ETEAN SA and, pursuant to instructions given by the Special Management Service of Operational Programme “COMPETITIVENESS AND ENTREPRENEURSHIP” the balance thereof, as it stands from time to time (minimum on a six-month basis), kept in a separate account with the Bank of Greece, shall be transferred to a Greek State account with the Bank of Greece.

ETEAN SA is supervised by the Bank of Greece (BoG); its operation and supervision rules are set out BoG Governor’s Act 2540/27.02.04 (Government Gazette issue 87/A/05.04.04), as applicable following its amendment at the meeting No. 190/26.01.05 (Government Gazette issue 37/A/17.02.05) of the BoG Banking and Credit Committee.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1) Basis of preparation of the financial statements

The accompanying financial statements of the Company were prepared in accordance with the historical cost principle and the going concern principle. As detailed in Note 2.2, the accompanying financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. There are no standards that were applied prior to their effective date. The financial statements are in Euros.


2.2) IFRS Adoption

Under European Legislation 1606/2002 and Law 2190/20 (as applicable), financial institutions having the legal form of a société anonyme (SA) shall prepare their financial statements in accordance with IFRS effective from the annual accounting period beginning after 31 December 2006.

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TEMPME SA, now ETEAN SA, for the first time adopted IFRS for its preparation of the financial statements of the annual accounting period that ended on 31 December 2006, upon a unanimous resolution to this effect passed by the General Meeting of shareholders on 23.03.06.

All revised or newly issued Standards applicable to the company and effective as of 31 December 2013 were used in the preparation of the financial statements of the current year and the comparative financial statements as at 31 December 2012.

2.3) Statutory Financial Statements

The Company keeps its accounting books in conformance with the Greek Business Law (Codified Law 2190/1920) and the applicable tax legislation. The accompanying annual financial statements are based on the financial statements prepared by the Company in accordance with the applicable tax law, on which all appropriate off-balance-sheet entries have been made in order to be conformant with IFRS.

2.4) Use of estimations

The preparation of the financial statements in accordance with IFRS requires of Management to make estimates and assumptions that have an impact on asset items, liabilities items and the statement of comprehensive income, as well as disclosures of contingent assets and liabilities as at the date of preparation of the financial statements. However, the actual figures (results) may differ from such estimates. The areas involving a higher degree of judgment, as well as the areas where assumptions and estimates are important for the financial statements, are highlighted in the section “Important estimates and judgments by Management” in note 3.14.

2.5) Approval of the financial statements

The Board of Directors approved the publication of the accompanying financial statements in its session dated

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These financial statements shall be finalized upon a resolution to this effect by the Ordinary General Meeting.

2.6) New, amended standards, interpretations and improvements

(a) New standards, amendments and improvements to existing standards

The accounting principles followed by the company in the preparation of the annual financial statements have been consistently applied having also regard to the following amendments to the International Accounting Standards issued by the International Accounting Standards Board (IASB), adopted by the European Union, of a mandatory nature effective as from 1.1.2013:


- Amendment of International Financial Reporting Standard 1 “Government Loans” (Regulation 183/4.3.2013)

On 13.3.2012 the International Accounting Standards Board issued an amendment to IFRS 1 under which, upon first-time adoption of the International Accounting Standards, an entity shall not retrospectively apply the requirements of IFRS 9 (or IAS 39) and IAS 20 with respect to government loans existing at the date of transition to IFRSs and therefore shall not recognize the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, if such loan had not been recognized and accounted for, prior to transition to IFRSs, in a manner consistent with IFRSs, the company shall consider that its book value at the transition date is the book value of such loan on the basis of the previously applied accounting standards. However, a company upon its first-time adoption of the IFRSs may, by exception, choose to retrospectively apply IFRS 9 (or IAS 39) and IAS 20 for the government loans granted prior to

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the time of such transition, provided the information needed to do so had been obtained at the time of initially accounting for those loans.

This amendment is not applicable to the financial statements of the company.

- Amendment of International Financial Reporting Standard 7 “Disclosures – Offsetting financial assets and financial liabilities” (Regulation 1256/13.12.2012)

On 16.12.2011 the International Accounting Standards Board released the amendment of IFRS 7 on offsetting financial assets and financial liabilities. The amendment adds disclosure requirements both for all recognized financial instruments that are set off in accordance with the relevant provisions of IAS 32 and for those that are subject to an enforceable master netting agreement or similar contract, irrespective of whether the setoff criteria in IAS 32 are met.

This amendment is not applicable to the financial statements of the company.


- Amendment of International Financial Reporting Standard 10 “Consolidated Financial Statements”, International Financial Reporting Standard 11 “Joint Arrangements” and International Financial Reporting Standard 12 “Disclosure of Interests in Other Entities”: Transition provisions (Regulation 313/4.4.2013)

On 28.06.2012 the International Accounting Standards Board released an amendment to the provisions on transition to the above standards. It is clarified that “first adoption date” is the beginning of the annual period to which IFRS 10 is applied for the first time. If the conclusion with respect to the consolidation or non consolidation of an entity at the first adoption date is different than as imposed by the provisions of IAS 27 and

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Interpretation 12, there is a requirement for retrospective adjustment for only the immediately preceding comparative period. The presentation of retrospectively adjusted information for previous periods is optional. A similar exception with respect to the presentation of adjusted information for comparative periods is also afforded in the amended transition provisions of IFRS 11 and 12. Furthermore, disclosures with respect to non consolidated structured entities are not mandatory for any comparative period prior to the first adoption of IFRS 12.

This amendment is not applicable to the financial statements of the company.

- Amendment of International Accounting Standard 1
“Presentation of Items of Other Comprehensive Income”
(Regulation 475/5.6.2012)

On 16.6.2011 the International Accounting Standards Board released an amendment to IAS 1 which had no financial impact, however it brought about changes in the presentation of the Statement of Comprehensive Income. More specifically, the items of other comprehensive income are grouped into those that will be reclassified subsequently to profit or loss when specific conditions are met and those that will not be reclassified subsequently to profit or loss; the corresponding tax is also presented separately for each of the above groups.


- Amendment of International Accounting Standard 19
“Employee benefits” (Regulation 475/5.6.2012)

The International Accounting Standards Board released on 16.6.2011 the revised text of IAS 19. The main impact of such revision is the abolition of the option to defer actuarial gains and losses (corridor approach). Actuarial gains and losses should now be recognized in other comprehensive income without the option to reclassify them in profit or loss in a subsequent period.

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Moreover, pursuant to the revised standard, interest on the net defined benefit liability (asset), which is recognized in profit or loss, shall be determined by multiplying the said net liability (asset) by the discount rate used to discount the post-employment benefit obligation, as determined at the beginning of the reporting period and having taken into account any changes in the net liability (asset). The difference between the actual return on assets of the plan and its part that has been included as interest on the net defined benefit liability (asset) is recognized in other comprehensive income without the option to reclassify it in profit or loss in a subsequent period.

- Amendment of International Accounting Standard 27
“Separate financial statements” (Regulation 1254/11.12.2012)

On 12 May 2011 the International Accounting Standards Board amended and renamed IAS 27 that now addresses the accounting principles for participating interests in subsidiaries, joint ventures and associates, as well as the related disclosures, in the investor’s separate financial statements. The new standard does not bring about any material changes to the respective provisions with regard to separate financial statements of the standard to be abolished, IAS 27 “Consolidated and separate financial statements”, and retains the option for participating interests to be accounted for either at cost or at their fair value in accordance with IAS 39 (or IAS 9 if applicable).

This amendment is not applicable to the financial statements of the company.


- Amendment of International Accounting Standard 28
“Investments in associates and joint ventures” (Regulation 1254/11.12.2012)

On 12 May 2011 the International Accounting Standards Board amended and renamed IAS 28 to “Investments in associates and

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joint ventures”. IAS 28 now addresses the concept of the associated company and the accounting of participating interests in associates and joint ventures under the equity method. All companies exercising jointly control over a joint venture or having significant influence over an associate shall apply the equity method, except for venture capital organizations, mutual funds, unit trusts and similar undertakings including investment-linked insurance funds, which have the option to account for their investments in associates or joint ventures at fair value in profit or loss pursuant to IAS 39 (or IFRS 9). Other than the addition of the joint ventures, the new IAS 28 brings no material changes with respect to the definition of an associate or to the practical application of the equity method. Due to the adoption of the said amendment, joint ventures are no longer consolidated under the proportionate consolidation method but are accounted for under the equity method. It is pointed out that under Regulations 1254/11.12.2012 and 313/4.4.2013 for the adoption of the said new standards and amendments, their effective date is, by the latest, the annual period beginning on or after 1.1.2014.

This amendment is not applicable to the financial statements of the company.


- Amendment of International Financial Reporting Standard 10 “Consolidated Financial Statements”, International Financial Reporting Standard 12 “Disclosures of interests in other entities” and International Accounting Standard 27 “Separate Financial Statements”: Investment Entities (Regulation 1174/20.11.2013)- Effective for annual periods beginning 1.1.2014

On 31.10.2012 the International Accounting Standards Board issued the above amendment containing the definition of “investment entities” and excepting such entities from the

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obligation to consolidate entities under their control. More specifically, an investment entity shall not consolidate its subsidiaries and shall not apply IFRS 3 when acquiring control over another entity, but shall measure its investments in subsidiaries at their fair value in profit or loss under IFRS 9. Excepted are subsidiaries that are not owned for profit but rather for the provision of services relevant to the business of the investment entity. It is however clarified that the parent of an investment entity, which shall not itself be considered an investment entity as well, shall consolidate all entities under its control, including those controlled via the investment entity.

This amendment is not applicable to the financial statements of the company.

- Amendment of International Accounting Standard 32 “Offsetting financial assets and financial liabilities” (Regulation 1256/13.12.2012). Effective for annual accounting periods beginning 1.1.2014

On 16.12.2011 the International Accounting Standards Board issued the amendment to IAS 32 with respect to the offsetting of financial assets and financial liabilities. The amendment of IAS 32 has to do with additional guidance with respect to when this offsetting is allowed.

This amendment is not applicable to the financial statements of the company.

- Amendment of International Accounting Standard 36 “Disclosures on the recoverable amount of non financial assets” (Regulation 1374/19.12.2013); effective for annual accounting periods beginning 1.1.2014

On 29.5.2013 the International Accounting Standards Board issued an amendment to IAS 36 abolishing the disclosure requirement, under IFRS 13, of the recoverable amount for all

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cash-generating units containing significant part of goodwill or intangible assets with indefinite useful lives irrespective of any impairment recognized. Furthermore, new disclosure requirements are added, as follows:

- the recoverable amount of an asset (a cash-generating unit) for which impairment loss has been recognized or reversed in the reporting period;
- when the said recoverable amount has been determined as the fair value less cost of sale, the level of the fair value hierarchy;
- for fair value measurements categorized in hierarchy “level 2” and “level 3”, the valuation techniques and the key assumptions used for their determination, as well as the discount rate used when fair value less cost of sale was calculated using a discounted cash flow projection technique.

- Amendment of International Accounting Standard 39 “Novation of derivatives and continuation of hedge accounting” (Regulation 1375/19.12.2013). Effective for annual accounting periods beginning 1.1.2014

On 27.6.2013, the International Accounting Standards Board issued an amendment to IAS 39 which provides an exception for the requirement of discontinuation of hedge accounting when the hedging instrument expires, is sold, is discontinued or exercised. More specifically, the exception is provided in case the over-the-counter derivative contract designated as a hedging instrument is novated to a central (clearing) counterparty and such novation meets all the following conditions:

- is a consequence of laws or regulations
- the parties agree to the replacement of the original counterparty with a new central clearing counterparty for both parties

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- specifies no changes to the original terms other than the changes directly related to the novation of the counterparty (collaterals, rights to offset and transaction fees).

This amendment is not applicable to the financial statements of the company.

NEW STANDARDS

- International Financial Reporting Standard 10 “Consolidated Financial Statements” (Regulation 1254/11.12.2012”

On 12 May 2011 the International Accounting Standards Board released IFRS 10 “Consolidated Financial Statements”. The new standard addresses the principles governing the presentation and preparation of consolidated financial statements when a financial entity controls one or more other financial entities. The main change brought about by IFRS 10 is a new definition for ‘control’, that now is the only consolidation criterion irrespective of the nature of the entity considered for consolidation. Upon the release of IFRS 10 the provisions of IAS 27 “Consolidated and separate financial statements” and Interpretation 12 “Consolidation of Special Purpose Entities” are abolished.

Under the new definition, an investor has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the said entity and is able to affect those returns through its power over the entity. Therefore, an investor controls an entity only if possessing all of the following elements:

1. power over the entity
2. exposure, or rights, to variable returns from its involvement with the entity, and
3. ability to exert power over the entity to affect the amount of the investor’s returns.

Power is described as having existing rights that afford the ability to direct the “relevant” activities of the entity, i.e. those that

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significantly affect the entity's return. The investor's returns are considered variable as they may vary consequent to the performance of the entity. Even though only one investor may control the entity, more than one parties may participate in its returns. Control should be reviewed when events and circumstances indicate that there are changes to one or more of the above elements.

IFRS 10 provides guidance with respect to the application of the control principle under various circumstances, e.g. in cases where control is determined by voting rights, when voting rights are not the main criterion for judging control, when control is exercised through a representative or when control covers only specific assets of another entity. Furthermore, IFRS 10 contains the accounting principles for the preparation and presentation of consolidated financial statements, that in essence reiterate without any change the respective principles currently applicable under IAS 27 "Consolidated and separate financial statements", that is amended accordingly.

This amendment is not applicable to the financial statements of the company.

- International Financial Reporting Standard 11 "Joint Arrangements" (Regulation 1254/11.12.2012)

On 12 May 2011 the International Accounting Standards Board released IFRS 11 "Joint Arrangements" addressing the accounting for interests in businesses that are under joint control ("Joint arrangements") in the financial statements of the parties thereto. Joint control exists when decision-making with respect to the "relevant activities" of arrangement involves unanimous consent by the controlling parties. IFRS 11 provides two types of joint arrangements, the "joint operations" and the "joint ventures". Classification depends on the rights and obligations of the parties



to such arrangement. More specifically, in joint operations the parties that have joint control over the arrangement have rights to the assets and obligations for the liabilities of the arrangement; in joint ventures they have rights to the net assets of the arrangement. The parties having joint control in joint operations shall recognize in their consolidated and separate financial statements their share in the individual assets and liabilities and the profit or loss out of such joint operation. The participation in a joint operation by parties not sharing control but having rights to assets or having assumed liabilities of such joint operation is recognized in the same manner. The parties sharing control in a joint venture (joint venturers) recognize their participation as investment under the equity method, pursuant to IAS 28 “Investments in Associates and Joint Ventures”. The option to proportionate consolidation of joint ventures is abolished. In the case of a party having an interest but no joint control in a joint venture, such interest shall be accounted for pursuant to IAS 39 (or IFRS 9 if applicable), unless such party has significant influence over the joint venture, in which case the equity method shall be applied.

Upon the release of IFRS 11, IAS 31 “Interest in joint ventures” and Interpretation 13 “Jointly controlled entities – non monetary contributions by joint venturers” are abolished.


- International Financial Reporting Standard 12 “Disclosures on interests in other entities” (Regulation 1254/11.12.2012)

On 12 May 2011 the International Accounting Standards Board released IFRS 12 that specifies the disclosures to be made by the reporting entity with respect to its interest in other entities. Interest in another entity is understood as the contractual or non contractual involvement that exposes the reporting entity to variable returns from the activity of another entity. IFRS 12

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contains the disclosures to be made depending on the nature of the interest in another entity, and more specifically for: a) subsidiaries, b) joint arrangements, c) associates, and d) non consolidated structured entities. Structured entities are understood as those entities designed so that voting rights are not the dominant factor in deciding who controls the entity (e.g. the relevant activities are directed by means of contractual arrangements). IFRS 12 is not applicable to the separate financial statements prepared in accordance with IAS 27, except when the reporting entity is exposed to non consolidated structured entities and only prepares separate financial statements.

This amendment is not applicable to the financial statements of the company.

- International Financial Reporting Standard 13 “Fair value measurement” (Regulation 1255/11.12.2012)

On 12.5.2011, the International Accounting Standards Board issued IFRS 13 which:

- i. Defines the fair value
- ii. Establishes a single framework for measuring fair value
- iii. Requires specific disclosures about fair value measurements

- International Financial Reporting Standard 9: “Financial instruments”

On 12.11.2009 the International Accounting Standards Board issued IFRS 9: Financial instruments. The new standard was released in the context of the first phase of the project for the revision of IAS 39 and in this respect, in the present first phase, its scope includes the classification and accounting of financial instruments included in assets. Under the new standard, financial assets must, at initial recognition, be classified under only two categories, the ones to be subsequently measured at the amortised

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cost and the ones to be subsequently measured at fair value, on the basis of both:

- i. the business model for managing these assets, and
- ii. the contractual cash flow characteristics of the assets

In addition, IFRS 9 allows, at initial recognition, that investments in equity instruments be classified as fair value through other comprehensive income (in the financial position statement). This option is available only when the investment is not held for trading. Also, with respect to embedded derivatives, in cases where the host contract falls under the scope of IFRS 9, the embedded derivate should not be separated, and the accounting for the hybrid contract shall be based on the above provisions on the classification of financial instruments. Also, on 28.10.2010 the International Accounting Standards Board issued its revised requirements with respect to the classification and measurement of financial liabilities. Under the new requirements, incorporated in the text of IFRS 9, in the case of financial liabilities that an entity elects at initial recognition to measure at fair value through profit or loss, the change in fair value shall be presented in profit or loss, except for the amount attributable to the change in the entity's own credit risk which shall be presented in other comprehensive income. Finally, on 19.11.2013, the International Accounting Standards Board issued new requirements for hedge accounting. The new requirements are more in line with the entity's risk management while the main changes compared to the existing provisions of IAS 39 can be summarized as follows:

- the number of items that can form part of a hedging relationship, either as hedging instruments or as hedged items, is broadened;
- the 80%-125% range which, under the existing provisions must be met, in order for a hedge to be judged as effective. Hedge effectiveness is now tested progressively, while under specific

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circumstances a qualitative assessment is sufficient.

- when a hedge relationship has stopped being effective however the risk management objective for the hedging relationship has not changed, the entity is required to rebalance the hedge ratio in order to satisfy the effectiveness criteria.

It is noted that the new requirements do not include those referring to open dynamic portfolio hedging (macro hedging) that are not yet finalized. Also, further to the new provisions on hedge accounting, the text released on 19.11.2013:

- affords entities the option to adopt the above requirements of IFRS 9 concerning the accounting of financial liabilities that the entity elected, at initial recognition, to measure at fair value through profit or loss, in advance of the adoption of the other requirements of IFRS 9;

- removes 1.1.2015 as the mandatory effective date for the standard (this date had been set in the amended text of IFRS 9 issued on 16.12.2011); no new mandatory effective date is set;

Other than the above amendments, the issue of IFRS 9 has led to the amendment of other standards and mainly IFRS 7 to which new disclosure requirements have been added. It is noted that the finalization of the texts relevant to impairment methodology is still pending in order for IFRS 9 to be completed.

- International Financial Reporting Standard 14: “Regulatory deferral accounts”. Effective for annual periods beginning 1.1.2016

On 30 January 2014 the International Accounting Standards Board issued IFRS 14. The new standard addresses the accounting and disclosures required for regulatory deferral accounts that under local law must be kept and recognized when an entity provides products or services at a price or rate which is regulated by a regulatory body. IFRS 14 affords, by exception, such entities

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the option to capitalize rather than expense the relevant items.
This amendment is not applicable to the financial statements of the company.

3 MAIN ACCOUNTING PRINCIPLES

The main accounting principles adopted in the preparation of the accompanying financial statements are as follows:

3.1) Revenue recognition

Revenues are recognized so far as it is probable that the economic benefits shall flow to the entity and the relevant amounts can be reliably measured. Revenues are accounted for on an accrual basis. The below mentioned specific recognition criteria must also be met upon recognition of a revenue item.

Commissions for the provision of guarantees and counter-guarantees

Commissions for the provision of guarantees and counter-guarantees are accounted for with reference to the transaction completion date as at the balance sheet date, when the transaction result can be reliably estimated and provided the guaranteed loan has been concluded and disbursed.

The recognition of a revenue item with reference to the transaction completion stage is referred to as the percentage-of-completion method. Under the said method, the revenue item is recognized in the accounting periods in which the services are rendered.

The degree of completion of a transaction is determined with reference to the services executed by the date of the present period, as a percentage on the total of services to be executed.

Interest

When unpaid interest has accrued before the acquisition of an interest-bearing investment, an interest-bearing investment



incorporates interest accrued upon acquisition, the subsequent receipt of interest is allocated between pre-acquisition and post-acquisition periods. Post-acquisition interest is presented as revenue, while pre-acquisition interest is deducted from acquisition cost.

3.2) Tangible Fixed and Intangible Assets

Plant in third party property, furniture and equipment were accounted for at their acquisition cost less accumulated depreciation and any provisions for impairment. Repair and maintenance are presented in the expenses of the period in which they are incurred.

The cost and accumulated depreciation of a fixed asset are written off upon the sale (disposal) thereof or retirement from active use or when no further economic benefits are expected from its continuing use. The profit or loss resulting from the writing off of a fixed assets is reported in the profit or loss of the accounting period in which the said fixed asset is written off.

Software programs refer to the cost of purchase or internal development of software, such as cost of personnel, materials, services as well as any expense incurred during the software development in order for the software to become operational. Costs incurred for enhancing or expanding the performance of software programs beyond their original specifications are recognized as capital expenditures and added to the software initial cost.

3.3) Depreciation

Depreciation is calculated using the straight-line method with coefficients that reflect the useful lives of the relevant fixed assets.

The estimated useful life, for each category of fixed assets, is as follows:

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Buildings and plant	15 years
Furniture	10 years
Telecom equipment	8 years
Fixtures	8 years
Other equipment	8 years
Office machines	5 years
Computers	5 years

Intangible assets refer to software programs and their estimated useful life is 5 years.

3.4) Financial instruments

The financial assets comprise available funds, receivables under commissions for the provision of guarantees and counter-guarantees, receivables from other credit institutions, other receivables as well as guarantees provided to credit and financial institutions in favor of small and micro enterprises, which are indicated in note 31 as contingent liabilities and commitments. The financial liabilities comprise short-term liabilities. Financial instruments are reported as receivables, liabilities or equity items, with reference to the substance and the content of the relevant underlying contract.

Interest, revenue, profit or loss resulting from financial products designated as receivables or liabilities are accounted for as income or expense, respectively. Dividend distribution to shareholders is debited directly in equity. Financial instruments are setoff when the Company has a legally enforceable right to offset and an intention to settle net or settle simultaneously (realize the asset and settle the liability at the same time). The Company does not use derivative financial products for risk hedging.


3.5) Asset Impairment

i) Non financial assets

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The carrying values of long-term asset items are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When the carrying value of an asset exceeds its recoverable amount, the relevant impairment loss is presented in the profit-and-loss account.

An asset's recoverable value is determined as being the higher of the asset's net sale price and its value in use. The net sale price is the amount that can be obtained from the sale of an asset in an at arm's length orderly transaction between informed and willing parties, after deducting any additional direct cost for the disposal of the asset, while the value in use is the net present value of future cash flows expected to be derived from the continuing use of an asset and from the revenue expected to be obtained from its disposal at the end of its estimated useful life.

ii) Financial assets

The company, at each reporting date, assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The financial assets that are subject to test for impairment (when there is evidence to this effect) are assets accounted at (acquisition) cost, assets at amortized cost (long-term liabilities) and investments available for sale.

3.6) Receivables

Short-term receivables are reported at their face value.

At each balance sheet date all overdue or doubtful debts are assessed in order to determine whether it is necessary to form a provision for doubtful debts. The balance of the provision for doubtful debts is appropriately adjusted at each balance sheet closing date in order to reflect possible related risks.

Company policy dictates that no claim be written off unless and until all legal actions and steps for recovery have been exhausted.

**3.7) Available Cash**

The company considers cash and deposits with the Bank of Greece as its available cash. For the purposes of preparation of the statement of cash flows, cash and cash equivalents are understood as including, in addition to the above, the demand deposits with credit institutions as well as term deposits of a term of up to 3 months.

3.8) Employee retirement benefits

The obligation for personnel pension benefits after retirement is covered by a state insurance provider (Social Security Institute-IKA). Employers and employees contribute to it on a monthly basis. This is a defined contributions plan for the employer.

Under Greek labor law, employees are entitled to compensation in case they leave the company; the amount of such compensation is determined with reference to the amount of their salary, years of service with the Company and reason for leaving the Company (dismissal or retirement).

In case of resignation or termination for cause this entitlement is not applicable.

The amount payable upon retirement is 40% of the amount paid in case of wrongful dismissal. This is a defined benefits plan for the employer and it is not funded.

This obligation is determined on the basis of the projected unit credit method, the same as in the previous annual accounting period.

A defined benefits plan defines, on the basis of parameters such as age, years of service and salary, the defined obligations for payable benefits.

The provisions for this year are included in the cost of personnel in the accompanying income statements and consist in the current service cost, the relevant financial cost, actuarial gains or losses

recognized and any additional surcharges.

Actuarial gains and losses are reported as income or expense when the accumulated actuarial gains or losses separately for each plan exceed 10% of the higher of the defined benefit obligation and the actual value of the plan assets. These gains or losses are systematically reported over the anticipated average remaining service lives of employees participating in the plan.

Current (short-term) benefits to personnel, in cash and in kind, are reported as expense when accrued.

3.9) State Insurance Plans

Company personnel are covered by IKA (Social Security Institute), a fund granting pension and healthcare benefits. Every employee is required to contribute part of his/her monthly salary to IKA, while a part of the total contribution is covered by the Company. Upon retirement, the pension fund is responsible for payment of retirement benefits to retired employees. Consequently, the Company has no legal or constructive obligation with respect to payment of future benefits under this plan.

3.10) Income tax (current and deferred)

The provision for the year's income tax in the profit and loss account comprises the income tax for the current year based on the profit or loss of the company, following adjustment, by applying the applicable tax rate, and also the deferred income tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authorities (or be recovered from them), using the tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax is calculated under the liability method for each temporary difference, resulting from the difference between the tax base of an asset or liability and its

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carrying amount in the financial statements. No deferred tax-liability is recognized if it is not probable that the expected taxable gains are to be had in the near future. For transactions recognized directly in equity, the respective tax effect is also recognized in equity.

The carrying amount of deferred tax assets is revised at each balance sheet date and is reduced to the extent that it is not expected that there shall be sufficient taxable gains against which part or the total of the deferred tax assets can be utilized.

Deferred income taxes are calculated at the tax rates expected to be applicable at the time the tax liability is settled or the tax asset is realized.

3.11) Provisions and Contingent Liabilities/Assets

Provisions are recognized when the company has present legal or constructive obligations as a result of past events, their settlement shall possibly require the usage of resources and the exact amount thereof can be reliably estimated. The Company reassesses the need to form provisions at the end of each annual reporting period and adjusts them in order to reflect the best possible estimations.

Contingent liabilities are not recognized in the financial statements, they are disclosed though, unless the possibility of resource outflow is minimal in which case they are not reported. Contingent assets are not recognized in the financial statements but are disclosed if it is possible that economic benefits shall flow to the Company.

The provisions shall be utilized only for the purpose for which they are originally formed.

3.12) Leases

Leases under which all risks and rewards incidental to ownership of a leased asset lie with the lessor are posted as operating leases. In the case of operating leases, the Company, being the lessee,

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does not recognize the leased fixed asset as an asset and the operating lease rents for the reporting period are recognized in the expenses in the income statement on a consistent basis over the term of the lease, on an accrual basis.

3.13) Distribution of dividends

The distribution of dividends to the shareholders of the company is reported as a liability in the financial statements upon the approval of the competent authority and pursuant to a relevant provision in article 30 of Law 2579/98.

3.14) Important estimates and judgments by Management

Allowance (provisions) for doubtful debts

The Company makes provision for impairment of the value of receivables when data or indications exist that suggest that the collection of a receivable account, in full or any part thereof, is not probable. Management periodically reviews the adequacy of its allowance for doubtful debts based on its assessment of historical data and recent developments.

Provisions for guarantee forfeitures

The Company forms provisions for forfeitures of guarantees given to Banks and financial institutions in favor of Micro, Small and Medium-Sized Enterprises for backing their liabilities under credit facilities of all types, such as loans, discounting of business receivables, financial leases, hybrid financing. Management periodically reviews the adequacy of its allowance for guarantee forfeitures on the basis of reliable methods (see note 17 below).


Provision for income tax

Pursuant to the provisions of IAS 12 the provision for income tax is calculated by estimating the tax to be paid to taxation authorities and includes the current income tax for each yearly accounting period and a provision for additional tax that may result under a future tax audit. The final tax assessment may be

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different than the amounts recognized in the financial statements of the Company, and these differences will impact the income tax and the provisions for deferred taxes.

Assessment of the useful life of fixed assets

Management reviews the useful lives of tangible and intangible fixed assets of the Company and its estimates are reviewed on an annual basis as a minimum, having regard to the prevailing market conditions.

Contingent liabilities

The Company periodically reviews the status of each significant case in litigation and assesses the possible risk on the advice of its legal counselors. If a loss under any litigation and legal case is probable and the amount can be reliably estimated, a liability is recognized for the relevant loss. Significant degree of judgment is to be exercised by Management in both its assessment of the probability and its determination as to the reliability of the estimate to be made.

Provisions for employee benefits

Personnel retirement benefits are calculated at the discounted present value of future benefits that will have accrued at the end of the annual reporting period, based on the assumption that these are earned by the employees uniformly over the period of service. Liabilities for these benefits are calculated on the basis of financial and actuarial assumptions requiring Management's exercise of best judgment with respect to discount rates, salary increase rates, mortality and disability rates, retirement age and other factors. Changes in these main assumptions may significantly impact the relevant obligation and the relevant costs of each period. The net cost for the period is comprised of the present value of earned benefits, discounting of the future obligation, past service cost and actuarial gains or losses. Given the long-term nature of such defined benefits plans, these

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assumptions are subject to a significant degree of uncertainty.

3.15) Fair value measurement

The fair value of financial instruments traded in active markets (stock exchanges) is measured from the quoted prices applicable as at the balance sheet date.

The fair value of financial instruments not traded in active markets is measured using valuation techniques and employing methods and assumptions based on market data as at the Balance Sheet date.

The fair values of receivables and liabilities are their face values appropriately adjusted to reflect the time value of money and credit risk related estimated losses.

3.16) Investments and other financial assets

(Primary) financial assets falling under, and regulated by the provisions of IAS 39 are classified on the basis of their nature and characteristics under one of the following four categories:

- a) financial assets at fair value through profit or loss;
- b) held to maturity investments;
- c) loans and receivables, and
- d) available for sale financial assets.

The said financial assets are initially recognized at their acquisition cost representing the fair value plus, in certain cases, directly attributed acquisition/transaction cost.

The above financial assets are classified after initial recognition and such classification is, when so permitted, periodically reviewed and possibly revised.

(i) financial assets at fair value through profit or loss:

No such assets exist.

(ii) receivables and loans:

Receivables under the company activities are measured at the original book value (if there is no stated interest rate) if the effect

of discounting at a constructive rate is immaterial.

(iii) held-to-maturity investments

these are non derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the intention and the ability to hold to maturity.

(iv) available-for-sale financial assets

No such assets exist.

3.17) Business Segments

The Board of Directors is the operating decision maker. The Board of Directors utilizes available internal reporting for the purpose of assessing performance and resource allocation. The Company conducts its activities in Greece and provides guarantees for which a commission is collected.

4. FINANCIAL RISK MANAGEMENT

Given the nature of its operations, the Company is exposed to certain risks. The risk management policy implemented by the Company focuses on minimizing the impact of unforeseeable developments in the guarantees granted.

Risk management is effected observing specific rules set by Management that provides instructions and guidance on general risk management as well as specific instructions for the management of specific risks such as credit risk.

- Financial risk factors

The Company is exposed to certain financial risks such as credit risk, liquidity risk and risk of change of the value of bonds held.

(a) Credit risk

Given the nature and the object of the corporate business exposure to credit risk is extensive.

Credit risk results from the possibility that the enterprises (in favor of which the company has vouched to the Banks and financial institutions) may default on their contractual obligations

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to the lending banks and financial institutions. For the management of the credit risk under mid- and long-term investment loans the company has developed a comprehensive evaluation/rating system for the credit standing (solvency) of the applicant enterprises, via which the company assesses, among others, its exposure to credit risk in the case of each enterprise separately.

The credit standing of the enterprises is evaluated by individual risk assumption committees.

The credit standing evaluation involves an assessment of, among others, the financial viability of the enterprise concerned (business course, financial results), various financial indices (such as e.g. turnover to debt, debt service coverage ratio, liquidity etc.) as well as quality and industry-related criteria.

In addition to such assessment, the guarantee instruments specify special conditions as prerequisites to the guarantee provided.

(b) Liquidity risk

The applicable Bank of Greece's Governor Act sets out specific criteria for determining the liquidity of the company. More specifically it is stipulated that the placements by ETEAN SA as well as its cash and cash equivalents (deposited in conformance with the rules applicable to investments, as set out in the BoG Governor's Act) should not be less than 20% of its guarantees in effect (i.e. guarantees for loans disbursed by 31.12.2013).

The liquidity ratio of the company as at 31.12.2013 amounted to 327.41%, as shown below:

Liquidity	<u>31.12.2013</u>	<u>31.12.2012</u>
Total Cash and Cash Equivalents ¹	1,172,282,720.47	1,163,197,951.25
Total active guarantees for loans and financial leases	<u>358,043,050.78</u>	<u>585,298,181.89</u>
Liquidity Ratio	327.41%	198.70%

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(1) Cash and Cash Equivalents are understood as including the Greek Government Bonds of a current value of EUR 742.1 mil. as at 31.12.13.

5. CAPITAL ADEQUACY

The Company is required to apply the Bank of Greece regulations with respect to its capital adequacy.

The applicable criteria are defined in the relevant BoG Governor's Act and impose that a Capital to Risk (Weighted) Assets Ratio of no less than 10% be maintained – this ratio is defined as the ratio of capital to assets and off-balance-sheet items.

The capital adequacy ratio as at 31.12.2013 amounted to 326.07%, as shown below:

<u>Capital Adequacy</u>	<u>31.12.2013</u>	<u>31.12.2012</u>
Total Regulatory Capital	965,279,334.57	959,156,631.98
Total risk weighted assets and off-balance-sheet items	296,036,472.23	394,955,513.49
Liquidity Ratio	326.07%	242.85%

Equity is understood to include Greek Government Bonds (see note 12).

6. SEGMENT REPORTING

As already mentioned, the Company conducts its activities in Greece, consisting in the provision of guarantees for commission and furthermore the Company manages projects co-financed by NSRF and Holding Funds offering rollover financial products through the Banks.

7. CASH & BALANCES WITH THE CENTRAL BANK

The Cash and Balances of the Company are broken down as follows:

	<u>31.12.2013</u>	<u>31.12.2012</u>
- Deposits with the Bank of Greece	176,280,310.45	320,167,274.65
- Cash	593.03	221.54

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TOTAL 176,280,903.48 320,167,496.19

The company keeps with the Bank of Greece (Division of State Operations/Department of Public Organizations) an interest-bearing account within the Common Fund of Public Entities and Social Security Organizations pursuant to the provisions of art. 9, para. 6, of Law 3297/04.

This account is kept pursuant to the provisions of Law 2469/97.

8. TANGIBLE FIXED AND INTANGIBLE ASSETS IN USE

Movements in tangible fixed and intangible assets during the reporting period are broken down as follows:

	Plant	Furniture & other equipment	Intangible assets	Total
Acquis. value 01.01.2012	12,685.38	385,638.68	738,991.49	1,137,315.55
Additions	10,775.30	32,693.39	63,773.25	107,241.94
Disposals/Write-offs				
Other transfers				
Acquis. value 31.12.2012	23,460.68	418,332.07	802,764.74	1,244,557.49
Accumulated depreciation, 01.01.2012	11,682.92	208,897.64	545,844.25	766,424.81
Impairment	545.04	42,651.31	48,041.84	91,238.19
Disposals/Write-offs				
Other transfers				
Accumulated depreciation, 31.12.2012	12,227.96	251,548.95	593,886.09	857,663.00
Net book value 31.12.2012	11,232.72	166,783.12	208,878.65	386,894.49
Acquis. value 01.01.2013	23,460.68	418,332.07	802,764.74	1,244,557.49
Additions	246.00	184,868.89	145,478.00	330,592.89
Disposals/Write-offs				
Other transfers				
Acquis. value 31.12.2013	23,706.68	603,200.96	948,242.74	1,575,150.38
Accumulated depreciation, 01.01.2013	12,227.96	251,548.95	593,886.09	857,663.00
Impairment	787.99	60,098.54	67,711.74	128,598.27
Disposals/Write-offs				
Other transfers				
Accumulated depreciation, 31.12.2013	13,015.95	311,647.49	661,597.83	986,261.27
Net book value 31.12.2013	10,690.73	291,553.47	286,644.91	588,889.11

Details on the treatment of fixed assets are given in note 3.2 & 3.3 above

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9. RECEIVABLES FOR COMMISSIONS UNDER GUARANTEES & COUNTER-GUARANTEES

	<u>31.12.2013</u>	<u>31.12.2012</u>
Receivables for commissions under the provision of guarantees	930,556.47	1,010,968.89

As per the standing policy adopted by the Company, commissions income from the provision of guarantees is accounted for on a monthly, quarterly or six-monthly basis in line with the time of loan interest computation by the banks and on the basis of the relevant statements of fees charge and remittance transmitted to the Company by the Banks.

Receivables from commissions are accounted for on an accrual basis.

Receivables from guarantee commissions rank on the basis of the time they become overdue within the reporting year.

The Company forms provisions for the impairment of receivables when well-founded evidence exists that the full amount of its receivables will not be collected.

When a receivable item is judged as uncollectable and all legal collection measures have been exhausted, such receivable is written-off against the respective provision. Subsequent revivals of written-off receivables are recognized in the income statement, with reduction of the provisions for impairment of assets. If it is judged that the recognized provision for asset impairment is overstated, it is reduced and this reduction is accounted for in increase of the year's results.

10. OTHER ASSET ITEMS


	<u>31.12.2013</u>	<u>31.12.2012</u>
- Taxes advanced & withheld ⁽¹⁾	1,230,055.87	142,538.34
- Receivables from the State ⁽²⁾	2,020,981.07	2,020,981.07
- Earned interest income (BoG depos.)	754,884.02	4,165,517.51
- Advances for benef. of discussion ⁽³⁾	1,653,955.20	1,653,955.20

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- Earned income, Funds Manag't	1,464,873.59	562,285.64
- Other receivables	<u>447,483.51</u>	<u>1,505,754.19</u>
TOTAL	7,572,233.26	10,051,031.95

(1) The amount of € 1,230,055.87 is broken down as follows:

- € 142,538.34 regards prior year's income tax advance
- € 1,087,517.53 regards interest income tax withheld at source (time deposits interest)

(2) The amount of € 2,020,981.07 is broken down as follows:

- €2,004,337.11 regards an income tax reimbursement claim for TEMPME SA (overpayment of income tax in FY 2008)
- € 16,643.96 regards a claim for unduly paid income tax on the emoluments of former BoD members of TEMPME SA, which (emoluments) were not approved retroactively by the General Meeting.

(3) Pursuant to the provisions of Joint Ministerial Decision 12882/867/25.7.03, as applicable, for programmes in the period 2004-2008 in case of termination of the loan agreement by the Bank and when the right to the benefit of discussion is exercised, the Company pays an advance to the Bank corresponding to 20% of its guarantee, as calculated at the day of loan agreement termination, with reference to the debt of the enterprise and the percentage of its guarantee.

11. RECEIVABLES FROM CREDIT INSTITUTIONS

	<u>31.12.2013</u>	<u>31.1.2.2012</u>
Demand deposits	142,857.84	1,194,455.06
Term deposits ⁽¹⁾	252,700,000.00	100,000,000.00
Earned deposit interest income	<u>1,005,959.15</u>	<u>0.00</u>
	253,848,816.99	101,194,455.06

In the context of its cooperation with almost all commercial Banks for the guarantees provided, the Company keeps with each

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bank a demand account in order for the Bank to remit in this account the commissions it collects from the enterprises in favor of ETEAN SA under the guarantees that ETEAN SA provides in favor of such enterprises.

The relevant amount, i.e. € 252,700,000 regards one-month to three-month term deposits, pursuant to the respective decisions of the investments committee of ETEA SA, in the context of the provisions of BoG Governor's Act No. 2540/04, as applicable.

For the purposes of preparation of the cash flow statement, the above demand and term deposits are understood as included in Cash and Cash Equivalents, together with the cash & balances with the Central Bank (note 7).

12. HELD-TO-MATURITY INVESTMENTS

<u>31.12.2013</u>	<u>31.1.2.2012</u>
742,153,000	741,836,000

Under article 22 of Law 3775/09 the increase of the share capital of former TEMPME SA, now ETEAN SA, in FY 2009 by €1.5 billion was covered by the Greek State by means of the issue of Greek Government Bonds (GGBs) having a term of five years (maturity 10.08.14).

The said GGBs, having a face value of €1,000, variable rate and six-monthly interest period, were issued through the Public Debt Management Agency (PDMA) on 10.008.2009. Under the said law, these bonds are held by ETEAN SA to their maturity and are returned to the Greek State as to the part thereof not blocked as a result of the forfeiture of the guarantees provided by ETEAN SA. The terms of issue of the said GGBs were defined in decision No. 2/58044/0023A/05.08.09 issued by the Minister for Economy and Finance.

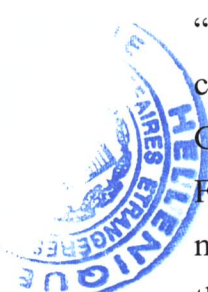
Furthermore, under the provisions of Law 4093/12 (Government

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Gazette issue No. A 222/12.11.12), if guarantees provided to credit institutions have been or are being forfeited, pursuant to the provisions of laws 3066/2002 (A' 252) and 3912/2011 (A' 17), "ETEAN SA" shall thereafter pay its relevant obligations to the credit institutions through payment in cash remitted to it by the Greek State in the place of the said bonds held by the company.

For this purpose the company returns to the Greek State bonds, not yet matured, of equal face value as the amount received from the Greek State, without this bringing about any change to its share capital, by derogation to the provisions of Codified Law 2190/1920 or other applicable law or its Articles of Association.

Further to the above, decision No. 2/91193/0023A/21.12.12 was issued by the Deputy Minister for Finance (Government Gazette issue 3431/B/24.12.12) and ETEAN SA returned to the Greek State on 24.12.2012 bonds having a face value of € 277,609,000 (125,151,000 & 152,458,000) against the receipt of cash of an equivalent amount.

Subsequently, under the provisions of Law 4093/12 (Government Gazette issue A 222/12.11.12), credit institutions which had accepted bonds in 2012, in implementation of the provisions of para. 7 of art. 22 of Law 3775/2009, could return them to ETEAN SA and receive in cash the equivalent value of the forfeited guarantees.

In implementation of the said provisions, in 2013, bonds of a face value of €317,000 were returned to ETEAN SA.

Finally, bonds issued under decision No. 2/58044/0023A'/5.8.2009 of the Minister of Economy and Finance (B' 1828), of a face value of one hundred million (100,000,000) Euros are replaced by bonds of equal face value, having the same terms as the ones being replaced and a maturity date of 10.8.2019.

These bonds shall meet the costs of implementation of the two programmes, and specifically the provision of guaranteed low-

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interest loans for payment of tax and social security liabilities of small and very small enterprises, as well as expenses for the purchase of raw materials, merchandise and services, launched in mid 2010.

It is noted that as at 31.12.2013, GGBs of a total face value of €480,238,000 have been given to cooperating banks as a result of the forfeiture of guarantees provided by ETEAN SA in favor of credit institutions.

Under para. 7 of article 22 of Law 3775/009, the share capital of ETEAN SA is reduced by the amount of the nominal value of the bonds given to the credit institution.

Out of the said amount of € 480,238,000 a Share Capital reduction of € 55,939,000 has already been effected.

13. SHARE CAPITAL

	<u>31.12.2013</u>	<u>31.12.2012</u>
Paid-in Share Capital	1,505,337,700	1,506,217,400

Under Incorporation Law 3912/11 (Government Gazette issue A/17/17.02.11), the Share Capital of the company was set to € 1,712,885,700 divided into 17,128,857 registered shares each of a nominal value of €100.

The company shares are registered shares and are all owned by the Greek State.

The capital, as above, consists of € 1,500,000,000 in Greek Government Bonds issued by virtue of the provisions of para. 3 of art. 22 of Law 3775/2009, as applicable, and 212,885,700 Euros in cash. The share capital in cash form may not be used for the financing of any type of subsidy, such as interest subsidy and commissions subsidy.

Under the provisions of subpara. C4 of Law 4093/12 (Government Gazette issue 222/A/12.11.12), now in case of cash payment by ETEAN SA to the Banks of the forfeitures for

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guaranteed loans the share capital of the company is automatically reduced by an equal amount, by derogation to any other provision of Codified Law 2190/1920 or other applicable law or the Articles of Association of the company. (see also note 12 above)

Under the provisions of art. 22 of Law 3775/09, out of the total of Bonds given to Banks as at 31.12.2013, i.e. € 480,238,000 a Share Capital reduction by € 55,939,000 has already been effected.

Under the provisions of subpara. C4 of Law 4093/12 and further to decision No. 2/91193/0023A/21.12.12 issued by the Deputy Minister for Finance (Government Gazette issue 3431/B/24.12.12) a Share Capital reduction by € 151,609,000 has already been effected.

14. RESERVES

- ORDINARY RESERVE

Under Greek business law, the Company is required to annually deduct a minimum of 5% of its net book profits towards the formation of ordinary reserve. Such deduction ceases to be mandatory when the total ordinary reserve exceeds one third of the paid-in share capital. This reserve, which is taxed, cannot be distributed during the term of the Company and is intended to cover any credit balance in the profit and loss account. On 1 January 2013 the accumulated ordinary reserve of the Company amounted to € 1,227,305.74.

At 31 December 2013 no additional ordinary reserve was formed as a result of losses.

- CONTINGENCY RESERVE

Under resolutions to this effect adopted by the Ordinary General Meeting of shareholders, the profits, after the deduction for the ordinary reserve and the statutory dividend under the law, are applied towards the formation of the contingency reserve intended to cover future forfeitures of guarantees.

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On 01 January 2013 the accumulated contingency reserve of the Company amounted to € 15,134,183.21.

At 31 December 2013 no contingency reserve was formed as a result of prior years' losses.

15. DIVIDENDS

Under Greek law, the Company is required each year to distribute a dividend corresponding to a minimum of 35% of the profits after taxes and after the deduction for the ordinary reserve.

Any non distribution of dividend (or the distribution of dividend other than as above indicated) is subject to the approval of all the shareholders of the company. Greek business law also requires that specific conditions be met for the distribution of dividend, as follows:

- (a) The distribution of dividend is prohibited if equity is less than the paid-in share capital plus the reserves that under the law or the Articles of Association cannot be distributed;
- (b) Up until full amortization of all formation expenses, any distribution of profits is prohibited, unless the unamortized balance of the said expenses is less than the sum of optional reserves and profits carried forward.

Moreover, under the provisions of art. 30 of Law 2579/98, enterprises in which the State is the sole shareholder or holds a majority of shares in excess of 60% and operate under the legal form of a société anonyme (SA), are required to distribute to the shareholder the full dividend prescribed under their Articles or under applicable law provisions.

For the reporting period that ended on 31 December 2013 no dividend was calculated due to prior years' losses.

16. INCOME TAX AND DEFERRED TAX

Under tax law, the tax rate applicable to sociétés anonymes (SA) as from FY 2012 is 26%. The provision for income taxes shown


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in the accompanying financial statements is broken down as follows:



	31.12.2012	Charge (Credit) to Profit/Loss	Charge (Credit) to Equity	31.12.2013
Deferred tax assets/ liabilities				
Adjusted fixed asset impair.	-20,533.66	-6,692.82		-27,226.48
Adjusted intangibles impair.	-54,327.29	6,514.19		-47,813.10
Provision for credit risks	0.00	0.00		0.00
Provision for personnel retirement benefits	109,247.69	-15,807.73		93,439.96
Total deferred taxes in the Balance Sheet	34,386.74	-15,986.36		18,400.37

Deferred income taxes arise from the temporary differences between the carrying value and the tax bases of assets and liabilities and are calculated at the income tax rate expected to be applicable at the time the liability is settled or the asset is realized.

As assessed by the company it is estimated that in the future there shall be sufficient taxable profits or taxable temporary differences that can be utilized against the above deferred tax asset.

The income tax return is filed on an annual basis, however the declared profit or loss are of a temporary character until taxation authorities shall examine the taxpayer's tax returns and books, whereupon the relevant tax liabilities shall be finalized. For its only unaudited year, 2010, the company has formed a provision of a total amount of € 50,000 charged to its financial results. The company considers that such provision for the unaudited annual period is adequate. For FY 2013, a special tax audit shall be conducted and a tax compliance report shall be issued by an audit firm pursuant to the provisions of art. 82, para. 5, of Law 2238/1994, as amended and applicable pursuant to Decision 1159/2011. It is expected by Management that no additional taxes


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shall result from this audit.

17. PROVISIONS



	<u>31.12.2013</u>	<u>31.12.2012</u>
Provisions	107,756,569.98	205,198,018.41

For the calculation of the provisions for forfeitures of the guarantees- counter guarantees provided in favor of small and very small enterprises for their obligations to credit or financial institutions or venture capital firms under credit facilities of all types, the following was taken into consideration:

- the experience of the company;
- the guarantees under termination, when repayment of principal and/or collection of interest, commissions is considered doubtful, a situation reflecting loans in arrears for more than 180 days or sooner when it is established that the debtor is unable to meet its obligations, as well as the guarantees presenting loan servicing delay in excess of 90 days;
- the results of the rescheduling of the loan debt of the enterprises for which ETEAN SA has provided its guarantee;
- any collaterals received;
- anticipated developments in the financial market;
- the counter-guarantee provided by the European Investment Fund;
- the financial conditions prevailing in the financial market in conjunction with the characteristics of the loan guarantees provided.

More specifically the above provisions of € 107,756,569.98 comprises mainly provisions for doubtful guarantees for which information available and events having occurred up until 31.12.2013 have been taken into account.

The above amount is broken down as follows:

- provision for forfeitures of the guarantees provided, €

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107,412,915.23;

(as per information and events having occurred up until 31.12, for a guarantee amount of € 136 mil. the credit agreement has been terminated)

- provision for the unaudited year 2010, € 50,000;
- provision for bad debts € 57,321.43;
- provision for contingent liabilities under pending litigation, € 236,333.32.

The above provisions are judged by the company as constituting a reliable estimate and are considered adequate.

18. Provisions for employee benefits

The obligation of the Company to employees working in Greece for the future payment of benefits depending on the length of past service of each one, is measured and accounted for on the basis of the earned benefit to be paid to each employee, as at the date of the Financial Statement, discounted to present value, with reference to the expected time of payment. Earned benefits for each reporting period are charged to the income statement increasing the benefit obligation accordingly. Payments of benefits to retiring employees decrease the benefit obligation accordingly.

The number of personnel employed by the Company and the relevant payroll cost are as follows:

Number of employees and payroll cost:

As at 31.12.2013

Categories

Salaried personnel	78
Legal Advisers	3
Personnel remunerated on a daily wages basis	<u>0</u>
Total	81

Cost analysis:

Gross earnings	1,638,324.64
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Employer contributions	436,517.51
Other employee benefits	<u>202,208.45</u>
Total Cost	2,277,050.60

The Company obligation to pay benefits to its retiring personnel was determined on the basis of an actuarial study elaborated by an independent certified actuarial firm. The main financial figures and assumptions of the actuarial study as at 31 December 2013 are as follows:

	<u>31.12.2013</u>	<u>31.12.2012</u>
Present value of the obligation, 1 JAN	420,183.41	113,566.96
Interest expense	16,387.15	5,678.35
Current service cost	21,938.13	11,878.76
Cost of settlements	29,488.57	0.00
Benefits paid within the current year	120,000.00	15,000.00
Actuarial gain (loss)	8,612.81	(304,059.34)
<i>Present value of the obligation, 31 DEC</i>	<i>359,384.45</i>	<i>420,183.41</i>
Other Comprehensive Income		
Amount presented in OCI	8,612.81	(304,059.34)
Accumulated amount in OCI	(295,446.53)	(304,059.34)

Main Assumptions of the Actuarial Study:

Actuarial valuation method	Projected Unit Credit Method
Average annual inflation increase rate in the long-term	2.0%
Average annual salary drift in the long term	2.8%
Discount rate	3.5%
Assets for the purposes of compensation, Law 2112/20	Zero

19. LIABILITIES TO CREDIT INSTITUTIONS

	<u>31.12.2013</u>	<u>31.12.2012</u>
Liabilities to credit institutions	106,093,112.90	5,678,892.64

The above is a debt, as at 31.12, to the Banks for payments of

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forfeitures of the guarantees provided by ETEAN SA in favor of credit institutions.

20. OTHER OBLIGATIONS

	<u>31.12.2013</u>	<u>31.12.2012</u>
Suppliers/Creditors	146,657.71	35,056.42
Social Security Organizations	62,172.54	85,077.55
Income advanced & expenses payable ⁽¹⁾	1,156,282.70	1,492,264.21
Greek State	2,247.85	1,919,329.02
Other liabilities	<u>235,896.51</u>	<u>467,741.18</u>
TOTAL	1,603,257.31	3,999,468.38

⁽¹⁾ The amount of € 1,156,282.70 is broken down as follows:

- € 32,138.79 is the unearned, as at 31.12, portion of the commissions under the guarantee provided in financial lease contracts, which (commissions) were advanced to the company by the enterprises upon the execution of the relevant instruments.
- € 1,124,143.91 is the unearned, as at 31.12, portion of the commissions under the guarantees provided for loan agreements in the context of the actions "*Guarantee by TEMPME SA for Low-Interest Loans for the purchase of raw materials, merchandise and services*", "*Guarantee by TEMPME SA for Low-Interest Loans for the Fulfillment of Tax and Social Security Liabilities of Small and Micro Enterprises*" & "*Guarantee by ETEAN SA for the issue of letters of guarantee by banks in favor of medium-sized, small- and micro enterprises*", which (commissions) are advanced to the company, by the enterprises, upon the execution of the relevant instruments and cover the full term of the loan.

21. NET INCOME FROM FEES/COMMISSIONS

	<u>31.12.2013</u>	<u>31.12.2012</u>
Commissions for guarantees & counter-guarantees	1,417,481.99	4,348,151.01

The above amount of € 1,417,481.99 includes commissions under

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the provision of guarantees in favor of small- and very small-sized enterprises for their liabilities to credit institutions of a total amount of € 1,386,398.59 as well as commissions under the provision of guarantees in favor of small and micro enterprises for their liabilities to financial institutions of a total amount of € 31,083.40.

For the programmes “*Guarantee by TEMPME SA for Low-Interest Loans for the purchase of raw materials, merchandise and services*” & “*Guarantee by TEMPME SA for Low-Interest Loans for the Fulfilment of Tax and Social Security Liabilities of Small and Micro Enterprises*” the commission was paid once off by the enterprises to TEMPME SA for the entire six-year term of the loan. In FY 2013 commissions of a total amount of € 0.04 mil. were collected, plus commissions amounting to € 2.14 mil. collected in the previous year, i.e. a total of € 2.18 mil. for the said programmes and under the percentage-of-completion method followed, the earned part for the present annual reporting period amounts to € 0.37 mil.

The balance of € 1.05 mil. regards commissions under the other ETEAN SA actions.

22. OTHER INCOME

	<u>31.12.2013</u>	<u>31.12.2012</u>
Other income	99,387,535.64	1,173,580,135.67

The amount of € 99,387,535.64 is broken down as follows:

- € 97,441,448.43 income from prior years' unused provisions for doubtful guarantees;
- € 982,071.57 earned income from the management of Holding Funds managed by ETEAN SA pursuant to the applicable Joint Ministerial Decisions (see note 1);
- € 60,798.96 income from prior years' unused provisions for personnel retirement benefits;

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- € 579,411.65 reimbursements under forfeitures of guaranteed loans;
- € 211,652.71 income from prior years' used provisions due to Bonds return;
- € 112,152.32 other income.

23. FEES / EMOLUMENTS TO BoD MEMBERS

	<u>31.12.2013</u>	<u>31.12.2012</u>
	24,000.00	24,600.00
Broken down as follows:		
Fees for BoD meetings	24,000.00	24,600.00
Fees for committees/travel.allowance	<u>0.00</u>	<u>0.00</u>
TOTAL	24,000.00	24,600.00

It is noted that the provisions of Law 3833/10 and the relevant resolutions of the General Meeting of shareholders with respect to a decrease in the fees / emoluments to BoD members have been implemented.

24. OTHER EXPENSES

	<u>31.12.2013</u>	<u>31.12.2012</u>
Rents ⁽¹⁾	124,073.85	148,109.66
Third party fees and expenses ⁽²⁾	403,127.99	253,514.48
Third party benefits	223,331.57	115,759.21
Taxes-Dues	757.32	281.08
Interest and Commissions	2,788.41	2,718.58
Miscellaneous expenses	<u>175,579.02</u>	<u>78,515.89</u>
	929,658.16	598,898.90

⁽¹⁾ During the current year the company has leased 2 real properties as well as 2 cars.

⁽²⁾ The above amount includes, among others, € 16,236.00 which is the fee to an audit firm for the statutory audit of the financial statements of FY 2012 and the tax certificate.

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25. SECURITIES VALUATION AND DISPOSAL DIFFERENCES

<u>31.12.2013</u>	<u>31.12.2012</u>
0.00	318,726,107.00

Under art. 22 of Law 3775/09, in case of forfeiture of the guarantees provided by ETEAN SA in favor of a credit institution prior to the bonds maturity, ETEAN SA delivers to the credit institution bonds having a current value equal to the value of the guarantees forfeited. The current value of the bonds is defined by the Electronic Secondary Securities Market (HDAT) with reference to their valuation price as at the date the bonds are delivered to the credit institution.

Following the enactment of Law 4093/12 (Government Gazette issue A 222/12.11.12) ETEAN SA shall thereafter pay its liabilities to credit institutions in cash, given by the Greek State in substitution of bonds held by the company (see also note 12 above).

Consequently no debit differences now exist under the delivery of bonds to the Banks or under the valuation thereof for the Greek Government Bonds held.

26. GUARANTEE FORFEITURES

<u>31.12.2013</u>	<u>31.12.2012</u>
101,290,767.36	183,638,696.59

The above amount, € 101,290,767.36, regards forfeitures of guarantees in FY 2013 (i.e. termination of loan agreements by the Banks and the consequent waiver of the Company of its right to the benefit of discussion).

It is noted that under decision D12B1086608EX2012/6.6.12 issued by the Ministry of Finance, the amount of forfeitures is deducted from the gross revenue of ETEAN SA.

It is noted that accumulated guarantee forfeitures as at 31.12.13 amount to € 414,019,666.15

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27. INTEREST

<u>31.12.2013</u>	<u>31.12.2012</u>
1,109,739.01	2,601,539.13

This amount regards debit interest charge for payment to the banks of the subsidized interest under the action “Guarantee and Interest Subsidy of Working Capital Loans for Small and Micro Enterprises” and more specifically interest generated in the time period from the respective calendar semester until payment of the subsidized interest, pursuant to Joint Ministerial Decision 28519/3298/23.12.08 (Government Gazette issue 2679/B/31.12.08).

28. EMPLOYEE REMUNERATION AND EXPENSES

	<u>31.12.2013</u>	<u>31.12.2012</u>
Salaries	1,638,324.64	1,885,139.76
Employer Contributions	436,517.51	513,584.95
Other charges	<u>202,208.45</u>	<u>78,694.79</u>
TOTAL	2,277,050.60	2,477,419.50

It is noted that the provisions of Law 3833/10, Law 3845/10, 3899/10, Law 4024/11 & Law 4093/12, with respect to the implementation of arrangements concerning employee earnings, have been fully adhered to.

The number of personnel employed as at 31.12.2013 was 78 (plus 3 attorneys-at-law on a monthly retainer basis) compared to 84 (plus 3 attorneys-at-law on a monthly retainer basis) as at 31.12.2012.

29. RESULTS OF FINANCIAL OPERATIONS

	<u>31.12.2013</u>	<u>31.12.2012</u>
Interest on deposits with Bank of Greece	2,290,453.17	8,729,849.85
Interest on term and other deposits	<u>8,880,896.78</u>	<u>428,843.42</u>
TOTAL	11,171,349.95	9,158,693.27

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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Related parties are the members of the Board of Directors (including their related parties). There are no transactions and receivables/liability balances of the Company in FY 01.01.13-31.12.13.

Fees/emoluments of all types to Management and Senior Executives of the Company in the present year amounted to € 299,775.79. As at 31.12.2013 there are no receivables or liabilities of the Company from and against the Members of Management and the Senior Executives of the Company.

31. CONTINGENT LIABILITIES & COMMITMENTS

It is noted that the Company does not consider the financial guarantee contracts (i.e. a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to meet its assumed obligations/commitments) to be insurance contracts (IAS 39 annex 4 to the financial statements).

- Contingent liabilities under guarantees


The Company has contingent liabilities arising in the context of its provision of guarantees/counter-guarantees in favor of small and micro enterprises for their liabilities to credit or financial institutions or venture capital firms under all types of credit facilities.

As per information and events having occurred as at 31/12, the credit contract has been terminated for a guarantee amount of € 136 mil.

For the above cases the Company has made a reliable provision (see note 17).

The guarantees provided by the Company in favor of small- and very small-sized enterprises are detailed as follows:





	<u>31.12.2013</u>	<u>31.12.2012</u>
1. Contingent liabilities under guarantees in favor of third parties		
Loan guarantees in effect	137,009,381.94	147,622,145.52
Loan guarantees in effect in the framework of OPCE II/NSRF (OPCE: Operational Programme for Competitiveness and Entrepreneurship)	204,828,683.55	419,116,738.58
Financial lease guarantees in effect	670,667.44	1,055,923.04
Loan guarantees in effect on the counter-guarantee of the European Investment Fund	15,448,441.92	17,357,380.75
Financial lease guarantees in effect on the counter-guarantee of the European Investment Fund	<u>85,875.93</u>	<u>145,994.00</u>
TOTAL	358,043,050.78	585,298,181.89
2. Liabilities under bilateral contracts*		
Approved loan guarantees	8,169,231.41	11,409,140.75
Approved financial lease guarantees	0.70	0.70
Approved financial lease guarantees on the counter-guarantee of the European Investment Fund	0.15	0.15
Approved loan guarantees on the counter-guarantee of the European Investment Fund**	146,990.81	146,990.81
Approved loan guarantees in the framework of OPCE II/NSRF	<u>25,304.20</u>	<u>41,983.77</u>
TOTAL	<u>8,341,527.27</u>	<u>11,598,026.18</u>
GRAND TOTAL GUARANTEES	<u>366,384,578.05</u>	<u>596,896,208.07</u>

* these are guarantees that have not yet come in effect as the relevant loans were not disbursed, as at 31.12

** these are mainly loans with partial disbursement as at 31.12.08

- Contingent liabilities for disputes under litigation or arbitration

As at 31.12.2013 there is pending litigation against the Company amounting to a total of € 236,333.32. The outcome of such litigated cases could not be foreseen based on the facts and

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information available to Management as at the closing of the present reporting period, however Management made a provision of an equal amount in the financial statements with respect to such pending litigation.

- Other contingent liabilities

No tax audit for year 2010 has been conducted. The Company judges that it has made an adequate provision for any additional taxes that might arise in future tax audits, amounting to € 50,000. The company considers that such provision for the unaudited annual period is sufficient. For FY 2013, a special tax audit shall be conducted and a tax compliance report shall be issued by an audit firm pursuant to the provisions of art. 82, para. 5, of Law 2238/1994, as amended and applicable pursuant to Decision 1159/2011. It is expected by Management that no additional taxes shall result from this audit, given also the tax losses of the closing year.

- Commitments

Commitments under operating leases – with the Company being the lessee

In 2013 the company had leased 2 real properties as well as 2 cars under non-cancellable operating leases.

The leases prescribe various conditions, readjustment clauses and renewal options.

The lease expense recognized in the profit or loss of the period amounts to € 124,073.85.

The future lease payments under such non-cancellable operating leases are as follows:

Less than 1 year	119,351.04
Between 1 and 5 years	579,417.60
Over 5 years	<u>424,306.80</u>
	1,123,075.44

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32. EVENTS SUBSEQUENT TO THE FINANCIAL POSITION STATEMENT DATE

It is noted that in the period from the end of FY 2013 and until the date of preparation of the present management report, Management has proceeded with all necessary action to the Ministry for Development and Competitiveness and the Ministry for Finance for the extension of the maturity of the Greek Government Bonds constituting the share capital of the company, beyond 8 August 2014. Management has been closely monitoring the progress of this matter, considered of crucial importance for the continuity of the institution that sole ETEAN SA represents in the financial intermediation area aimed at the support of Greek small- and medium-sized enterprises, the key driver in national economy.

Other than the events already mentioned, there are no events subsequent to the statement of financial position as at 31 December 2013 that are relevant to the Company for which reporting would be required under the International Financial Reporting Standards.

Athens 08 May 2014

The BoD Chairman & Managing Director: George I. Gerontoukos (ID Card No. Σ 022101)

The BoD Vice-Chairman: Thomas A. Daskalakis (ID Card No. AH 647371)

The General Manager: Anastasia A. Avgerinou (ID Card No. AB 630620)

The Chief Financial Officer: Evangelos Ch. Sanianos (ID Card No. Ab 552858 – Economic Chamber License No. 37006/Class A)

True photocopy, authenticated by Polyxeni D. Giotsa, Attorney-at-Law (Signed-Sealed)

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True translation of the attached certified copy in Greek.

Athens, 1.12.2014 Meropi Kontopidou - Translator

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