AB Bank

AEGEAN BALTIC BANK S.A

Annual Financial Report

31 December 2013

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Board of Directors' Annual Management Report for the Financial Year 2013

Dear Shareholders,

We hereby submit for approval the Financial Statements and the Annual Report of the Board of Directors' of Aegean Baltic Bank S.A. (hereinafter "AB Bank" or the "Bank") for the year ended 31 December 2013, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("EU").

AB Bank is a Greek banking institution, specializing in corporate banking, ancillary, treasury and advisory financial products and services to enterprises of the shipping sector. AB Bank operates through its head office at Maroussi, Athens, Greece and a branch located in Piraeus. The Bank does not maintain other offices or subsidiaries in Greece or abroad.

Overview

World economic activity recorded a third consecutive year of slowdown in 2013, growing by 3.0% in comparison to 3.2% in 2012. The recessionary conditions of 2012 prevailed also through the first half of 2013, hampering growth. The improved economic performance in the latter part of the year contained the annual rate of deceleration, resulting also to a shift of economic sentiment, from scepticism to cautious optimism about future developments. The Greek economy recorded its sixth consecutive year in recession, with the GDP contracting further, unemployment increasing to new historical highs and private consumption and investment continuing to drop. Nevertheless, 2013 was the first after many years that the pace of deterioration narrowed significantly and fiscal performance returned to a surplus. Moreover, in 2013 the local banking sector successfully overcame the unprecedented challenges of simultaneous consolidation, reconstruction and recapitalization. Although non-performing loans continued to rise and liquidity conditions, albeit improved, remained strained, by the end of the year the Greek economy as well as the country's financial sector had provided signs of gradually regaining confidence and trust by investors.

2013 was one more year of profitable performance and improved liquidity proportions for AB Bank, whereas capital adequacy remained at high levels reading 30.25% on 31.12.2013 (2012: 34.23%), entirely consisting of Core Tier-I Capital. As expected, the extent of profitability from sales of investment securities recorded in 2012 was not repeated this year and Net Profit for the FY-2013 stood at €2.02 Million, from €4.38 Million in FY-2012. Total Assets grew by 6.5% YoY, mainly reflecting the combined effect of an 11.4% increase in customer deposit balances and a 16.3% contraction in customer loans, which elevated the Bank's liquidity capacity and brought the loans-to-deposits ratio at 92%, from 122% in the previous year – the strongest amongst Greek banks. Non-performing loans increased by merely €1.4 Million but, in conjunction with the reduced total loan balances, the ratio of nonperforming loans to total loans increased to 6.4% in 2013 from 4.8% in 2012, remaining the lowest in the sector, whereas accumulated provisions for credit loss increased to 2.4% of total loans (2012: 1.8%).

Economic and Financial Environment

Global Developments

Mixed conditions prevailed during 2013 in global economic developments. The adversities of 2012 persisted also through the first half of 2013 but in the second half the Eurozone provided signs of gradually recovering from the recession whereas stronger growth rates were marked in the USA, the UK and Japan, alleviating the effect of slowing economic activity in the developing countries. The dynamics of the latter part of the year largely abated the performance shortfalls of previous semesters so that annual economic growth finally balanced at 3.0% (2012: 3.2%). The growth setback reflects the weakening domestic demand prevailing internationally, in combination with the contracting provision of financing to businesses and exports by the deleveraging financial sector of developed economies. As a consequence, global trade of goods and services softly increased in 2013 by 2.7% (2012: also 2.7%), whereas industrial production grew by merely 0.4% in the OECD countries (2012: -0.1%) and by marginally positive rates in the developing economies (2012: +1.5%), with the exception of China whose industrial production still grew by some 9.7% (2012: 10.0%).

Economic trends had varying characteristics amongst leading economies. In the USA, 2013 economic growth was in line with forecasts, softening to 1.9% from 2.2% in 2012, as a result of the effort of the Administration to reduce the country's soaring fiscal deficit on the one hand and, on the other, the continuation by FED of the intensely expansive monetary policies which fuelled stock markets euphoria and widened public debt margins in the last quarter of the year. In Japan, contrary to the forecasts for growth slowdown in 2013, GDP grew by 1.7% (2012: 1.4%), having been assisted by the implementation of even more expansive fiscal and monetary policies by the Japanese government. The UK economy recovered faster than expected, with the GDP growing by 1.7%, from 0.3% in 2012, and unemployment rates marking a contraction.

In the Eurozone GDP contracted by 0.4% in 2013, in comparison to 0.7% in 2012, but in the last quarter of the year economic growth was evidently returning into positive grounds. The implementation of fiscal adjustment programs in most countries of the Euro-area and the subsequent reduction of public spending and slowing fixed capital investment diminished the impact of improvements in private consumption. Moreover, the deleveraging taking place in the loan portfolios of the European banking sector posed further hurdles to economic recovery and the containment of unemployment which, in 2013, rose further to 12.1% from 11.8% in 2012. The Eurozone's recovery prospects are further challenged by the prevailing low rates of inflation (hovering 1.4% in 2013 and standing far below the medium-term target) which has raised fears about deflation which, if embedded, would hinder economic growth prospects, thus necessitating more aggressive monetary policies. Indeed, during 2013 the ECB reduced twice its intervention interest rates, by 50 basis points in total, and has left open the possibility of further easing its monetary policy through the adoption of additional conventional or, if need be, unconventional measures.

Expectations for global economic growth in 2014 are positive, raising such to 3.7% from 3.0% in 2013 (IMF, World Economic Outlook January 2014). Optimism is largely based on the dynamics believed to have been established in the economic activity of the USA, Japan and certain developing countries, as well as to the continuing recovery of the Eurozone which may result in growth of 1.0% in 2014 (2013: -0.4%) - a crucial factor for the improvement of international demand for goods and services and the growth prospects of international trade. Despite the significant drawbacks in the Continent's economic development brought by the widespread implementation of fiscal adjustment policies and by the simultaneous scarcity of new financing, it is believed that recovery prospects are now encouraged by decreasing uncertainty and improving economic climate, the remarkable fiscal achievements of the periphery (Spain, Ireland and Portugal exiting the fiscal adjustment programs and Greece over performing towards the targets set by the Troika) and the decisiveness demonstrated by the ECB for taking appropriate action. Nevertheless, several downside risks are still apparent, stemming from the increasing political tension in Eastern Europe, the recapitalization and rationalization challenges posed to the European banking sector, the impact of the contracting bond repurchases policy now being followed by the FED and the looming slowing of the Chinese economy in conjunction with the turbulences taking place in its intransparent financial sector.

Greek Economic Developments

In 2013 the Greek GDP contracted for the sixth year in the row, but at a significantly reduced rate, to 3.9% annually, from 6.4% in the previous year and 7.1% in 2011. The economy continued to suffer from decreasing levels of private consumption (2013: -6.0%, 2012: -9.3%) and fixed capital investment (2013: -12.8%, 2012: -19.2%), plummeting housing investment (2013: -37.8%, 2012: -32.9%) and still rising unemployment (2013: 27.3%, 2012: 26.5%). On the other hand, net exports improved remarkably as imports fell further (2013: -5.3%, 2012: -13.8%) and exports of goods and services increased (2013: +1.8%, 2012: -1.7%). As a result, the current account balance, including capital transfers, closed in 2013 with a surplus of 1.1% of GDP (2012: 2.2% deficit), with the receipts from tourism services being the key performer.

Fiscal performance of Greece marked a historical reversal in 2013. After a decade of generating deficits, the General Government recorded a primary surplus of €1.5 Billion or 0.8% of GDP (2012: Deficit of €2.9 Billion or 1.5% of GDP), whereas the total annual deficit was reduced to €3.8 Billion or 2.1% of GDP (2012: €12.8 Billion or 6.6% of GDP), in comparison to €23.6 Billion and €36.0 Billion, respectively, in 2009 (being 10.2% and 15.6%, respectively of the 2009 GDP) i.e. just prior to the commencement of the financial assistance and fiscal adjustment programs in the Spring of 2010. The large improvement made in the four years elapsed (€32.2 Billion total deficit contraction) also demonstrates the cost borne by the country's economic activity as well as individuals through the implementation of strict austerity policies, especially when considered that in the same period the country's GDP also contracted by some €49 Billion or 21.2% cumulatively. Fiscal performance has mainly been the result of substantial reductions in government spending in parallel with significant increases of tax rates and related revenues (which largely outweighed the impact of the long lasting recession on budget revenues). Government spending has been contained through large scale cuts in salary and pension levels together with staff reductions, structural reorganizations and overheads cuts in the country's public sector, as well as the inactivation, essentially, of the public investments program. Further to taxation, in 2013 government revenues were also enhanced by some €0.8 Billion collected from privatizations. However, the results from the renowned tax-evasion battle have been minimal.

In the fourth quarter of 2013, GDP reduction had further decelerated to 2.6% and to 1.5% in the first quarter of 2014, enhancing hopes that the economy reverts into growth and that in 2014 an annual GDP increase of 0.6% may be recorded (IMF forecast). Recovery prospects are supported by the observed slowdown in the contraction of private consumption, the expected increase in fixed investment due to faster absorption of structural funds of the EU and the EIB (nominated to be invested in long stagnated infrastructure projects) and a gradual resurgence of the financing of small and medium enterprises, the acceleration of the privatizations program, and larger improvements in net exports, as tourism is expected to register another record year in 2014. Despite the favourable forecasts, major challenges remain ahead, mostly with regards to the operation of the real economy. Sluggish institutional reforms may not suffice to resolve long lasting structural deficiencies caused by many years of deep recession, in spite of the competitiveness

gains achieved through significantly lowered labor costs (brought to pre-2003 levels). A new growth model cannot be productive and accretive for long without significant new investments in domestic goods production and the strengthening of exports, in tandem with the gradual restoration of the real economy's liquidity and financing capacity.

The Greek Financial Environment

In 2013 the recapitalisation and reorganisation of the Greek banking sector progressed remarkably, albeit resulting in a concentrated market structure now consisting of 7 banks in total (from previously 16), being 4 large (systemic) and 3 smaller ones, including AB Bank. During 2013 all the six Greek banks requiring recapitalization (AB Bank was assessed as capital-solid and was exempted from the process) enhanced their capital adequacy and credibility, through equity capital contributed by the Hellenic Financial Stability Fund plus approximately €2.5 Billion of equity placed with private investors which covered more than 10% of the total capital amount (with the exemption of one of the systemic banks which was fully capitalized by the HFSF).

The aforesaid recapitalization framework had been determined by the Bank of Greece in May 2012, through its banking sector viability assessment which took into account, amongst others, the results of the first BlackRock Solutions diagnostic survey conducted in the last quarter of 2011, on the quality and the subsequent expected credit loss projections of the loan portfolios of all Greek banks. During the one-year implementation period of the recapitalization (Summer 2012 – Summer 2013), significant drawbacks had to be overcome, such as the impact on banks' loans portfolios of the deeper than expected recession of the Greek economy and the impact to the Greek banking system of the "bail-in" imposed to the banking sector of Cyprus - a sector with extended exposure and presence in Greece.

The successful recapitalization of Greek banks, together with the slowly but steadily recovering economic and fiscal performance of the country by the end of the year had improved the economic climate and had contributed to the gradual revival of investors' confidence and depositors' trust to the local banking sector as well as to the prospects of the Greek economy. Further to the attraction of significant equity capital from private, mainly foreign, investors, the Greek banking sector was recording a 8.0% YoY increase of deposits at the end of 2013, whereas the use of the Eurosystem's ELA mechanism was reduced to ca. €15 Billion from some €60 Billion the year prior. However, liquidity remained strained, lending was reduced by 3.9% YoY and the already high level of non-performing loans increased further to approximately 32% of the sector's total loans in Greece.

In the last quarter of 2013, on the mandate of the BoG, BlackRock Solutions conducted a second diagnostic survey of the loan portfolios of all (remaining) Greek banks. The BoG also requested that each bank submits new four-year business plans (2013-2017), in order to re-assess their viability prospects and their need for additional capital, in conjunction with the findings of the second BlackRock survey. Similarly to the first survey, the second BlackRock survey projected expected credit losses under two macroeconomic scenarios (as approved by the Troika) pertaining to future developments in the Greek economy, namely a "Base Case" and an "Adverse Case" scenario. On 6 March 2014 the BoG announced its conclusions derived from the 2013 viability test procedure through a report titled "2013 Stress Test of the Greek Banking Sector", whereby under the Base Case scenario (which was the one endorsed by the BoG) additional capital of €6.38 Billion in total was required by six of the seven remaining Greek banks (AB Bank was once more found as capital-solid and was excluded from the list), some €5.82 Billion thereof referring to the requirements of the four systemic banks (€9.42 Billion and €8.79 Billion, respectively, under the Adverse Case). By the end of April 2014, all four systemic Greek banks had consummated the required new share capital increases which more than covered the supervisor's requirements, raising €8.35 Billion in total from private investors, exclusively.

Developments in Shipping and Shipping Finance

Shipping Markets

In 2013 shipping economic developments largely followed the trends outlined above for the global economy and international trade. In the first half of the year freight rates and asset values hovered at the poor, recessionary, levels established in the previous year. Market and investment sentiment were low and newbuilding prices reached the lowest levels of the last 11 years. From the summer onwards, rising global economic activity revitalized shipping transportation demand, especially in the bulk carrier and tanker sectors, shifting upwards freight levels. The view that the crisis had bottomed-out in the previous semester was enforced, triggering new investment in secondhand ships and newbuildings so that asset values rose significantly. At the end of the year annual percentage changes in both, asset prices and freight rates, landed on positive grounds. Despite the overall positive change, developments varied significantly from sector to sector and from size to size within sectors.

Tankers: 2013 market developments further testified that tanker trades undergo a historic change with the oil refining industry shifting from West to East and with the North America increasing its self-sufficiency in own-produced fossil fuel, while China remains the largest importer of crude oil. In 2013 demand for crude transports was almost stagnant, whereas the increasing demand for oil products became the main driver of freight markets. Crude tanker demand dropped by 2.5% YoY, whereas product tanker demand increased by 4.7% YoY. On the ship supply side the crude oil tanker fleet marginally decreased (in terms of tonnage), while the products tanker fleet grew by 2.4%, as demolition was far too little to offset new deliveries. Average annual earnings remained low in most tanker segments, with the bigger crude carrier sizes suffering most (ca. 9% decrease in average annual earnings) although the Q4-2013 freight levels stood at twice the Q4-2012 ones. In contrast, the smaller sizes recorded an average annual freight rate increase, ranging from 6% to 15%. Asset prices moved in parallel with freight rates, marking at the end of 2013 some 5%-15% higher prices than at the end of 2012. Demand is expected to rise in 2014 but, with the available tonnage expected to also increase (although tankers newbuilding orderbook stands at 12% of the existing fleet - the smallest among the major shipping sectors), year-average earnings are anticipated to stand higher than 2013, but not as high as in the last quarter of the year.

Bulkers: The Baltic Dry Index reached a bottom of 712 in February 2013 due to the weak demand brought forward from 2012 and tonnage oversupply. Chinese crude steel production rose by 9.25% YoY, being the combined result of a stronger than expected country economic performance and large availability for iron ore imports as global production increased 7.1% YoY, with Australia and Brazil leading the market. Growth in coal shipments (12.3% for coking coal and 2.4% for steam coal), in combination with the aforementioned iron ore increase, pushed the overall rise in demand for larger bulkers at 9% YoY. Growth in other dry bulk cargoes was almost stagnant keeping demand for smaller bulkers at the similar, moderate levels, of last year, and adjusting overall dry bulk fleet demand growth to 5.6%. In 2013 the dry bulk fleet grew at a rate almost identical that of demand, and with demand growth concentrating in the latter part of the year, freight rates of the last quarter increased threefold in comparison to those prevailing in the same period of the previous year. In contrast to tankers, on a year-average basis the bigger bulk carrier sizes saw a 4% to 15% earnings increase, while the smaller ones hovered just above the last year's levels. By year-end bulk carrier prices stood 15%-30% higher than a year ago, whereas the increase in the market values of the capesizes and panamaxes reached 45%. The outlook for the next year for the dry fleet and the dry bulk trade is also positive. Earnings are expected to continue the path of gradual improvement, with average annual rates forecasted to upgrade by ca. 5% YoY, hampered by the continuing high volume of new constructions and expected deliveries as the bulk carriers orderbook has been enlarged again, now standing at 20% of existing fleet.

Containerships: The negative performance of this sector over the last two years had brought both freight rates and asset prices at very low levels which, in 2013 improved only marginally as the satisfactory performance of the Chinese economy only alleviated the effect on containership trades of the recession in Western economies and the fleet's size up-scaling and massive ordering of the previous years. Containership fleet capacity grew by 5.7% in 2013 as newbuilding deliveries increased by 9.6% YoY, outpacing scrapping although demolition reached a new high with 461,300 teu of 22-years average age. Freight rates and asset prices did not manage to regain what had been lost in the previous two years (50% drop since 2010) although certain regional trades improved, pushing 10%-15% upwards the earnings and asset values of feeder and handysize vessels which are less vulnerable to the "cascading" effect of larger vessel deliveries. Despite the poor state of the sector laid up container capacity stood at only 3.4% in 2013. A moderate improvement in market conditions and freight rates can be expected for the latter part of 2014, should the forecasted continuation of the recovery trend in the Western (mainly European) economies is confirmed, albeit tonnage oversupply concerns remain with the orderbook standing at 21% of the existing fleet's capacity.

Newbuilding Activity: The bottoming-out of newbuilding prices in the first part of 2013 and the upward shift of market conditions in the second half of the year boosted investment sentiment and led year-round new ship orders to triple over those of 2012, at 148 mllion dwt (ca. 1,800 ships) in comparison to 54 mio dwt ordered in 2012 (852 ships). Prices, reaching in March 2013 an 11-year low, by year-end had improved by some 15% YoY. On the other hand deliveries decreased to 106 mio dwt compared to the 150 mio dwt in 2012. At the end of 2013 the world orderbook represented almost 18% of the existing fleet in service (2012: 16%), and China continued to hold the largest market share with 47%, S. Korea following in the second place with 28% and Japan with 15% in the third. Chinese shipyards have the largest share in bulker newbuildings, whereas the "wet" sector as well as the "added-value" gas carrier and offshore sectors are dominated by S. Korean shipyards.

Shipping Finance

In 2013 global bank lending to shipping was estimated at $475 Billion, the European banks historically accounting for approximately 75% thereof. Ship financing has been greatly affected by the deleveraging observed in the European banking sector as, after the global financial crisis and the liquidity and credit crunch that followed, bank capital adequacy has been under threat. Given that shipping credit ranks among the exposures of higher regulatory capital requirement, supply of new bank finance for shipping has contracted and a number of banks are also in the process of gradually reducing their exposure to the sector. With the supply of financing falling short of demand, the evident gap has attracted the interest of, mainly, non-banking financial institutions and, to a lesser extent, a handful of banks maintaining a strategic interest in the shipping sectors, predominantly from the Far East.

The Greek-owned fleet ranks first in size globally, controlling approximately 18% of the world fleet in the major shipping sectors. The Greek-owned fleet comprises also the largest single borrowing group in shipping finance, accounting for some 13% of the total lending to global shipping. However, the aforementioned European banking trends have had a noticeable impact to Greek shipping finance, given that other European banks (i.e. non-Greek) historically account for more than 70% of the total lending to Greek shipping. The financing of Greek shipping has further been affected by the consolidation and recapitalization process being under way in the Greek banking system, although Greek banks have historically accounted for less than 25% of total lending to Greek shipowners.

According to the latest annual report of Petrofin Bank Research, on 31.12.2013 total lending to the Greek-owned fleet had fallen to $61.5 Billion, from $65.8 Billion in 2012, marking a 6.5% YoY decline and a 9.2% drop since 2011. Within the overall contraction, the market share of Greek banks continues to reduce, to 17% from 19% in 2012 and 22% in 2011. Regarding non-Greek European banks, British and German banks remain in leading positions with a 45% combined market share (2012: 47%), whereas evident market share gains have only been recorded by Far Eastern banks (2013: 6%, 2012: 4.5%) and especially certain Chinese banks. The amalgamation between Greek banks with large shipping portfolios (due to the reconstruction of the Greek banking system being in progress) has increased concentrations. The market is now serviced by only 5 Greek banks with shipping portfolios (from previously 12), the 4 larger thereof now holding 97.5% of the total Greek share, and the largest one now accounting for some 40% of such. It is of note however that many of the top-ranking shipping banks, including German, British and Greek, have entered a mode of portfolio rationalization and consolidation, being in need to economize capital and liquidity.

The contraction in the supply of ship financing has upgraded lending standards, bringing loan advance ratios at more conservative levels, enhancing the required collateral, and substantially increasing credit yields. Moreover, the policy of several banks to deleverage faster by selling loan portfolios at prices that would attract prospective buyers, has further raised expected returns for the assumption of shipping risks, paving the way to a small number of financial institutions possessing specialized knowhow and solid capitalization to participate in the reshaping of the ship financing environment at advantageous terms.

AB Bank Financial Results

In 2013 AB Bank maintained solid capital adequacy, improved remarkably its liquidity proportions and funding capacity, while it recorded one more year of profitability. The Management of the Bank believes that specialization in corporate banking for shipping, and especially oceangoing shipping, has minimized the impact of the Greek economic recession and fiscal crisis in the quality of Bank's financial exposures. The economic and liquidity performance of the Bank in 2013, together with its consistently strong capital adequacy, in conjunction with the virtual elimination of the "Grexit" risks and the gradual improvement of the prospects of the international shipping markets, have strengthened the Bank's business development potential.

Significant Events for the Year 2013

In April 2013 the Bank's participation in the Third Pillar (Article 3) of Law 3723/2008 "Program for the Enhancement of Liquidity in the Greek Economy" was renewed until April 2016. The Bank's participation in the aforesaid scheme commenced in April 2010, having borrowed from the Greek Ministry of Finance, against an annual commission, special zero coupon Greek Government Bonds of €40 Million nominal value, maturing in April 2013, providing to the Greek Government as collateral certain of its Loans and Advances to Customers. Following the maturity of the originally borrowed bonds, in April 2013 the Bank replaced them with new such bonds of also €40 Million nominal value, maturing in April 2016. The special bonds meet ECB's eligible collateral criteria for the raising of funding through ECB's regular open market refinancing operations and on 31.12.2013 the refinancing capacity of the bonds was €20.7 Million (31.12.2012: €33.5 Million). The Third Pillar of Law 3723/2008 does not impose any restrictions on participants regarding their dividend policy and does not intervene on the composition and operation of their Board of Directors. The Bank has never participated in any other Article of the Law 3723/2008, or in any of the subsequent programmes of the Greek Government related to liquidity enhancement or capitalization matters of Greek banks.

In the last quarter of 2013, AB Bank participated in the second viability and capital requirements check conducted by the BoG for all Greek financial institutions (the "Second Assessment"). The Second Assessment procedure, which was similar to the first one conducted in the Frist Half 2012, consisted of each bank's four-year business and capital plans (2013-2017), the findings of the second diagnostic survey of BlackRock Solutions on the quality and credit loss projections of the loan portfolios of all Greek banks (the "Second BR Survey"), and other contributions on special issues by independent advisors of the BoG. The purpose of the Second Assessment was BoG to re-evaluate and re-define the viability prospects and the possible additional capital required by each bank, in light of the completion in 2013 of the consolidation and recapitalization of the Greek banking system (based on the first assessment) and the impact of economic developments between the two assessments.

As in the case of the first assessment, in the Second Assessment AB Bank was found as a capital-solid bank and was the only Greek bank being exempted from the subsequent capital increase requirement (BoG report "2013 Stress Test of the Greek Banking Sector", 6 March 2014). Moreover, similarly to the first BlackRock survey (fourth quarter 2011), the Second BR Survey calculated the loan portfolio of AB Bank to bear the far lowest expected credit loss among the shipping portfolios of all Greek banks, projecting a lifetime expected loss of 6.9% of AB Bank's portfolio in the Base Case and 8.5% in the Adverse Case scenario or 6.3% and 7.3%, respectively, in a 3.5 years horizon.

Profitability

Net Profit for the financial year 2013 amounted to €2.02 Million compared to €4.38 Million in 2012 as a result of 26.8% lower Total Income and 11.4% reduced Total Expenses (pre-Tax). The larger reduction of Total Income in comparison to Total Expenses led the direct Cost-to-Income Ratio to increase to 69.2%, from 51.2% in 2012, and the Net Cost-to Income Ratio (i.e. including the provision for impairment losses on loans and advances) to 74.3% from 61.4%.

The Board of Directors (Meeting No.182/19.09.2013) approved the distribution of € 900 thousand as Interim dividends from the profits of 2013 to the shareholders pursuant to Article 46 of Codified Law 2190/20. The distribution was completed 20 days later and will be finalized following the approval of the financial statements of the fiscal year 2013 by the Ordinary General Assembly of the Shareholders of the Bank. The Board of Directors that approved these financial statements proposed that no further dividends, except for the interim, being distributed out of the profits of 2013.

Operating Results

Total Income declined in 2013 to €10.6 Million from €14.5 Million in 2012. The main drivers of the decline were the, as expected, non-repeat of the previous year's net result from the sale of investment securities, as well as the reduction of Net Interest Income, as a result of the YoY contraction of the Bank's annual average Total Assets, despite the tangible increase of the Net Fee and Commission Income.

Net Interest Income amounted to €7.3 Million, compared to €9.1 Million in 2012 (-€1.8 Million or -19.4% YoY), while the Bank's Net Interest Margin stood at 2.38% p.a., versus 2.64% p.a. in 2012. The decline in Net Interest Income, in terms of both absolute amount and net margin (-26 basis points), mainly reflects the impact to gross interest income from the 18% contraction of the annual average net book loan balance (the highest yielding asset class of the Bank), which was not outbalanced by the tangible improvement observed in the Bank's interest cost, attributed to the mild softening of customer deposits cost but, most importantly, to the lessening of both the average annual interbank borrowing balances and cost thereof. The interest cost reduction of amounts due to ECB was also the result of the significant reduction of the base interest rates affected by ECB during the year (50 basis points in aggregate).

Net Income from Fees and Commissions recorded a 5.7% YoY improvement to €1.8 Million in 2013 from €1.7 Million in 2012, following the 22.8% annual increase marked in the previous year. Gross fee income rose in 2013 by 7.0%, mainly due to a 26.9% YoY increase of non-loans-related fees and commissions whereas loans-related ones (comprising some two thirds of the total) declined by 1.8% YoY. Similarly to last year, the performance of the Piraeus Branch was very important to the Bank's non-loans-related fee and commissions income growth, whereas fees from advisory services also marked a tangible improvement. In 2013 fee and commission expenses rose by 11.4% YoY, some 73% thereof accounting for the increased annual commission charged by the Greek Government (through the BoG) for the Bank's participation in the Third Pillar (Article 3) of Law 3723/2008 "Program for the Enhancement of Liquidity in the Greek Economy".

Approximately 50% of the Bank's loans-related fee and commission income comprises remuneration of the Bank for the management (as Agent) of syndicated loans. Since its establishment, AB Bank has been particularly active in the arrangement and management of, as well as the participation in, syndicated shipping loan transactions. On 31.12.2013, the Bank's total portfolio under management of loans and off-balance sheet commitments stood at €1.15 Billion, or $1.59 Billion, including the Bank's participation in syndicated loans as well as its own bilateral customer loans and off-balance sheet commitments, of €211 Million or $291Million.

Net Trading Income, mainly comprising income from foreign exchange transactions, more than tripled in 2013 to €0.66 Million from €0.20 Million in prior year. On the other hand, as expected and noted in the previous year's Annual Management Report, the Net Result from the Sale of Investment Securities and of Financial Instruments at Fair Value through the Profit and Loss, of €3.34 Million in total in 2012, was hardly repeatable for the next year. Still, in 2013 the Bank recorded €0.75 Million net income from the sale of securities.

Operating Expenses

Total Operating Expenses of 2013 amounted to €7.87 Million, compared to €8.89 Million of 2012, marking a €1.01 Million or 11.4% YoY reduction. An excess of 90% of this improvement is originated from the lower annual provision for impairment losses of the loans and advances portfolio, the remaining part is reflecting a 1% YoY drop in direct operating expenses (Personnel Expenses, General & Administrative Expenses and Depreciation & Amortization Costs).

Direct operating expenses in 2013 amounted to €7.33 Million, being €0.08 Million lower than the previous year (2012: €7.4 Million), as a result of marginally lower Personnel Expenses (-0.4%), significantly lower Depreciation & Amortization Costs (-46.9%) and a mild increase of General & Administrative Expenses (+3.5%). The historical structure of the Bank's direct costs has remained unchanged in 2013, with the latter category accounting for approximately one third of the total and the former two categories (staff and depreciation costs) accounting for two thirds thereof, combined. The number of Bank employees increased, counting 62 full time staff members vs 60 on 31.12.2012.

The annual provision charge for the impairment of the Bank's Loans and Advances to Customers amounted to €0.54 Million in 2013, standing €0.94 Million lower to the charge taken in the previous year (2012: €1.48 Million). The lower impairment charge of 2013 reflects the improved shipping market conditions between the two year ends, the limited (+€1.5 Million) increase of Non-Performing Loans and Advances (past-due for more than 90 days) during the year, in combination with the weakened dollar exchange rate in relation to the impaired dollar-denominated loans.

Statement of Financial Position

On 31.12.2013 the Bank's Total Assets amounted to €355.3 Million, compared to €333.6 Million on 31.12.2012, recording an annual growth of €21.7 Million, or 6.5%.

Total Assets growth is the result of the combined effect of a remarkable increase in the Bank's aggregate liquid assets (Cash and Advances to Central Bank, Due from Banks and Investment Securities Available for Sale) to the tune of 75% YoY, which absorbed the 16.4% YoY deleveraging of the loans portfolio and the 11.4% YoY increase of customer deposits. The combination of higher deposit and lower loan balances led to a notable improvement of the Bank's loans-to-deposits ratio to 92% on 31.12.2013 from 122% on 31.12.2012.

On 31.12.2013, the Loans and Advances to Customers portfolio had subsided by €39.7 Million YoY, to €203.2 Million (2012: €242.9 Million). The loans portfolio contraction is mainly attributed to fairly sizeable unexpected loan prepayments effected during the year, on top of the almost equivalent annual amortization of the loan portfolio, although the extension of new loans during the year exceeded such amortization amount by some 16%. The weakening of the US Dollar exchange rate against the Euro, by 4.5% between the two year ends, also had a notable reducing effect to the loan portfolio's Euro-denominated value in 2013, given that approximately 90% of the Bank's Loans and Advances to Customers comprise Dollar loans.

Non-Performing Loans (Loans and Advances to Customers remaining past due for more than 90 days, the "NPLs") increased by €1.4 Million YoY, standing at €13.2 Million on 31.12.2013 (2012: €11.8 Million), and accounting for 6.4% of the Bank's total loans portfolio (2012: 4.8%). It is of note that approximately 89% of the total NPLs balance relates to borrowers of the Greek coastal/ferry shipping sector (2012: 87%). As of 31.12.2013 the Bank's accumulated credit loss provision was €4.92 Million (2012: €4.38 Million), now covering gross total loans by 2.4% (2012: 1.8%). The Bank follows a policy of forming specific provisions, whereby specific loans (i.e. all performing loans of lower credit quality and all NPLs) are tested for impairment and the impairment loss calculated thereof is provided for. As at 31.12.2013, 60% of the total impairment provision formed by the Bank accounted for the NPLs, covering 22.3% thereof and the remaining 40% of the total amount corresponded to performing loans, being 1.01% of total performing loans balance.

Customer deposits grew by 11.4% YoY or €22.7 Million, reading €221.0 Million on 31.12.2013 from €198.4 Million in prior year. The largest part of the increase was recorded in the latter part of the year, reflecting not only the improved shipping market conditions of the time, but also the improved trust of depositors in the risks relating to the country's financial sector stability and potential. Otherwise, in the first nine months of 2013 customer deposit balances had stagnated at the levels of the year-end 2012, as the gradually increasing depositors confidence which commenced just prior to the closing of 2012 was hampered by Eurozone's unfortunate treatment of the Cypriot banking sector at the end of March 2013.

With regards to the Bank's borrowings from the interbank market, at year-end 2013 such borrowings balanced at the same amount as at the previous year end (€40 Million), fully comprising of refinancings from ECB's regular open market operations. However, further to developments regarding customer deposits and the year-end due to banks balances, the overall improved liquidity proportions of the Bank during 2013 were also reflected in the substantial reduction of the average annual amount of interbank borrowings, to less than one third of the average amount borrowed in 2012. Moreover, during the year AB Bank invested the largest part of the cash balances previously held with the Central Bank in Eurozone Government Bonds of higher credit rating, hence increasing the value of the Available for Sale Securities portfolio to €45.5 Million on 31.12.2013 from 7.4 Million on 31.12.2013. On the other hand, the liquidity gains from the increased customer deposits and the deleveraging of the loans portfolio were predominantly placed in the interbank market, presenting an almost four-fold YoY increase of €89.9 Million of such placements (2012: 23.4 Million).

Strong Capital Adequacy

In 2013 the Bank's Total Shareholders' Equity increased only marginally to €91.28 Million from €91.24 Million in 2012, as the yearly Net Profit of €2.02 Million increased Retained Earnings only partially, following the distribution of €0.90 Million interim dividends in October 2013, whereas such partial increase was outweighed by an equivalent decrease of the Bank's Reserves, predominantly attributed to valuation losses of the Available for Sale securities portfolio.

The Bank's regulatory capital, exclusively consisting of Tier-I capital, increased in 2013 to €91.24 Million from €91.14 Million in 2012, whereas the Total Capital Requirement under Pillar-1 of Basel II amounted to €24.1 Million from €21.30 Million, having increased by €2.8 Million as a result of the substantially increased interbank placements of the year. As a result, the Bank's Tier-I Capital Ratio as well as its Total Capital Ratio stood at 30.25% on 31.12.2013 (2012: 34.23%).

It is of note that as of March 2013, pursuant to Act 13/28.3.2013 of the Executive Committee of Bank of Greece, the method of calculation of banks' regulatory capital was amended. With regards to the composition of the regulatory capital of AB Bank, such amendment dictated the inclusion of the valuation losses of the Available for Sale securities portfolio in the calculation of Tier I Capital. For comparability purposes, the aforementioned amounts of the Bank's 2012 regulatory capital and capital adequacy ratios have been restated accordingly.

Risk Management

Being a banking institution active in a dynamically evolving economic environment, AB Bank has ranked highly the effective management of banking risks it is exposed to and the maintenance of its capital adequacy at solid levels. The Bank follows the Standardized Approach for the calculation of capital requirements with regards to credit risk and market risk and the Basic Indicator Approach for the operational risk.

Details on Risk Management are provided in Note 4 of the Financial Statements whereas Note 4.7 makes specific reference to the Bank's capital adequacy calculation.

Credit Risk

Credit risk refers to the possibility of the Bank suffering losses as a result of its credit obligors not being able or willing to fully perform their obligations towards the Bank pursuant to the contractually agreed terms and conditions. Credit risk is embedded in all financing transactions of the Bank, predominantly its lending activities, as well as other banking activities that carry default risk of the Bank's counterparty, such as money market transactions, securities market transactions, derivative instrument transactions as well as transactions involving clearing activities.

Given that the Bank's loans portfolio exclusively consists of unrated (by ECAIs) obligors of the shipping sector, AB Bank has established and follows its own, ten-grade, credit risk rating system. The Bank has also developed internally a shipping credit rating interface between its ten-grade rating system and the object finance slotting criteria methodology of the IRB-Basic approach included in the Basel-II framework. To date, this model is being used by the Bank's Risk Management Department to validate the credit ratings of the ten-grade risk methodology used internally as well as for shipping credit risk stress-testing purposes.

The Bank's methodologies for the monitoring and assessment of credit risk primarily aim at promptly identifying and optimizing the management of expected and unexpected loss which could possibly be incurred, and the Bank's best possible protection against such losses through the formation of appropriate limits per obligor and per individual or sectoral concentrations, the use of credit risk containment techniques by obtaining security and guarantee covers and the implementation of risk-related pricing in order to improve the use and yield of the corresponding capital requirements.

Details on Credit Risk are included in Note 4.2 of the Financial Statements.

Liquidity Risk

Liquidity risk refers to the Bank's ability to maintain sufficient liquid resources for the coverage of scheduled or unexpected withdrawals of cash, the repayment of other obligations of the Bank and the funding of its loan and other assets commitments.

The specialized business nature of AB Bank, its relatively small size within the Greek banking system and the disruptions observed during the last period in the financial and interbank markets have set the liquidity risk as a top priority area of close monitoring and attention.

The Bank's Risk Management Department performs regular stress tests of the Bank's liquidity, under mild and extreme volatility scenarios of both, idiosyncratic (company-specific) and systemic nature. The Risk Management Unit closely monitors customer deposits concentrations at individual or time zone level as well as depository behavioural trends of the Bank's clientele. Potential liquidity gaps and refinancing gaps are also analysed and the implementation of the liquidity management policy in relation to the enhancement of the funding sources and the availability of adequate amount of liquid assets and assets eligible for liquidation or refinancing are also closely monitored. Ongoing liquidity risk analysis, stress test results under certain scenarios and the results of monitoring the sources, uses and cost of funds are submitted for the consideration and appropriate decisions of the Bank's ALCO. In 2014 the Bank is expected to complete the internal implementation of the infrastructure required for the continuous monitoring of the liquidity risk related requirements imposed by the new Basel-III which are expected to become gradually into effect from 2015 onwards.

Details on Liquidity Risk are included in Note 4.3 of the Financial Statements.

Market Risk

Market risk refers to the possibility of the Bank incurring losses due to adverse changes in the levels of market prices of bonds and securities, interest rates, and foreign exchange rates it is exposed to.

The Bank conducts stress tests in relation to all major market risks, such as Interest Rates Risk, Foreign Exchange Risk, Re-pricing Risk in relation to its banking book as well as its Marketable Securities holdings etc. on a regular basis, whereas a policy of holding limited Market Risk positions is followed.

Details on Market Risk are included in Note 4.4 of the Financial Statements.

Goals and Potentials

The Management of AB Bank is convinced that the strategy of balanced and counter-cyclical growth being followed to date has been the prime factor of the Bank's financial solidity, its strengthened liquidity performance and its successful presence in the Greek banking sector and the shipping finance markets. The stabilization of the economic and fiscal conditions of the country, together with the ongoing developments in the international shipping finance markets and the improved outlook of the shipping markets, are expected to further enhance AB Bank's business development and profitability potential. In 2014, AB Bank aims to:

- Perform a selective credit expansion through customized financing structures, and minimize its NPL exposures, continuing its proactive shipping credit risk management;

- Allocate part of its credit expansion capacity, by taking advantage of its specialized know-how and its close association with financial groups which have decided to expand into shipping finance, exploiting opportunities of higher-yielding asset growth arising from to the efforts of local and European financial institutions to restructure their shipping credit portfolios and/or dispose of parts thereof;

- Further enhance its customer base and its ancillary banking activities, through the opening in summer of its second branch located in Glyfada;

- Continue pursuing yield-enhancing and liquidity-enhancing asset-liability management strategies without shifting the relatively conservative risk-return balance policy followed to date.

Important Events After the Reporting Period

The Extraordinary General Meeting of the Shareholders of the Bank dated 23 January 2014 decided the distribution of dividends, in the amount of €2.1 Million, out of the Bank's Net Profit for the financial year 2012 having been carried forward.

In May 2014 the Bank expensed €4.08 Million for the acquisition of an office building, located in the area of Maroussi, Athens. The Bank intends to relocate within 2014 its head-office, from its present rented premises located also in Maroussi, to the building so acquired.

Athens, May 27, 2014
The Vice Chairman of the Board

Theodore Afthonidis

Auditors' Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "AEGEAN BALTIC BANK S.A."

Report on the Financial Statements

We have audited the accompanying financial statements of "AEGEAN BALTIC BANK S.A." (the "Bank"), which comprise the statement of financial position as at December 31, 2013, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2013, and of its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

Report on Other Legal and Regulatory Requirements

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

Athens, 28 May 2014

The Certified Public Accountant

Maria N. Sirmopoulou
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AB Bank

AEGEAN BALTIC BANK S.A

Financial Statements
In accordance with International Financial Reporting Standards

31 December 2013

May 2014

Income Statement

	Note	2013 €' 000	2012 €' 000
Interest and similar income		10,655	13,819
Interest expense and similar charges		(3,326)	(4,724)
Net interest income	5	7,329	9,095
Fee and commission income		2,373	2,218
Fee and commission expense		(581)	(522)
Net fee and commission income	6	1,792	1,696
Net trading income/(loss)	7	657	203
Net result from sale of investment securities	8	592	3,097
Net result from financial instruments at fair value through profit or loss	9	156	366
Other operating income		66	7
Total income		**10,592**	**14,464**
Personnel expenses	10	(4,679)	(4,700)
General administrative expenses	11	(2,497)	(2,413)
Depreciation and amortization	12	(156)	(294)
Impairment losses on loans and advances	13	(541)	(1,478)
Profit before tax		**2,719**	**5,579**
Income Tax	14	(698)	(1,199)
Profit for the year		**2,021**	**4,380**
Attributable to:			
Equity holders of the Bank		2,021	4,380
Profit for the year		**2,021**	**4,380**

Athens, May 27, 2014

The Vice Chairman	The Deputy Managing Director	The Chief Financial Officer
Theodore A. Afthonidis	Konstantinos N. Hadjipanayotis	Georgios E. Kalantzis

The notes on pages 21 to 51 are an integral part of these financial statements.

Statement of Comprehensive Income

	Note	2013 €' 000	2012 (*) €' 000
Profit for the year		**2,021**	**4,380**
<u>Other comprehensive income / (expense)</u>			
Items that may be reclassified subsequently to profit or loss			
Fair value reserve (Available for sale financial assets)	19	(1,637)	1,240
Related Tax	25	466	(248)
Total items that may be reclassified subsequently to profit or loss		**(1,171)**	**992**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the defined benefit obligations	30	83	(126)
Related Tax	25	(14)	25
Total items that will not be reclassified subsequently to profit or loss		**69**	**(101)**
Other comprehensive income / (expense) for the year		**(1,102)**	**891**
Total comprehensive income for the year		**919**	**5,271**
Attributable to:			
Equity holders of the Bank		919	5,271
Total recognized income for the year		**919**	**5,271**

** As restated after implementation of amended IAS 19.*

Athens, May 27, 2014

The Vice Chairman	The Deputy Managing Director	The Chief Financial Officer
Theodore A. Afthonidis	Konstantinos N. Hadjipanayotis	Georgios E. Kalantzis

The notes on pages 21 to 51 are an integral part of these financial statements.

Statement of Financial Position

	Note	2013 €' 000	2012(*) €' 000
ASSETS			
Cash and balances with Central Bank	15	7,395	50,985
Due from banks	17	89,937	23,414
Loans and advances to customers	18	203,178	242,916
Investment securities – Available for sale	19	45,484	7,415
Financial assets at fair value through P&L	21	-	556
Derivative financial instruments	22	167	20
Intangible assets	23	44	99
Property and equipment	24	335	388
Deferred tax assets	25	566	675
Other assets	26	8,243	7,151
Total assets		**355,349**	**333,619**
LIABILITIES			
Due to banks	27	40,000	40,000
Due to customers	28	221,041	198,351
Derivative financial instruments	22	1	246
Other liabilities	29	2,101	2,758
Retirement benefit obligations	30	922	1,024
Total liabilities		**264,065**	**242,379**
SHAREHOLDERS' EQUITY			
Share capital	31	37,980	37,980
Share premium	32	50,207	50,182
Reserves	33	(1,296)	(236)
Retained earnings	34	4,393	3,314
Total shareholders' equity		**91,284**	**91,240**
Total liabilities and equity		**355,349**	**333,619**

** As restated after implementation of amended IAS 19.*

Athens, May 27, 2014

The Vice Chairman	The Deputy Managing Director	The Chief Financial Officer
Theodore A. Afthonidis	Konstantinos N. Hadjipanayotis	Georgios E. Kalantzis

The notes on pages 21 to 51 are an integral part of these financial statements.

Statement of Changes in Equity

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Balance at 01.01.2012	**37,980**	**50,182**	**(1,274)**	**(919)**	**85,969**
Movement in the AFS reserve – valuation	-	-	992	-	992
Remeasurement of the defined benefit obligations, net of tax			(101)		(101)
Profit for the year	-	-	-	4,380	4,380
Statutory reserve	-	-	147	(147)	-
Balance at 31.12.2012 (*)	**37,980**	**50,182**	**(236)**	**3,314**	**91,240**
Balance at 01.01.2013	**37,980**	**50,182**	**(236)**	**3,314**	**91,240**
Movement in the AFS reserve – valuation	-	-	(1,171)	-	(1,171)
Remeasurement of the defined benefit obligations, net of tax	-	-	69	-	69
Profit for the year	-	-	-	2,021	2,021
Statutory reserve	-	-	42	(42)	-
Interim Dividends paid	-	-	-	(900)	(900)
Effect of the increased corporate tax rate	-	25	-	-	25
Balance at 31.12.2013	**37,980**	**50,207**	**(1,296)**	**4,393**	**91,284**

** As restated after implementation of amended IAS 19.*

Cash Flow Statement

	Note	2013 €' 000	2012 €' 000
Cash flows from operating activities			
Profit before tax		2,719	5,579
Adjustments for:			
Depreciation and amortization charges	12	156	294
Impairment loss on loans	13	541	1,478
Provisions for retirement benefit obligations	30	81	366
(Gain) / Loss from valuation or sale of financial assets at fair value through P&L	9	(156)	(366)
(Gain) / Loss from sale of securities-available for sale	8	(592)	(3,097)
(Gain) / Loss from exchange difference of securities-available for sale	19	66	90
Foreign exchange (profit) / loss on cash and cash equivalents		729	249
		3,544	4,593
Net (increase)/decrease in operating assets:			
Due from banks		-	2,400
Financial assets at fair value through P&L		556	-
Loans and advances to customers		39,197	24,247
Derivative financial assets		(147)	(5)
Other assets		(505)	(77)
Net increase/(decrease) in operating liabilities:			
Due to banks		-	(4,891)
Due to customers		22,690	(14,391)
Derivative financial liabilities		(245)	(729)
Other liabilities		(448)	528
Cash flow from operating activities before tax payment		64,642	11,675
Income tax paid		(260)	(255)
Net cash flow from operating activities		**64,382**	**11,420**
Cash flows from investing activities			
Acquisition of property and equipment	24	(32)	(16)
Acquisition of intangible assets	23	(16)	(10)
Acquisition of investment securities – available for sale	19	(76,020)	(69,100)
Proceeds from disposal of investment securities – available for sale	19	36,248	88,986
Proceeds from maturity of investment securities – held to maturity	20	-	1,290
Net cash flow from investing activities		**(39,820)**	**21,150**
Cash flows from financing activities			
Dividends		(900)	-
Net cash flow from financing activities		**(900)**	**-**
Net increase / (decrease) in cash and cash equivalents		**23,662**	**32,570**
Cash and cash equivalents at beginning of period	16	74,399	42,078
Foreign exchange profit /(loss) on cash and cash equivalents		(729)	(249)
Cash and cash equivalents at end of period	16	97,332	74,399

The notes on pages 21 to 51 are an integral part of these financial statements.

Note 1: General Information

The Bank is registered under the legal name 'AEGEAN BALTIC BANK S.A.' and uses its trade name 'AB Bank S.A.' Its registered office is located at Maroussi, 217a Kifissias Avenue, Athens, Greece (Reg. 52755/06/B/02/34 and Gen.Reg ΓΕΜΗ- 4918201000). The Bank's duration is until 2099 however it can be extended or reduced by resolution of the General Assembly of the Shareholders.

The objective of the Bank is to execute, on its behalf or on behalf of third parties, in Greece or abroad, independently or in cooperation, including syndication with third parties, any and every operation acknowledged or delegated by law to banks and indicated in the fourth clause of its article of association.

A significant activity of the Bank is the contracting and the administration of syndicated loans granted to shipping corporations. The Bank participates in these syndicated loans with a different percentage each time according to the total amount of the loan.

The term of the Board of Directors (BoD) of the Bank, elected by the General Assembly of the Shareholders, on 22 June 2012, terminates on 30 June 2017.

The composition of BoD is as follows:

Hubert Esperon	Chairman	Non-Executive
Theodore Afthonidis	Vice Chairman and Managing Director	Executive Member
Konstantinos Hadjipanayotis	Member & Deputy Managing Director	Executive Member
Stephane Daillencourt	Member	Non-Executive
Paolo Braghieri	Member	Non-Executive
Dimitris Potamitis	Member	Non-Executive, Independent
Emmanuel Kavussanos	Member	Non-Executive, Independent
Dimitris Anagnostopoulos	Member	Non-Executive
Takis Constantaras	Member	Non-Executive, Independent

These financial statements (hereinafter the "Financial Statements") have been approved for issue by the Bank's BoD on 27 May 2014.

The Financial Statements are subject to the approval of the Annual General Meeting of the Bank's shareholders.

Note 2: Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union (the E.U.). E.U. endorsed IFRSs may differ from IFRSs as issued by the International Accounting Standards Board (IASB) if at any point in time, new or amended IFRSs have not been endorsed by the E.U. At 31 December 2013, there were no unendorsed standards effective for the year ended 31 December 2013, which affect these financial statements, and there was no difference between IFRSs endorsed by the E.U. and IFRSs issued by the IASB in terms of their application to the Bank. Accordingly, the Bank's financial statements for the year ended 31 December 2013 are prepared in accordance with IFRSs as issued by the IASB. The financial statements were prepared under the historical cost convention, as modified by the revaluation of available for sale investment securities, financial assets at fair value through profit and loss and all derivative contracts measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

Use of available information and application of judgment are inherent in the formation of estimates in the following areas: valuation of over the counter ("OTC") derivatives, retirement benefits obligation, and impairment of loans and liabilities for open tax years. Actual results in the future could differ from such estimates and the differences may be immaterial to the financial statements.

The financial statements are presented in Euro, rounded to the nearest thousand unless otherwise indicated.

a) <u>Standards, interpretations and amendments to published standards effective in 2013</u>

- **IAS 1 "Presentation of Financial Statements" (Amendment)**

(Eeffective for annual periods beginning on or after 1 July 2012)
The amendment requires items of other comprehensive income to be separated and grouped in those that will not be reclassified subsequently to profit or loss and those that will be reclassified subsequently to profit or loss when specific conditions are met. The amendment do not change requirements to allow items of OCI to be presented either net of tax or gross tax with one amount shown for the aggregate amount of income tax related to the OCI items. Disclosure of the amount of the income tax related to each OCI item is required. The Bank has applied this amendment and presents the required information in OCI.

- **IAS 19 "Employee Benefits" (IAS 19R)**

(Eeffective for annual periods beginning on or after 1 January 2013)
The amendments:

- Eliminate the option to defer the recognition of gains and losses, known as the "corridor method" and require companies to report these changes as they occur. As a result any deficit or surplus in a plan will be included in the statement of Comprehensive Income;
- requires to include service and finance cost in the statement of Comprehensive Income and remeasurements in other comprehensive income ("OCI");
- enhance the disclosure requirements for defined benefit plans to provide better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.
- Modify the accounting for termination benefits including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits.

IAS 19R requires retrospective application and the impact of its adoption is presented in Notes 30 and 33.

- **IAS 12 (Amendment), "Income Taxes"**

(Effective for annual periods beginning on or after 1 January 2013)
Amendments to IAS 12 were issued to provide guidance namely to the measurement of deferred tax on: a) investment property measured at fair value and b) property, plant and equipment measured using the revaluation model in IAS 16. In both cases, deferred tax is required to be measured using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale. This amendment had no impact on the Banks financial statements.

- **IFRS 7 “Financial Instruments: Disclosures” (Amendment)**

(Eeffective for annual periods beginning on or after 1 January 2013)
The amendment requires information about all financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendment also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The Bank has applied this amendment and it did not have material impact on its financial statements.

- **IFRS 13 “Fair Value Measurement”**

(Eeffective for annual periods beginning on or after 1 January 2013) IFRS 13:

- defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price);
- sets out in a single IFRS a framework for measuring fair value; and
- requires disclosures about fair value measurements.

IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 explains how to measure fair value for financial reporting. It does not require fair value measurements in addition to those already required or permitted by other IFRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting. The Bank has applied this amendment and it did not have material impact on its financial statements.

- **Improvements to IFRSs (May 2012)**

- IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2013). The amendment clarifies the accounting for reapplication of IFRS for entities that have stopped applying IFRS in the past and choose or are required to apply IFRS again.

- IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2013). The amendment requires notes to the financial statements when additional comparative periods are voluntarily presented.

- IAS 16 (Amendment), "Property, Plant and Equipment" (effective for annual periods beginning on or after 1 January 2013). The amendment provides guidance for the classification of major spare parts and servicing equipment as property, plant and equipment.

- IAS 32 (Amendment), "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 January 2013). The amendment clarifies that taxes arising from distributions to holders of equity instruments are accounted for in accordance with IAS 12 “Income Taxes”.

- IAS 34 (Amendment), "Interim Financial Reporting" (effective for annual periods beginning on or after 1 January 2013). The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities to enhance consistency with IFRS 8 “Operating Segments” and to ensure that interim disclosures are aligned with annual disclosures.

The prementioned improvements did not have impact on the Bank’s financial statements.

b) New standards, amendments and interpretations to existing standards, effective after 2013.

- IFRS 10, "Consolidated Financial Statements"

(effective for annual periods beginning on or after 1 January 2014)
IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. This IFRS is not expected to have any impact on the Bank’s financial statements.

- IFRS 11, "Joint Arrangements"

(effective for annual periods beginning on or after 1 January 2014) IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. Joint arrangements are either classified as joint operations or joint ventures. Equity accounting is mandatory for participants in joint ventures. This IFRS is not expected to have any impact on the Bank’s financial statements.

- IFRS 12, "Disclosure of Interests in Other Entities"
(effective for annual periods beginning on or after 1 January 2014) IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 requires entities to disclose information that enables users of financial statements to evaluate the nature and risks associated with the entity's interests in other entities and the effects of those interests in the entity's financial statements. This IFRS is not expected to have any impact on the Bank's financial statements.

- IAS 27 (Amendment), "Separate Financial Statements"
(Eeffective for annual periods beginning on or after 1 January 2014) Following the issue of IFRS 10 that replaced all the guidance on control and consolidation in IAS 27, IAS 27 was renamed "Separate Financial Statements" and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. This amendment is not expected to have any impact on the Bank's financial statements.

- IAS 28 (Amendment), "Investments in Associates and Joint Ventures"
(effective for annual periods beginning on or after 1 January 2014) IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This amendment is not expected to have any impact on the Bank's financial statements.

- IFRS 10, IFRS 11 and IFRS 12 (Amendments), "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"
(effective for annual periods beginning on or after 1 January 2014) The amendments in IFRS 10, 11 and 12 clarify the transition guidance in IFRS 10 and provide relief from the presentation or adjustment of comparative periods prior to the immediately preceding period. These amendments are not expected to have any impact on the Bank's financial statements.

- **IFRS 10, IFRS 12 and IAS 27 (Amendments), "Investment Entities"**
(effective for annual periods beginning on or after 1 January 2014) The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities, as well as new disclosure requirements for investment entities in IFRS 12 and IAS 27. These amendments are not expected to have any impact on the Bank's financial statements.

- IAS 32 (Amendment) "Financial Instruments: Presentation"
(effective for annual periods beginning on or after 1 January 2014) The amendment provides clarifications on the application of the offsetting rules. The Bank has not applied this amendment but it is not expected to have material impact on its financial statements.

- **IAS 36 (Amendment), "Impairment of Assets"**
(effective for annual periods beginning on or after 1 January 2014) The amendment requires the disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognized or reversed. The Bank has not applied this amendment but it is not expected to have material impact on its financial statements.

- **IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement"**
(effective for annual periods beginning on or after 1 January 2014) The amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations. The Bank has not applied this amendment but it is not expected to have material impact on its financial statements.

- IFRS 9 "Financial Instruments"
(effective for annual periods beginning on or after 1 January 2015) IFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities, including some hybrid contracts. The new standard requires all financial assets to be:

a) classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.
b) initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs.
c) subsequently measured at amortized cost or fair value.
d) investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss.
e) the concept of "embedded derivatives" does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The standard also requires a financial liability to be classified as either at fair value through profit or loss or at amortized cost. For a financial liability designated as at fair value through profit or loss using the fair value option, the change in the liability's fair value attributable to changes in the liability's credit risk is recognized directly in other comprehensive income, unless it creates or increases an accounting mismatch and the amount that is recognized in other comprehensive income is not recycled when the liability is settled or extinguished. The Bank has not applied this Standard and is currently evaluating the impact on its financial statements.

- **IAS 19 (Amendment), "Employee Relations"**

(effective for annual periods beginning on or after 1 January 2014). The amendment allows an entity to recognize contributions as a reduction in the service cost in the period in which the related service is rendered, if the amount of such contributions is independent of the number of years of service. The Bank has not applied this amendment but it is not expected to have material impact on its financial statements.

- **IFRIC 21 "Levies"**

(effective for annual periods beginning on or after 1 January 2014).The interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. This IFRIC is not expected to have any impact on the Bank's financial statements.

- **IFRS 1 (Amendment), "First-Time Adoption of International Financial Reporting Standards"**

(effective for annual periods beginning on or after 1 July 2014). The amendment clarifies that an entity that adopts IFRS for the first time is allowed to apply either the precedent or the new version of a revised standard if that IFRS permits early application. This Amendment is not expected to have any impact on the Bank's financial statements.

- **IFRS 2 (Amendment), "Share-based Payment"**

(effective for annual periods beginning on or after 1 July 2014). The amendment clarifies the definition of vesting conditions. This Amendment is not expected to have any impact on the Bank's financial statements.

- **IFRS 3 (Amendments), "Business Combinations"**

(effective for annual periods beginning on or after 1 July 2014). The objective of the first amendment is to clarify certain aspects of accounting for contingent consideration in a business combination. The second amendment also clarifies that joint arrangements are outside the scope of IFRS 3, not just joint ventures. These amendments are not expected to have any impact on the Bank's financial statements.

- **IFRS 8 (Amendment), "Operating Segments**"

(effective for annual periods beginning on or after 1 July 2014). The amendment requires entities to disclose the factors used to identify the entity's reportable segments when operating segments have been aggregated. This Amendment is not expected to have any impact on the Bank's financial statements.

- **IFRS 13 (Amendments), "Fair Value Measurement**"

(effective for annual periods beginning on or after 1 July 2014). The first amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The second one clarifies that the portfolio exception (scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis) in IFRS 13 applies to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets or financial liabilities. These amendments are not expected to have any impact on the Bank's financial statements.

- IAS 16 (Amendment), "Property, Plant and Equipment" and IAS 38 (Amendment), "Intangible assets"

(effective for annual periods beginning on or after 1 July 2014). The objective of these amendments is to clarify the requirements for the revaluation method. This Amendment is not expected to have any impact on the Bank's financial statements.

- **IAS 24 (Amendment), "Related Party Disclosures**"

(effective for annual periods beginning on or after 1 July 2014). The amendment clarifies that an entity providing Key Management Personnel services to the reporting entity is a related party of the reporting entity. This Amendment is not expected to have any impact on the Bank's financial statements.

- IAS 40 (Amendment), "Investment Property"

(effective for annual periods beginning on or after 1 July 2014). The objective of this amendment is to clarify that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3. This Amendment is not expected to have any impact on the Bank's financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that is expected to have a material impact on the Bank's financial statements.

2.2 Foreign currency transactions

The financial statements are presented in Euro, which is the currency of the country of incorporation of the Bank (functional currency). Transactions in foreign currencies are translated in Euro at the exchange rates (ECB Rate) prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Euro at the closing exchange rate on that date. Foreign exchange differences (profit or loss) arising from translations are recognized in the income statement. Non-monetary assets and liabilities are recognized at the exchange rate prevailing on initial recognition, except for non-monetary items denominated in foreign currencies that are stated at fair value.

2.3 Interest income and expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on a time proportion basis, taking account of the principal outstanding and using the effective interest rate method based on the actual purchase price. The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or the next re-pricing date, in order for the present value of the future cash flows to be equal to the carrying amount of the financial instrument.

2.4 Fee and commission income

Fee and commission income are recognized on an accrual basis over the period the relevant services have been provided. Transaction revenues relating to the origination of a financial instrument which is measured at amortized cost, such as loans and receivables, are capitalized and recognized in the income statement using the effective interest rate method.

2.5 Financial instruments

The Bank, for valuation purposes, classifies its financial assets in the following categories:

a. Loans and receivables: Included here are loans given to customers and all receivables from customers, banks etc. Loans and receivables are initially recognized at fair value, which is the cash consideration to originate or purchase the loan including any transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

b. Held to maturity investments: Includes securities which the Bank's management has the ability and intention to hold to maturity. Held to maturity investment securities are carried at amortized cost using the effective interest rate method. Held to maturity investments are recognized on the trade date, which is the date that the Bank commits to purchase or sell the asset.

c. Financial assets at fair value through profit or loss: All financial assets acquired principally for the purpose of selling in the short term or if so designated by the management, are recognized on the trade date, which is the date that the Bank commits to purchase or sell the asset and are classified under this category which has the following two sub-categories:

c1: Trading securities:

Trading securities are securities, which are either acquired for generating a profit from short term fluctuations or are securities included in a portfolio in which a pattern of short-term profit making exists. Trading securities are initially recognized at cost and subsequently re-measured at fair value. Gains and losses realized on disposal or redemption and unrealized gains and losses from changes in fair value are included in net trading income/ (loss). Interest earned with holding trading securities is reported in interest income. Trading securities held are not reclassified out of the respective category. Respectively, investment securities are not reclassified into trading securities category while they are held.

c2 : Designated at fair value through profit or loss.

Upon initial recognition the Bank may designate any financial assets as at fair value through profit or loss except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, when either;

i) The Bank estimates or significantly reduces a measurement or recognition in consistency (i.e. an accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different bases.

ii) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Bank is provided internally on that basis to key management personnel.

This category is measured at fair value. The determination of fair values of financial assets at fair value though profit or loss securities is based on quoted market prices, dealer price quotation and pricing models, as appropriate. Changes in fair value are included in net trading income.

d. Financial assets available for sale: Available for sale financial assets are investments that have not been classified in any of the previous categories. The Bank includes floating rate bonds and fixed rate bonds for which a specific decision has been made. Available for sale investment securities are initially recorded at cost (including transaction costs) and subsequently re-measured at fair value based on quoted bid prices in active markets, dealer price quotations or discounted expected cash flows on the trade date, which is the date that the Bank commits to purchase or sell the asset. Fair values for unquoted equity investments are determined by applying recognized valuation techniques such as price/earnings or price/cash flow ratios, refined to reflect the specific circumstances of the issuer. Changes in fair value are recognized directly in equity until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity is transferred in profit or loss.

2.6 Fair value of financial instruments

The Bank measures the fair value of its financial instruments based on the framework for measuring fair value that categorizes financial instruments based on a three-level hierarchy of the inputs to the valuation technique, as described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market. An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume, provide pricing information on an ongoing basis and are characterized with low bid/ask spreads.

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

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

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

2.7 Impairment of financial assets

Loans originated by the Bank are recognized when cash is advanced to the borrowers. They are initially recorded at cost, including transaction costs, and are subsequently valued at amortized cost using the effective interest rate method. A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due according to the original contractual terms.

The amount of the provision is the difference between the accounting value of the loan and the amount that is expected to be recovered and it is recognized in the income statement.
The adequacy of provisions is reassessed at each reporting date, as follows:

a) Loans and receivables are grouped per counterparty group, per industry or per type of loan.

b) Provisions for non-performing loans are calculated individually for loans with significant balances. Based on the individual calculations an overall loss ratio is calculated per counterparty or counterparty group.

c) Provisions for non-performing loans with small balances are aggregated and assessed for objective evidence of impairment. Examples of objective evidence of impairment are:

- Financial hardship of counterparties evidenced by defaults or delinquencies in interest or principal payments, which results in the increase of delinquencies of that group.
- Pause of payments or bankruptcies of businesses in the industrial sector.
- Creditors appeals to the courts for debt restructuring.
- Deterioration of financial conditions in local, national and international level, due to damages from natural disasters leading to reduced value of real estate collaterals.

2.8 Derivative financial instruments

Derivative financial instruments are initially recognized in the statement of financial position at fair value and subsequently are re-measured at their fair value. All derivatives are presented in assets when favorable to the Bank and in liabilities when unfavorable to the Bank. Derivatives are entered into for either hedging or trading purposes and they are recognized at fair value irrespective of the purpose for which they have been entered into. Valuation differences arising from these derivatives are recognized in net trading income/(loss). The Bank has the following categories of Swaps:

- FX Swaps

  These types of Swaps are entered into primarily to hedge the exposures arising from customer loans and deposits. The Bank does not use hedge accounting and therefore the gains and losses from derivative financial instruments are recognized in trading income. However, the above instruments are effective economic hedges. The result arising from these derivatives is recognized as net trading income/ loss from foreign exchange differences and derivative transactions.

- Interest Rate Swap

  The Bank uses interest rate swaps (IRSs) to hedge interest risks relating to customer's loans. The Bank does not use hedge accounting and therefore the gains and losses from derivative financial instruments are recognized in trading income. However, the above instruments are effective economic hedges. The result arising from these derivatives is recognized as net trading income/ loss from foreign exchange differences and derivative transactions.

2.9 Intangible assets

Includes software carried at cost less amortization. Amortization is charged using the straight line method over the estimated useful life, which the Bank has estimated as three years. Expenditure incurred to maintain the software programs is recognized in the income statement as incurred.

2.10 Property and equipment

Includes additions and improvements cost to leased property and equipment. Items of property and equipment are stated at historical cost less accumulated depreciation. Subsequent expenditure is capitalized or recognized as separate asset only when it increases the future economic benefits. All costs for repairs and maintenance are recognized in the income statement as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment taking into account residual value.
The estimated useful lives are as follows:

- Additions to leased fixed assets and improvements: over the term of the lease.
- Motor Vehicles and Equipment: 3 to 5 years.

Gains and losses arising from the sale of property and equipment are recognized in the income statement.

2.11 Deferred tax

Deferred taxation is the tax that will be paid or for which relief will be obtained in the future resulting from the different period that certain items are recognized for financial reporting and tax purposes. Deferred tax is provided for temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are provided based on the expected manner of realization or settlement using tax rates (and laws) enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, taking into consideration the enacted tax rates at reporting date. Current and deferred tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity in which case it is recognized in equity.

The Bank has offset deferred tax assets and deferred tax liabilities based on the legally enforceable right to set off the recognized amounts i.e. offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

2.12 Provisions and other liabilities

A provision is recognized when the Bank has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

2.13 Employee benefits

(a) Defined contribution plan

For defined contribution plan, the Bank pays contributions to publicly or privately administrated pension insurance plan, to insurance companies and other funds on a mandatory or voluntary basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense on an accrual basis and charged to the income statement in the year to which they relate.

(b) Defined benefit plan

The net liability of the Bank, in respect of defined benefit plans, is calculated based on the amount of the future benefits, for which the employees are entitled to and is dependent on their present and former service.

The liability recognized in the statement of financial position with respect to defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, if any.

The defined benefit obligation is calculated annually based on actuarial valuation performed by independent actuaries using the projected unit credit method.

Actuarial gains and losses are recognized directly to the equity of the Bank, as they occur. These gains and losses are not recycled to profit or loss.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment and is recognized directly to profit or loss, when the plan amendment occurs.

2.14 Offsetting

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

2.15 Share issue expenses

Incremental costs of share capital increase

Incremental external costs directly attributable to the issue of shares are deducted from equity net from any related income tax benefit.

Share premium

The difference between the nominal value and the offering price of the shares issued is recorded as share premium.

Note 3: Critical accounting policies, estimates and judgments

The preparation of financial statements in accordance with IFRSs requires management to make subjective judgments, estimates and assumptions, which affect not only the carrying amount of assets and liabilities, but also the level of the income and expenses recognized in the financial statements and the notes which are an integral part of the financial statements. Management considers that the subjective judgments, estimates and assumptions, made for the preparation of the financial statements are appropriate and reflect the facts and conditions prevailing on 31 December 2013. The accounting principles, estimates and judgments adopted by the Bank which are material for the understanding of the financial statements are as follows:

3.1 Critical accounting principles and estimates

Recognition and valuation of financial instruments at fair value

In accordance with IAS 39, financial assets and liabilities, held for trading purposes, are measured at their fair value as at reporting date and fair value differences are reflected in the income statement. Fair values of financial instruments traded in stock exchanges, are determined in accordance with their respective market values. In cases where the instruments are not traded in stock exchanges, or when no publicly available market prices exist, their fair value is determined with the use of various valuation models. Valuation models are mainly used for the valuation of over the counter (OTC) derivative instruments. Although the calculation of fair values requires the application of a high degree of subjective judgment, management believes that fair values used in the preparation of the financial statements reflect prevailing financial conditions and a degree of caution (prudence) in the exercise of judgments, in compliance with the applicable controlling procedures.

Impairment losses on loans and advances to customers

The impairment loss on loans and advances to customers results from a continuous evaluation of the customer's portfolio for possible losses. The evaluation of the customer's portfolio is performed by officers responsible for each credit category, using specific methodology and guidance in accordance with IAS 39, which are continuously reexamined. Management of the Bank makes individual assessment of customers and searches for objective evidence of impairment. A loan is tested for impairment, when there is objective evidence of impairment, as at the date of the test indicating that the borrower cannot meet its obligations. Usually, as objective evidence of impairment the following cases are considered among others: important financial difficulty of the borrower, deterioration of its credit standing, possible bankruptcy, etc. The individual provisions relate to loans and advances separately examined for impairment.
In estimating the impairment losses, management estimates the financial position of each customer and the recoverable amount from the foreclosure of assets with fixed charges (e.g. pre-notation of property) or guarantees. Each case is evaluated separately, whereas the followed methodology is reviewed periodically.

Retirement benefit obligations

The retirement benefit obligations are estimated with actuarial techniques using assumptions for future salary levels and discounting factors. These assumptions are in compliance with annual salary increases affected by the Bank's labour agreements and relevant policies.

3.2 Critical accounting judgments

Impairment of available for sale financial assets

Management has implemented IAS 39 provisions relating to the impairment of available for sale financial assets. Subjective judgment is required for assessing the duration and extent of fair value reduction.

Income tax

The Bank is subject to income tax according to the Greek Tax Legislation. The calculation of income tax expense requires the exercise of significant subjective judgment. In the context of normal bank activity, there are many transactions and calculations for which the final tax assessment is not certain. The Bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences impact the current and deferred income tax assets and liabilities in the period in which the final outcome is determined.

Note 4: Financial risk management

4.1 Introduction and overview

The Bank is exposed to the following risks:

- Credit Risk
- Liquidity Risk
- Market Risks
- Operational Risk

This note presents the Bank's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, as well as the management of capital.

The Bank, acknowledges its exposure to banking risks as well as the need to control and effectively manage those risks in the most optimum way and provide continuous and high quality returns to its shareholders.

4.2 Credit risk

Credit risk is the risk of default of a counterparty regarding its contractual obligations. The Bank's main exposure to credit risk is loans and advances to customers and due from banks. Management gives great consideration to the proper management of credit risk having set up the necessary infrastructure and procedures.

In particular, the Bank applies a rating system to each borrower's creditworthiness and simultaneously places them in a credit ranking. According to the Bank's credit rating system, borrowers are classified in ten categories of credit risk. Usually, lower credit risk borrowers are offered more advantageous terms, while high risk borrowers are generally required to have third party guarantees and give additional collateral.

When the Bank considers that the borrower has become risky, it takes the necessary measures to reduce its exposure to that risk and furthermore to reduce all the financial facilities towards that borrower. The Bank, before the approval and during the loan, at least annually, measures the creditworthiness of the counterparty as well as the quality and sufficiency of the collateral. During each counterparty's evaluation of creditworthiness, classification in a category and determination of credit limit, the financial information is examined quantitatively and qualitatively.

Maximum exposure to credit risk

The following table presents the Bank's maximum credit risk exposure as at 31 December 2013 and 31 December 2012, without including collateral held or other credit enhancements. For on-balance sheet items, credit exposures are based on their carrying amounts as reported in the statement of financial position.

	2013 €' 000	2012 €' 000
ASSETS		
Due from banks	89,937	23,414
Loans and advances to customers	203,178	242,916
Investment securities – available for sale	45,484	7,415
Financial assets at fair value through P&L	-	556
Derivative financial instruments	167	20
Other assets	8,243	7,151
Maximum exposure from assets	**347,009**	**281,472**
OFF BALANCE SHEET ITEMS		
Unused credit facilities	834	3,259
Financial guarantees written	735	526
Maximum exposure from off balance sheet items	**1,569**	**3,785**

The most common practice used by the Bank to mitigate credit risk is requiring guarantees for loans and advances to customers. The major collateral types for loans and advances to customers are vessels, cash collaterals and bank or personal guarantees.

Loans and advances to customers are summarized as follows:

	2013 €' 000	2013 €' 000	2013 €' 000	2012 €' 000	2012 €' 000	2012 €' 000
	Loans and advances to shipping corporations	Other loans and advances	Total	Loans and advances to shipping corporations	Other loans and advances	Total
Neither past due nor impaired	179,697	1,713	**181,410**	202,741	6,167	208,908
Impaired loans	26,690		**26,690**	38,389		38,389
Gross	**206,387**	**1,713**	**208,100**	**241,130**	**6,167**	**247,297**
Less: allowance for impairment loss	(4,922)		**(4,922)**	(4,381)		(4,381)
Net loans and advances to customers	**201,465**	**1,713**	**203,178**	**236,749**	**6,167**	**242,916**

Credit quality of loans and advances neither past due nor impaired

	2013 €' 000	2013 €' 000	2013 €' 000	2012 €' 000	2012 €' 000	2012 €' 000
Grades	Loans and advances to shipping corporations	Other loans and advances	Total	Loans and advances to shipping corporations	Other loans and advances	Total
Satisfactory	172,852	1,713	174,565	186,826	6,167	192,993
Watch list or substandard	6,845		6,845	15,916		15,916
Total	**179,697**	**1,713**	**181,410**	**202,741**	**6,167**	**208,908**

Bond portfolios

The tables below present an analysis of the Bank's bond portfolios, using the higher of the two lower rating of Moody's, Standard & Poor's and Fitch as at 31 December 2013 and 2012.

Bond portfolios as at 31.12.2013

	Available For Sale	At Fair Value Through P&L	Held to Maturity	Total
AAA	23,921	-	-	**23,921**
A- to AA+	19,242	-	-	**19,242**
B- to BBB+	2,321	-	-	**2,321**
	45,484	**-**	**-**	**45,484**

Bond portfolios as at 31.12.2012

	Available For Sale	At Fair Value Through P&L	Held to Maturity	Total
AAA	2,367	-	-	**2,367**
A- to AA+	3,576	-	-	**3,576**
B- to BBB+	1,432	231	-	**1,663**
C- to CCC+	40	325	-	**365**
	7,415	**556**	**-**	**7,971**

4.3 Liquidity risk

Liquidity Risk is the current or prospective risk that a financial institution will not be able to meet its obligations as they become due, because of lack of required liquidity.

The Assets and Liabilities Committee (ALCO) monitors the gap in maturities between assets and liabilities as well as the funding requirements based on various assumptions, including conditions that might have an adverse impact on the Bank's ability to liquidate investments and trading positions and the ability to access capital markets.

In general, liquidity risk analysis relates to the financial, operating and investing activities of the Bank. This risk involves both the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

For the Bank, the main resources which ensure liquidity are customers' deposits, interbank credit lines and ECB funding. Effective liquidity risk management enables the Bank to comfortably fulfill its client needs and to meet all its payment obligations.

The contractual undiscounted cash outflows are presented in the table below:

Contractual undiscounted cash outflow as at 31.12.2013

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Due to banks	30,005	10,007	-	-	-	40,012
Due to customers	164,199	42,894	8,622	4,717	1,756	222,188
Derivatives financial instruments	-	-	-	-	-	-
Total on balance sheet	194,204	52,901	8,622	4,717	1,756	262,200
Off Balance sheet (Loan Commitments)	-	-	834	-	-	834
Total (On & Off Balance sheet)	194,204	52,901	9,456	4,717	1,756	263,034

Contractual undiscounted cash outflow as at 31.12.2012

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Due to banks	40,024	-	-	-	-	40,024
Due to customers	137,867	39,402	11,794	3,381	6,932	199,376
Derivatives financial instruments	246	-	-	-	-	246
Total on balance sheet	178,137	39,402	11,794	3,381	6,932	239,646
Off Balance sheet (Loan Commitments)	-	-	3,259	-	-	3,259
Total (On & Off Balance sheet)	178,137	39,402	15,053	3,381	6,932	242,905

From the 21st of April 2010 the Bank participates in the Greek Government's scheme for the promotion of liquidity in the Greek economy through the Banking system (Law 3723/2008) with the amount for €40 Million of a three-year time horizon (until 18.04.2013). The participation was renewed at 29 April 2013 for the same amount and new maturity the 22nd of April 2016.

4.4 Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not related to changes in the obligor's credit standing), will affect the Bank's income or the value of its financial instruments.

Specifically for the Bank, market risk is further analyzed in the following risks:

- Risk from the change in bond prices classified as fair value through profit or loss and as available for sale.
- Interest rate risk arising from transactions in bonds that are classified as fair value through profit or loss and as available for sale.
- Interest rate risk arising from interest rate swaps.
- Foreign exchange risk arising from transactions in outright FX forwards.

4.4.1 Interest rate risk

Interest rate risk is the current or prospective risk to earnings (Net Interest Income) and capital arising from adverse movements in interest rates affecting the banking book positions. Assets and liabilities are analyzed with respect to interest rate risk (gap analysis). Assets and liabilities are categorized into time periods (gaps) by either contractual repricing in the case of variable interest rate instruments or maturity date in the case of fixed interest rate instruments.

Interest Rate Risk as at 31.12.2013

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS							
Cash and balances with Central Bank	1,629					5,766	**7,395**
Due from banks	78,009					11,928	**89,937**
Loans and advances to customers	113,180	92,193	208	3,608	-	(6,011)	**203,178**
Investment securities – available for sale	1,886	435			43,163		**45,484**
Financial assets of fair value through P&L							
Other remaining assets						9,355	**9,355**
TOTAL ASSETS	194,704	92,628	208	3,608	43,163	21,038	**355,349**
LIABILITIES							
Due to banks	30,000	10,000					**40,000**
Due to customers	170,196	42,926	5,809	1,586		524	**221,041**
Other remaining liabilities						3,024	**3,024**
TOTAL LIABILITIES	200,196	52,926	5,809	1,586	-	3,548	**264,065**
Total interest sensitivity gap	**(5,492)**	**39,702**	**(5,601)**	**2,022**	**43,163**	**17,490**	**91,284**

The measurement of Interest Rate Risk sensitivity of the Bank's Statement of Financial Position items in respect to a parallel shift of 100bp in interest rates showed no material effect on the net position of the Bank because most of the Bank's interest bearing assets and liabilities are floating rate instruments with contractual repricing period of less than 12 months.

Interest Rate Risk as at 31.12.2012

(As restated after implementation of amended IAS 19)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS							
Cash and balances with Central Bank	1,394	-	-	-	-	49,591	**50,985**
Due from banks	2,000	-	-	-	-	21,414	**23,414**
Loans and advances to customers	106,169	140,101	1,717	317	-	(5,388)	**242,916**
Investment securities – available for sale	3,247	3,157	1,011	-	-	-	**7,415**
Financial assets of fair value through P&L	-	-	556	-	-	-	**556**
Other remaining assets	-	-	-	-	-	8,333	**8,333**
TOTAL ASSETS	112,810	143,258	3,284	317	-	73,950	**333,619**
LIABILITIES							
Due to banks	40,000	-	-	-	-	-	**40,000**
Due to customers	141,790	39,112	2,952	12,028	1,750	719	**198,351**
Other remaining liabilities	-	-	-	-	-	4,028	**4,028**
TOTAL LIABILITIES	181,790	39,112	2,952	12,028	1,750	4,747	**242,379**
Total interest sensitivity gap	**(68,980)**	**104,146**	**332**	**(11,711)**	**(1,750)**	**69,203**	**91,240**

4.4.2 Foreign exchange risk

The Management of the Bank has set low limits for foreign exchange exposure, which are monitored daily. The Bank's open foreign exchange position is mainly in US Dollars because of its specialized activity. The Bank files standard foreign exchange position reports on a regular basis enabling the Central Bank to monitor its foreign exchange risk.

The foreign exchange position of the Bank as at 31 December 2013 and 31 December 2012 respectively is as follows:

Foreign exchange position as at 31.12.2013

(€' 000)	USD	EURO	OTHER	TOTAL
ASSETS				
Cash and balances with Central Bank	213	7,120	62	**7,395**
Due from banks	62,688	21,379	5,870	**89,937**
Loans and advances to customers	186,600	16,578	-	**203,178**
Investment securities – available for sale	1,451	44,033	-	**45,484**
Financial assets at fair value through P&L	-	-	-	**-**
Other remaining assets	680	8,675	-	**9,355**
TOTAL ASSETS	251,632	97,785	5,932	**355,349**
LIABILITIES				
Due to banks	-	40,000	-	**40,000**
Due to customers	198,352	17,013	5,676	**221,041**
Other remaining liabilities	1,013	2,005	6	**3,024**
TOTAL LIABILITIES	199,365	59,018	5,682	**264,065**
Net balance sheet position	52,267	38,767	250	**91,284**
Off balance sheet net notional position	(52,164)	52,123	41	**-**
Total FX position	**103**	**90,890**	**291**	**91,284**

The measurement of foreign exchange risk sensitivity of the Bank's Statement of Financial Position items in respect to a parallel shift of 1% in foreign currency rates showed no material effect on the net position of the Bank.

Foreign exchange position as at 31.12.2012
(As restated after implementation of amended IAS 19)

(€' 000)	USD	EURO	OTHER	TOTAL
ASSETS				
Cash and balances with Central Banks	27	50,908	50	**50,985**
Due from banks	15,362	6,388	1,664	**23,414**
Loans and advances to customers	217,158	25,758	-	**242,916**
Investment securities – available for sale	4,555	2,860	-	**7,415**
Financial assets at fair value through P&L	-	556	-	**556**
Other remaining assets	472	7,861	-	**8,333**
TOTAL ASSETS	237,574	94,331	1,714	333,619
LIABILITIES				
Due to banks	-	40,000	-	**40,000**
Due to customers	180,898	16,083	1,370	**198,351**
Other remaining liabilities	929	3,096	3	**4,028**
TOTAL LIABILITIES	181,827	59,179	1,373	**242,379**
Net balance sheet position	55,747	35,152	341	**91,240**
Off balance sheet net notional position	(55,679)	55,651	28	**-**
Total FX position	**68**	**90,803**	**369**	**91,240**

4.5 Fair value of financial assets and liabilities

The following methods and assumptions were used to estimate the fair values of the Bank's financial instruments at 31 December 2013 and 2012:

Cash and balances with Central Bank, due from and due to banks: The carrying amount of cash and balances with Central Bank and due from-to banks approximates their fair value.

Trading and Available for sale securities: Fair value for trading and available for sale assets, which is also the amount recognized in the statement of financial position, is based on quoted market prices.

Derivative Financial Instruments: All derivatives are recognized in the statement of financial position at fair value. All derivatives are non-exchange traded contracts and their fair value is based on dealer quotes, pricing models, discounted cash flow analysis or quoted prices for instruments with similar characteristics.

Loans and advances to customers: According to IFRSs, the fair value of loans is estimated using discounted cash flow models. The discount rates are based on current market interest rates offered for loans with similar terms to borrowers of similar credit quality. This category is carried at amortized cost. Substantially all the loans and advances of the Bank are at floating rates of interest, which re-price at frequent intervals. A number of them have considerable amount of unamortized discount. Therefore the Bank has no significant exposure to fair value fluctuations and the carrying value of the loans and advances to customers is substantially equivalent to their fair values.

Investment securities Held to Maturity: The fair value for held to maturity investments is based on quoted market prices of the same or comparable instruments.

Due to customers: The fair value for demand deposits and deposits with no defined maturity is determined to be the amount payable on demand at the reporting date. The fair value for fixed maturity deposits is estimated using discounted cash flow models based on rates currently offered for relevant product types with similar remaining maturities. The carrying amount of term deposits approximates their fair value because the re-pricing date of their interest rate is too short and reflects the current interest rates of the market.

Accrued interest: The carrying amount of accrued interest approximates its fair value.

	31.12.2013		**31.12.2012**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS				
Cash and balances with Central Bank	7,395	7,395	50,985	50,985
Due from banks	89,937	89,937	23,414	23,414
Loans and advances to customers	203,178	203,178	242,916	242,916
Investment securities - available for sale	45,484	45,484	7,415	7,415
LIABILITIES				
Due to banks	40,000	40,000	40,000	40,000
Due to customers	221,041	221,041	198,351	198,351

4.6 Financial assets and liabilities measured at fair value

31 December 2013

	Level-1	Level-2	Level-3	**TOTAL**
ASSETS				
Investment securities – available for sale	45,415	69	-	**45,484**
Financial assets of fair value through P&L	-	-	-	**-**
Derivatives	-	167	-	**167**
TOTAL ASSETS	45,415	236	-	**45,651**
LIABILITIES				
Derivatives	-	1	-	**1**
TOTAL LIABILITIES	**-**	**1**	**-**	**1**

31 December 2012

	Level-1	Level-2	Level-3	**Total**
ASSETS				
Investment securities – available for sale	7,375	40	-	**7,415**
Financial assets of fair value through P&L	231	325	-	**556**
Derivatives	-	20	-	**20**
TOTAL ASSETS	7,606	385	-	**7,991**
LIABILITIES				
Derivatives	-	246	-	**246**
TOTAL LIABILITIES	**-**	**246**	**-**	**246**

4.7 Capital adequacy

The Bank has implemented the new regulatory framework Basel II since January 2008. The new regulatory framework introduced capital requirement for operational risk and results to significant changes in the calculation of capital requirements against credit risk.

The Bank actively manages its capital base by taking advantage of the contemporary means for raising capital, with the objective to sustain its capital adequacy ratios well above the minimum regulatory levels and, at the same time, to improve the weighted average cost of capital to the benefit of its shareholders. In this framework, both the calculation of the capital requirements and the dynamic management of the capital base are embedded in the business plan and the annual budgeting processes.

The risk-weighted assets arise from the credit risk of the banking book and the market risk of the trading book as well as the operational risk.

The current capital ratios (Tier I ratio and capital adequacy ratio) are greater than the regulatory limits (8%) set by the Bank of Greece directive and the capital base is capable of supporting the business growth of the Bank in all areas for the next years.

For the calculation of regulatory capital, own share capital must undergo some regulatory adjustments, such as the deduction of intangible assets.

The capital adequacy ratio as at 31 December 2013 and 31 December 2012 is in compliance with Basel II regulatory framework according the standardized approach.

The regulatory capital of the Bank, as defined by the Bank of Greece is comprised of two tiers, Tier I and Tier II capital. AB Bank has only Tier I capital.

	2013 €' 000	2012 (*) €' 000
Tier I capital		
Share capital	37,980	37,980
Share premium	50,207	50,182
Retained earnings	4,393	3,314
Statutory reserve	442	400
Reserve from remeasurement of the defined benefit obligations	(32)	(101)
Available for sale reserve	(1,706)	(535)
	91,284	**91,240**
Regulatory adjustments on Tier I capital		
Less: intangible assets	(44)	(99)
Total regulatory adjustments on Tier I capital	**(44)**	**(99)**
Total Tier I capital	**91,240**	**91,141**
Risk weighted assets		
Risk weighted assets (credit risk)	279,196	243,561
Risk weighted assets (market risk)	750	913
Risk weighted assets (operational risk)	21,643	21,805
Total risk weighted assets	**301,589**	**266,279**
Core tier I	**30.25%**	**34.23%**
Tier I	**30.25%**	**34.23%**
Capital Adequacy Ratio	**30.25%**	**34.23%**

(*) The 2012 figures have been restated in accordance with the Act.13/28.3.2013 of the Executive Committee of the Bank of Greece.

It should be noted that the disclosure as regulatory requirement, regarding capital adequacy and risk management information, imposed by Bank of Greece Directive 2655/16.3.2012 in relation to Pillar III, will be updated on the web site www.aegeanbalticbank.com upon its completion.

Note 5: Net interest income

	2013 €' 000	2012 €' 000
Interest and similar income		
Available for sale and held for trading securities	726	962
Interest due from banks	101	96
Interest from loans and advances to customers	9,673	12,606
Other	155	155
Total Interest and similar income	**10,655**	**13,819**
Interest expense and similar charges		
Interest due to customers	(3,241)	(3,938)
Interest due to banks	(85)	(786)
Total Interest expense and similar charges	**(3,326)**	**(4,724)**
Net interest income	**7,329**	**9,095**

Note 6: Net fee and commission income

	2013 €' 000	2012 €' 000
Fee and commission income		
Loan origination fees and commissions	1,503	1,531
Funds transfers	712	640
Other	158	47
Total Fee and commission income	**2,373**	**2,218**
Fee and commission expense		
Banks	(85)	(85)
Central Bank	(323)	(280)
Other	(173)	(157)
Total Fee and commission expense	**(581)**	**(522)**
Net fee and commission income	**1,792**	**1,696**

The Bank's main activity is the contracting and management of syndicated loans to shipping companies in which the Bank also participates.

The result of the Bank's main activity is the collection of commissions for both the contracting of the syndicated loans as an arranger, as an agent and as a participant to the loan.

The commissions received by the Bank as a participant in the syndicated loans are capitalized, then amortized over the life of the loan with the effective interest rate method and included in the interest from loans and advances to customers (Note 5).

The commissions received by the Bank and amortized over the life of the financial instrument with the effective interest rate method are for the year 2013 € 612 thousands (€ 363 thousands for 2012).

The commissions received by the Bank as an arranger and as an agent are recognized in the income statement when collected.

Note 7: Net trading income

	2013 €' 000	2012 €' 000
Foreign exchange contracts and derivatives	657	203
Net trading income	**657**	**203**

Note 8: Net result from sale of investment securities

	2013 €' 000	2012 €' 000
Net gain from sale of available for sale financial assets	592	3,097
Net result from sale of investment securities	**592**	**3,097**

Note 9: Net result from financial instruments at fair value through profit or loss

	2013	2012
	€' 000	€' 000
Profit / (Loss) from valuation of financial assets at fair value through P & L	-	127
Gain / (Loss) from sale of financial assets at fair value through P & L	156	239
Net result from financial instruments at fair value through profit or loss	**156**	**366**

Note 10: Personnel expenses

	2013	2012(*)
	€' 000	€' 000
Wages and salaries	(3,470)	(3,550)
Social security contributions	(743)	(419)
Defined contribution plans	(111)	(99)
Defined benefit plans (see Note 30)	(81)	(366)
Other	(274)	(266)
Personnel expenses	**(4,679)**	**(4,700)**

** As restated after implementation of amended IAS 19.*

The number of employees of the Bank at 31 December 2013 was 62 (60 as at 31 December 2012). The average number of employees for the period 1 January 2013 to 31 December 2013 was 62.

Note 11: General administrative expenses

	2013	2012
	€' 000	**€' 000**
Rental expense for buildings	(351)	(351)
Rental expense for cars	(69)	(63)
Third party fees	(599)	(566)
IT expense	(347)	(384)
Telecommunication – mail expense	(101)	(91)
Promotion and advertising expense	(34)	(19)
Office material	(30)	(23)
Utilities	(75)	(78)
Taxes and duties	(273)	(242)
Maintenance and other related expenses	(50)	(41)
Publication expenses	(8)	(18)
Subscription expenses	(34)	(32)
Donations	-	(181)
Contributions	(182)	-
Officers and directors insurance	(130)	(128)
Other general administrative expenses	(214)	(196)
General and administrative expenses	**(2,497)**	**(2,413)**

Note 12: Depreciation and amortization

	2013	2012
	€' 000	**€' 000**
Property and equipment	(84)	(131)
Intangible assets	(72)	(163)
Depreciation and amortization	**(156)**	**(294)**

Note 13: Impairment losses on loans and advances

Impairment losses on loans and advances movement:

	2013 €' 000	2012 €' 000
Balance as at 1 January	**(4,381)**	**(2,903)**
Impairment losses on loans and advances for the year	(1,332)	(1,685)
Amounts recovered	674	161
Effect of foreign currency movements	117	46
Impairment losses on loans and advances charged in Income Statement	**(541)**	**(1,478)**
Loans written off	-	-
Balance as at 31 December	**(4,922)**	**(4,381)**

Note 14: Income tax

	2013 €' 000	2012(*) €' 000
Income tax for the year	(112)	(668)
Deferred income tax	(586)	(531)
Income tax	**(698)**	**(1,199)**
The calculation of the income tax expense is as follows:		
Profit before tax	**2,719**	**5,579**
Tax calculation at 26% (2012:20%)	(707)	(1,116)
Non tax deductible expenses	(107)	(132)
Impact of tax change rate on Deferred Tax	203	-
Other	(87)	49
Income tax	**(698)**	**(1,199)**

** As restated after implementation of amended IAS 19.*

The Law 4110/2013 provides that for the periods commencing from 1 January 2013 thereon, the nominal corporation tax rate is increased to 26% (from 20%). Also, the same law provides that for profit distributions approved from 01/01/2014 onwards, the withholding tax is reduced to 10%.

The Greek tax authorities have not yet audited the year 2010. It is possible, as a result of the tax audit, that some of the Bank's expenses relating to this year may be disallowed. Consequently, additional taxes may be assessed for the year 2010. However, it is not expected to have a material effect on the Bank's financial statements.

For the financial years 2011 and 2012, the Bank has been audited by its certified auditors, Deloitte Hadjipavlou Sofianos & Cambanis S.A., in accordance with article 82 of Law 2238/1994. The tax audit certificates for the years 2011 and 2012 were issued at 11 July 2012 and 26 September 2013 respectively. Based on the article 6 of the Ministerial Decision 1159/22.07.2011, the financial year 2012 will be considered final for tax audit purposes 18 months after the issue of the tax audit certificate during which period the tax authorities are entitled to reexamine the tax books of the Bank. Based on the article 6 of the Ministerial Decision 1236/18.10.2013, the financial year 2011 is considered final for tax audit purposes.

By the date the financial statements were approved for issue by the Board of Directors, the tax audit for the financial year 2013 has not yet been completed and therefore the related tax audit certificate will be issued after the publication of the financial statements. Although during the tax audit additional tax liabilities may arise, it is not expected to have a material effect on the Bank's financial statements. After the completion of the tax audit, the Bank will receive the tax audit certificate. Based on the article 6 of the Ministerial Decision 1159/22.07.2011, the financial year 2013 will be considered final for tax audit purposes 18 months after the issue of the tax audit certificate during which period the tax authorities are entitled to reexamine the tax books of the Bank

According to Greek tax legislation, losses can be carried forward and off-set against future gains over the next 5 years. There is no tax loss carried forward by the Bank.

Upon the exchange of the eligible GGBs and in accordance with the law 4046/2012 voted specifically for the implementation of the PSI, any difference (loss) arising from the said exchange is considered deductible for tax purposes and is amortized in equal installments over the duration of the "New GGBs" instead of being expensed in the year in which the exchange takes place and be part of the taxable losses of this year which have a 5 year utilization period, irrespective of the fact that they may not be held until maturity.

Further information concerning deferred tax is presented in Note 25.

Note 15: Cash and balances with Central Bank

	2013	2012
	€' 000	€' 000
Cash on hand	788	510
Balance with Central Bank	6,607	50,475
Cash and balances with Central Bank	**7,395**	**50,985**

The Bank is required to maintain a current account with the Central Bank of Greece (BoG) to facilitate interbank transactions with the BoG, its member banks, and other financial institutions through the TARGET system (Trans-European Automated Real-Time Gross Settlement Express Transfer).

BoG requires all banks established in Greece to maintain deposits with BoG equal to 1% of total customer deposits as these are defined by the European Central Bank ("ECB"). From 1 January 2001 these deposits bear interest at the refinancing rate as set by the ECB (0.25% at 31.12.2013 and 0.75% at 31.12.2012). It is at the Bank's discretion to withdraw the total amount of the balance with Central Bank under the condition that the average balance during the period (month) will not be less than the minimum required amount.

Note 16: Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity of 90 days or less:

	2013	2012
	€' 000	€' 000
Cash on hand	788	510
Non-restricted placements with Central Bank	6,607	50,475
Short-term balances due from banks	89,937	23,414
Cash and cash equivalents	**97,332**	**74,399**

Note 17: Due from banks

	2013	2012
	€' 000	€' 000
Current accounts	11,928	21,414
Money Market Placements	78,009	2,000
Due from banks	**89,937**	**23,414**

Note 18: Loans and advances to customers

	2013	2012
	€' 000	€' 000
Loans and advances to shipping corporations at amortized cost	201,465	236,749
Other loans and advances	1,713	6,167
Loans and advances to customers	**203,178**	**242,916**

Included within loans and advances to customers are loans amounting to € 88 Million (€83 in 2012) that have been pledged as security for the participation of the Bank in the Greek Government's scheme for the promotion of liquidity in the Greek economy through the Banking system (Law 3723/2008) with the amount of €40 Million for a three-year time horizon (until 18.04.2013). Bank's participation was renewed at 29 April 2013 for the same amount and new maturity date the 22nd of April 2016.

Loans and advances to customers are analyzed:

	Gross amount	Impairment allowance	Net amount
		Year 2013 €'000	
Loans and advances to shipping corporations at amortized cost	206,387	(4,922)	201,465
Other loans and advances	1,713		1,713
Loans and advances to customers	**208,100**	**(4,922)**	**203,178**

	Gross amount	Impairment allowance	Net amount
		Year 2012 €'000	
Loans and advances to shipping corporations at amortized cost	241,130	(4,381)	236,749
Other loans and advances	6,167	-	6,167
Loans and advances to customers	**247,297**	**(4,381)**	**242,916**

Note 19: Investment securities – Available for sale

Analysis per Issuer

	2013 €' 000	**2012** €' 000
Government	43,163	2,406
Banks – Financial institutions	2,252	4,924
Corporate	69	85
Investment securities – Available for sale	**45,484**	**7,415**

Analysis per Type

	2013 €' 000	**2012** €' 000
Debt	43,666	5,753
Equity	1,818	1,662
Investment securities – Available for sale	**45,484**	**7,415**

Movement for the year:

Balance as 1 January	**7,415**	**23,190**
Additions	76,020	69,100
Disposals (Sales and redemptions)	(36,248)	(88,986)
Profit / (Loss) from changes in fair value	(1,637)	1,240
Impairment provision (PSI)	-	2,960
Exchange differences	(66)	(90)
Balance as 31 December	**45,484**	**7,415**

All the bonds in the available for sale portfolio are listed.

Included within Investment securities – Available for sale are Government bonds of nominal value € 45 Million (€2.3 Million at 31/12/2012) that have been pledged as security for ECB funding purposes.

Note 20: Investment securities – Held to maturity

	2013 €' 000	**2012** €' 000
Balance as 1 January	**-**	**1,290**
Additions	-	-
Disposals (Matured) (PSI+)	-	(1,290)
Other (Discount amortization)	-	-
Impairment provision (PSI)	-	-
Balance as 31 December	**-**	**-**

Note 21: Financial assets at fair value through P&L

	2013 €' 000	2012 €' 000
Balance as at 1 January	**556**	**585**
Additions	-	484
Disposals (Sales and redemptions)	(556)	(640)
Profit / (Loss) from changes in fair value	-	127
Balance as at 31 December	**-**	**556**

Analysis per Type

	2013 €' 000	2012 €' 000
Debt	-	325
Equity	-	231
Financial assets at fair value through P&L	**-**	**556**

Note 22: Derivative financial instruments

	31.12.2013			31.12.2012		
	Nominal value	Fair value Assets	Fair value Liabilities	Nominal value	Fair value Assets	Fair value Liabilities
FX forwards	49,868	134	1	54,455	0	246
Warrant Linked to Greek GDP	2,835	33	-	2,835	20	-
Derivative financial instruments	**52,703**	**167**	**1**	**57,290**	**20**	**246**

The Bank does not use hedge accounting. However, the Bank believes that the above instruments are effective economic hedges and therefore the gains and losses from derivative financial instruments are recognized in trading income.

Note 23: Intangible assets

	2013 €' 000	2012 €' 000
Cost:		
Opening balance as at 1 January	1,768	1,758
Additions	16	10
Closing balance as at 31 December	**1,784**	**1,768**
Accumulated amortization:		
Opening balance as at 1 January	1,669	1,505
Amortization	71	164
Closing balance as at 31 December	**1,740**	**1,669**
Net book value:		
Opening net book value as at 1 January	**99**	**253**
Closing net book value as at 31 December	**44**	**99**

Intangible assets include only software.

Note 24: Property and equipment

Property and equipment as at 31.12.2013

	Leasehold improvements	Motor vehicles	Furniture and other equipment	IT equipment	Total
Cost:					
Opening balance as at 1 January 2013	456	15	503	746	1,721
Additions	-	-	13	19	31
Disposals	-	-	-	-	-
Closing balance as at 31 December 2013	**456**	**15**	**516**	**765**	**1,752**
Accumulated depreciation:					
Opening balance as at 1 January 2013	162	11	458	702	1,333
Depreciation	37	2	24	21	84
Disposals	-	-	-	-	-
Closing balance as at 31 December 2013	**199**	**13**	**482**	**723**	**1,417**
Net book value:					
Closing net book value as at 31 December 2013	**257**	**2**	**34**	**42**	**335**

Property and equipment as at 31.12.2012

	Leasehold improvements	Motor vehicles	Furniture and other equipment	IT equipment	Total
Cost:					
Opening balance as at 1 January 2012	456	15	503	731	1,705
Additions	-	-	-	16	16
Disposals	-	-	-	-	-
Closing balance as at 31 December 2012	**456**	**15**	**503**	**746**	**1,721**
Accumulated depreciation:					
Opening balance as at 1 January 2012	125	9	404	665	1,203
Depreciation	37	2	54	37	130
Disposals	-	-	-	-	-
Closing balance as at 31 December 2012	**162**	**11**	**458**	**702**	**1,333**
Net book value:					
Closing net book value as at 31 December 2012	**294**	**4**	**45**	**44**	**388**

No property and equipment has been pledged as security for liabilities.

Note 25: Deferred tax assets

	2013 €' 000	**2012(*)** €' 000
Deferred tax assets		
Write-offs and amortization of intangible assets	-	1
Loans and advances to customers	283	202
Defined benefits obligations	247	206
Derivatives and financial instruments	556	265
Greek Government Bonds (PSI)	1,620	1,291
Other temporary differences	91	124
Total Deferred tax assets	**2,797**	**2,089**
Deferred tax liabilities		
Loans and advances to customers	2,231	1,414
Total Deferred tax liabilities	**2,231**	**1,414**
Net Deferred tax assets	**566**	**675**

Movement of temporary differences during the year:

Movement of 2013	Balance as at 01/01/13	Deferred tax charge in the income statement 2013	Deferred tax through equity 2013	Balance as at 31/12/13
Write-offs and amortization of intangible assets	1	(26)	25	(0)
Loans and advances to customers	(1,212)	(735)	-	(1,947)
Defined benefits obligations	206	54	(14)	246
Derivatives and financial instruments	265	(175)	466	556
Greek Government Bonds (PSI)	1,291	329	-	1,620
Other temporary differences	124	(33)	-	91
Total	**675**	**(586)**	**477**	**566**

Movement of 2012	Balance as at 01/01/12	Deferred tax charge in the income statement 2012	Deferred tax through equity 2012	Balance as at 31/12/12
Write-offs and amortization of intangible assets	(2)	3	-	1
Loans and advances to customers	(929)	(283)	-	(1,212)
Defined benefits obligations	108	73	25	206
Derivatives and financial instruments	851	(338)	(248)	265
Greek Government Bonds (PSI)	1,334	(43)	-	1,291
Other temporary differences	67	57	-	124
Total	**1,429**	**(531)**	**(223)**	**675**

** As restated after implementation of amended IAS 19.*

Note 26: Other assets

	2013	2012
	€’ 000	€’ 000
Accrued income (Interest and Commissions)	1,229	617
Prepaid expenses	344	305
Hellenic Deposit and Investment Guarantee Fund	5,950	5,768
Other	720	461
Other assets	**8,243**	**7,151**

Greek Deposit Guarantee Fund

Per Greek Government’s decision in November 2008 (Article 6 of Law 3714/2008), the amount of banks’ customer deposits guaranteed by the Hellenic Deposit and Investment Guarantee Fund, increased from €20,000 to €100,000, per client. According to the decision, the annual contributions paid by banks to the Hellenic Deposit and Investment Guarantee Fund shall increase proportionately to the increase of the guaranteed deposits amount (i.e. fivefold), for as long as such increased guaranteed amount provision remains in effect.

Law 3746/16.2.2009 concerning the "Hellenic Deposit and Investment Guarantee Fund (HDIGF)" further specified that, the incremental annual contributions of banks resulting from the application of the aforesaid decision shall be contributed by each bank to a special purpose assets group of the HDIGF, operating in the style of joint and mutual cover fund of the participating banks.

In accordance with article 10 of Law 3746/16.2.2009, HDIGF guarantees up to the amount of €30,000 per client for investing activities. In 2010, the participating credit institutions paid the first contributions relating to article 10 of Law 3746/16.2.2009 which provides that the said contributions are included in a special reserve which is jointly owned by the credit institutions in proportion to their participation.

Note 27: Due to banks

	2013	2012
	€’ 000	€’ 000
Term deposits due to credit institutions	-	5,000
Amounts due to ECB	40,000	35,000
Due to banks	**40,000**	**40,000**

The amounts due to ECB is funding from ECB with collateral eligible bonds from the Bank’s available for sale portfolio, as well as part of the €40 Million Greek government bonds from the participation of the Bank in the Government’s scheme for the promotion of liquidity in the Greek economy through the Banking system (Law 3723/2008).

Note 28: Due to customers

	2013	2012
	€’ 000	€’ 000
Sight deposits	72,719	88,725
Term deposits	147,798	108,908
Other	524	718
Due to customers	**221,041**	**198,351**

Due to customers include blocked deposits of:

	2013	2012
	€’ 000	€’ 000
Blocked deposits for the issuance of Guarantee Letters	1,019	526
Blocked deposits for loans granted	7,289	17,577
Total	**8,308**	**18,103**

The only main concentration relates to deposits of five (5) customers that represent approximately 49% of the amounts due to customers (€ 108 Million out of € 221 Million). In 2012 five (5) customers represented approximately 31% of the amounts due to customers (€ 61 Million out of € 197 Million).

Note 29: Other liabilities

	2013 €' 000	2012 €' 000
Accrued interest payable	358	259
Taxes – duties (other than income tax)	159	182
Amounts due to social security funds	164	100
Accrued expenses and deferred income	357	607
Suppliers	111	160
Hellenic Deposit and Investment Guarantee Fund	103	570
Other	849	880
Other liabilities	**2,101**	**2,758**

Note 30: Retirement benefit obligations

Defined benefit plans

According to Greek labor law, employees are entitled to a one-off payment when they retire.

The amount differs according to the salary of the employees and the years of their employment up to the date of retirement. In the event that an employee voluntarily leaves, there is no similar liability. This one-off payment meets the definition of a defined benefit plan and at 31 December 2013 the present value of the liability amounted to €922 thousand (2012 € 1,024 thousand).

The retirement benefit obligations were calculated in compliance with the provisions of Greek Law 2112/20. Law 4093/12 decreased the minimum statutory indemnity. The Bank has decided to maintain the pre L.4093/12 benefit formula.

The provision is based on an independent actuarial study using the "Projected Unit Credit Method", according to which the cost of employee retirement indemnities is charged to the income statement.

The present value of the defined obligation is determined by the estimated future cash outflows using interest rates of high credit rating company securities, which have terms to maturity approximating the terms of the related liability.

	2013 €' 000	2012 (*) €' 000
Amounts recognized in the Statement of Financial Position (SOFP)		
Present value of obligations	922	1,024
Net Liability in SOFP	**922**	**1,024**
Amounts recognized in the Income Statement		
Service cost	54	41
Net interest on the net defined benefit liability	27	27
Regular P&L Charge	**81**	**68**
Recognition of past service cost		298
Total P&L Charge	**81**	**366**
Reconciliation of benefit obligation		
DBO at start of period	1,024	579
Service cost	54	41
Interest cost	27	27
Benefits paid directly by the Company	(99)	-
Past service cost arising over last period	-	297
Actuarial (gain)/loss - financial assumptions	(77)	99
Actuarial (gain)/loss - demographic assumptions	(13)	-
Actuarial (gain)/loss - experience	6	(19)
DBO at end of period	**922**	**1,024**

Remeasurements		
Liability gain/(loss) due to changes in assumptions	90	(99)
Liability experience gain/(loss) arising during the year	(7)	19
Total actuarial gain/(loss) recognized in OCI	**83**	**(80)**
Other adjustments recognized in OCI		
Total amount recognized in OCI over the period	**83**	**80**
Movements in Net Liability in SOFP		
Net Liability in SOFP at the beginning of the period	1,024	578
Benefits paid directly	(99)	-
Total expense recognized in the income statement	81	366
Total amount recognized in the OCI	(83)	80
Net Liability in SOFP	**922**	**1,024**
Cash flows		
Expected benefits paid by the plan for next financial year	529	557

Assumptions		
Discount rate	3.87%	3.66%
Price inflation	1.75%	2.50%
Rate of compensation increase	2.75%	3.50%
Plan duration	8.60	8.32

The amounts recognized in the Statement of Financial Position are determined as follows:

	2013	**2012**	**2011**	**2010**	**2009**
	€' 000	€' 000	€' 000	€' 000	€' 000
Present value of obligations	922	1,024	578	490	492
Total obligation	**922**	**1,024**	**578**	**490**	**492**

* As restated after implementation of amended IAS 19.

Note 31: Share capital

Share capital for the year ended at: **(Amounts in €)**

	31.12.2013			**31.12.2012**		
	Number of Shares	**Nominal Value**	**Share Capital**	**Number of Shares**	**Nominal Value**	**Share Capital**
Opening balance	2,110,000	18	37,980,000	2,110,000	18	37,980,000
Issue of new shares	-	-	-	-	-	-
Closing balance	2,110,000	18	37,980,000	2,110,000	18	37,980,000

Note 32: Share premium

	2013	**2012**
	€' 000	€' 000
Share premium	50,513	50,513
Less: Share capital issue related expenses (net of tax)	(306)	(331)
Share premium	**50,207**	**50,182**

Note 33: Reserves

	2013	**2012(*)**
	€' 000	€' 000
Statutory reserve	442	400
Valuation of available for sale portfolio	(2,305)	(669)
Deferred tax on valuation of AFS portfolio	599	134
Remeasurement of the defined benefit obligations	(43)	(126)
Deferred tax on Remeasurement of the defined benefit obligations	11	25
Reserves	**(1,296)**	**(236)**

** As restated after implementation of amended IAS 19.*

Movement of Reserves

Opening Balance	**(236)**	**(1,274)**
Statutory reserve	42	147
Valuation of available for sale portfolio	(1,637)	1,240
Deferred tax on valuation of AFS portfolio	466	(248)
Net change in Fair value	**(1,171)**	**992**
Remeasurement of the defined benefit obligations	83	(126)
Deferred tax on Remeasurement of the defined benefit obligations	(14)	25
Net change from the remeasurement of the defined benefit obligations	**69**	**(101)**
Closing Balance	**(1,296)**	**(236)**

Note 34: Retained earnings

	2013	**2012**
	€' 000	€' 000
Opening balance	**3,314**	**(919)**
Interim Dividends	(900)	-
Statutory reserve for the year	(42)	(147)
Profit / (Loss) for the year	2,021	4,380
Closing balance	**4,393**	**3,314**

The Board of Directors (Meeting No.182/19.09.2013) approved the distribution of € 900 thousand as Interim dividends from the profits of 2013 to the shareholders pursuant to Article 46 of Codified Law 2190/20. The distribution was completed 20 days later and will be finalized following the approval of the financial statements of the fiscal year 2013 by the Ordinary General Assembly of the Shareholders of the Bank. The Board of Directors that approved these financial statements proposed that no further dividends, except for the interim, being distributed out of the profits of 2013.

Note 35: Contingent liabilities and commitments

Legal issues
There are no pending legal actions for or against the Bank.

Tax issues
The Greek tax authorities have not yet audited the year 2010. It is possible, as a result of the tax audit, that some of the Bank's expenses relating to this year may be disallowed. Consequently, additional taxes may be assessed for the year 2010.

For the financial years 2011 and 2012, the Bank has been audited by its certified auditors, Deloitte Hadjipavlou Sofianos & Cambanis S.A., in accordance with article 82 of Law 2238/1994. The tax audit certificates for the years 2011 and 2012 were issued at 11 July 2012 and 26 September 2013 respectively. Based on the article 6 of the Ministerial Decision 1159/22.07.2011, the financial year 2012 will be considered final for tax audit purposes 18 months after the issue of the tax audit certificate during which period the tax authorities are entitled to reexamine the tax books of the Bank. Based on the article 6 of the Ministerial Decision 1236/18.10.2013, the financial year 2011 is considered final for tax audit purposes.

By the date the financial statements were approved for issue by the Board of Directors, the tax audit for the financial year 2013 has not yet been completed and therefore the related tax audit certificate will be issued after the publication of the financial statements. Although during the tax audit additional tax liabilities may arise, it is not expected to have a material effect on the Financial Statements of the Bank. Based on the article 6 of the Ministerial Decision 1159/22.07.2011, the financial year 2013 will be considered final for tax audit purposes 18 months after the issue of the tax audit certificate during which period the tax authorities are entitled to reexamine the tax books of the Bank.

Capital commitments

	2013	**2012**
	€' 000	€' 000
Unused credit facilities	834	3,259
Financial guarantees written	735	526
Total	**1,569**	**3,785**

Operating lease commitments

Operating leases

The Bank has liabilities from the lease of its central building, its branch in Piraeus and company cars that it uses.
The duration of the lease contract is 12 years for the buildings and 4 to 6 years for the company cars.
The rents are usually subject to annual adjustments due to inflation. It is the Bank's policy to renew these contracts.
The rent expenses concerning the buildings amounted to € 351 thousand for 2013 (€ 351 thousand for 2012).

The minimum lease payments until the end of the lease period are as follows:

	2013	2012
	€' 000	€' 000
No later than 1 year	418	403
Later than 1 year and no later than 5 years	1,631	1,504
Later than 5 years	922	1,028
Total	**2,971**	**2,935**

Syndicated Loans

The Bank acts as an agent and administrator for syndicated loans granted to shipping corporations. The total amount of the syndicated loans administrated or participated by the Bank is analyzed as follows:

	2013	2012
	€' 000	€' 000
Participation of other banks in draw downed syndicated loans	934,580	1,018,737
AB Bank's participation in draw down syndicated loans	45,658	44,680
Total amount of draw downed syndicated loans	**980,238**	**1,063,417**
Other banks participation in unused credit facilities of syndicated loans	8,138	12,278
AB Bank's participation in unused credit facilities of syndicated loans	834	1,364
Total amount of undrawn syndicated loans	**8,972**	**13,642**
Total amount of syndicated loans administrated with the participation of AB Bank	**989,210**	**1,077,059**

Note 36: Events after the reporting period

The Extraordinary General Meeting of the Shareholders of the Bank dated 23 January 2014 decided the distribution of dividends, in the amount of €2.1 Million, out of the Bank's Net Profit for the financial year 2012 having been carried forward.

In May 2014 the Bank expensed €4.08 Million for the acquisition of an office building, located in the area of Maroussi, Athens. The Bank intends to relocate within 2014 its head-office, from its present rented premises located also in Maroussi to the building so acquired.

There are no other events after the reporting date requiring disclosure.

Note 37: Related party transactions

Main shareholders of the Bank are Costanus Limited, Mr Theodore Afthonidis personally and Vealmont Limited which is controlled by Mr Afthonidis.

Affiliates' outstanding balances and results of these transactions are as follows:

	2013 €' 000	2012 €' 000
Assets		
Loans and advances to customers	1,288	773
Total assets	**1,288**	**773**
Liabilities		
Due to customers	71	148
Total liabilities	**71**	**148**
Income		
Interest and similar income	46	25
Total income	**46**	**25**
Expenses		
Interest expense and similar charges	2	1
Fees and commission expense	10	-
Total expenses	**12**	**1**

Remuneration, short Term employee and post-employment benefits of the Board of Directors (BoD) members and General Managers, charged to the Income statement, summarized as follows:

	2013 €' 000	2012 €' 000
Remuneration	1,234	1,263
Short Term employee and post-employment benefits	90	104
Total	**1,324**	**1,367**

There are no other transactions related to the Board of Directors or the General Managers of the Bank.

Note 38: Independent auditor's fees

Deloitte Hadjipavlou Sofianos & Cambanis S.A. is our independent public accountant for the year ended 31 December 2013. The following table presents the fees for professional audit and other services rendered:

	2013 €' 000	2012 €' 000
Audit fees	76	76
Audit-related fees	27	27
Total	**103**	**103**