FINANCIAL STATEMENTS AS AT 31.12.2019

(In accordance with International Financial Reporting Standards – I.F.R.S.)

Athens,
14 July 2020

ABC FACTORS

ABC FACTORS SINGLE MEMBER S.A.
MICHALAKOPOULOU 48 - 115 28 ATHENS
General Commercial Registry No. 1803101000 - S.A. Registration No 32684/01/B/95/32

FINANCIAL INFORMATION FOR THE YEAR
FROM JANUARY 1st, 2019 to December 31st, 2019

Published according to C.L. 4548/18, article 149, par. 8-9, for companies preparing annual financial statements, consolidated or not, in accordance with IFRS

Amounts in Euro

The following information, which is derived from the financial statements, aims to provide a general overview of the financial position and performance of ABC FACTORS. We, therefore, advise the reader to visit the company's web site where the annual financial statements as well as the auditors' report can be found, before making any investment decision or engaging in any other transaction with the company.

Competent Authority	Bank of Greece
Website Address	www.abcfactors.gr
Board of Directors	Chairman (Executive member): Georgios K.Aronis Vice Chairman (Non-Executive): Alexios A.Pilavios Chief Executive Officer & General Manager (Executive Member): Maria M.Raikou Tilemachos D.Georgakis (Non-Executive Member), Ioannis G.Mourgelas (Non-Executive Independent Member), Christos A.Oikonomou (Non-Executive Member), Antonios K.Chronis (Executive Member)
Date of approval of the Financial Statements by the Board of Directors (from which the financial information were derived)	14.07.2020
Certified Auditor	Theodoros Tassioulas (Reg. No. SOEL 41061)
Audit Firm	Deloitte Certified Public Accountants S.A. (Reg. No. SOEL: E120)
Type of Auditors' Report	Unqualified Opinion

BALANCE SHEET

	31.12.2019	31.12.2018
ASSETS		
Cash	201,68	796,45
Due from banks	2.668.843,85	1.795.944,28
Due from customers	518.256.184,72	540.891.284,63
Property,plant and equipment	341.406,35	185.549,81
Intangible assets	544.653,43	520.683,25
Other assets	1.005.311,60	268.358,18
TOTAL ASSETS	**522.816.601,63**	**543.662.616,60**
LIABILITIES		
Due to banks	58.778.798,12	24.165.503,71
Due to customers	4.096.841,26	5.128.287,45
Debt securities in issue	325.040.139,00	380.123.715,00
Liabilities for current income tax and other taxes	797.192,88	1.133.172,07
Deferred tax liabilities	8.533.413,36	8.223.121,96
Employee defined benefit obligations	607.765,00	493.359,00
Other liabilities	1.467.000,71	1.607.249,59
Total liabilities (a)	**399.321.150,33**	**420.874.408,78**
EQUITY		
Share capital (1,366,667 shares of Euro 30 each)	41.000.010,00	41.000.010,00
Share premium	64.746,88	64.746,88
Statutory reserve	8.241.502,05	7.679.795,34
Retained earnings	74.189.192,37	74.043.655,60
Total Equity (b)	**123.495.451,30**	**122.788.207,82**
TOTAL LIABILITIES AND EQUITY (a)+(b)	**522.816.601,63**	**543.662.616,60**

STATEMENT OF COMPREHENSIVE INCOME

	1.1-31.12.2019	1.1-31.12.2018
Interest and similar income	21.584.506,96	21.024.392,23
Interest expense and similar charges	(10.077.326,28)	(9.238.541,25)
Net interest income	11.507.180,68	11.785.850,98
Commission income	9.988.835,33	10.127.640,74
Commission expense	(3.275.371,38)	(3.311.815,59)
Net commission income	6.713.463,95	6.815.825,15
Gains less losses on financial transactions	1.243,58	2.365,61
Other income	97.437,50	88.652,39
	98.681,08	91.018,00
Total income	**18.319.325,71**	**18.692.694,13**
Staff costs	(3.146.988,85)	(3.222.475,22)
General administrative expenses	(864.646,32)	(1.008.589,15)
Depreciation and amortization expenses	(314.750,61)	(92.561,56)
Total expenses	**(4.323.625,93)**	**(4.129.875,86)**
Impairment (losses) / reversal and provisions to cover credit risk	(219.388,87)	(293.330,68)
Provision for litigations	0,00	(6.100,00)
Profit before income tax	**13.773.551,06**	**14.069.637,52**
Income tax	(2.997.378,37)	(2.835.503,24)
Profit after income tax	**10.776.172,69**	**11.234.134,28**
Other comprehensive income recognized directly in equity :		
Change in actuarial gains / (losses) on employee defined benefit obligations	(89.676,00)	(14.880,00)
Income tax	20.746,78	1.213,38
Total comprehensive income for the period, after income tax	**10.707.243,48**	**11.220.467,66**
Earnings per share :		
Basic and diluted (Euro per share)	7,89	8,22
Proposed dividend (Euro per share)	0,00	0,00
Proposed dividend under article 72, Law 4172 (Euro per share)	0,00	0,00

STATEMENT OF CASH FLOWS

	1.1-31.12.2019	1.1-31.12.2018
Net cash inflows / (outflows) from operating activities (a)	73.926.612,88	-70.743.729,13
Net cash inflows/ (outflows) from investing activities (b)	-205.984,37	-193.258,07
Net cash inflows / (outflows) from financing activities (c)	-72.848.323,71	71.017.951,48
Net increase / (decrease) in cash and cash equivalents during the period (a)+(b)+(c)	872.304,80	80.964,28
Net cash inflows / (outflows) for the period	**872.304,80**	**80.964,28**
Cash and cash equivalents at the beginning of the period	**1.796.740,73**	**1.715.776,45**
Cash and cash equivalents at the end of the period	**2.669.045,53**	**1.796.740,73**

STATEMENT OF CHANGES IN EQUITY

	31.12.2019	31.12.2018
Equity at the beginning of the period (1.1.2019 and 1.1.2018 respectively)	122.788.207,82	111.567.740,16
Dividend	(10.000.000,00)	
Total comprehensive income for the period, after income tax	10.707.243,48	11.220.467,66
Equity at the end of the period (31.12.2019 and 31.12.2018 respectively)	**123.495.451,30**	**122.788.207,82**

ADDITIONAL DATA AND INFORMATION

1.The unaudited tax years for the Company are listed in note 43b of the financial statements as at 31.12.2019.
2.There are no liens or encumbrances on the Company's property, plant and equipment.
3.There are neither pending legal cases or issues in progress, nor decisions of legal or arbitrary authorities, which may have a material impact on the financial position or operations of the Company, note 43a of the Financial Statements as of 31.12.2019.
4.The number of employees as at 31.12.2019 and 31.12.2018 was 80 and 83 respectively.
5.The monetary value and nature of amounts recognized directly in equity are listed in detail under the Statement of Comprehensive Income.
6.The results arising from related party transactions, during the period from 1.1.2019 until 31.12.2019, are as follows:
- With members of the Board of Directors and other key management personnel: expenses of Euro 332,105.77.
- With other related parties: a) income of Euro 47,534.38 and b) expenses of Euro 10,559,178.67.

The balances, as at 31.12.2019, of receivables and liabilities arising from the above transactions are as follows:
- With other related parties: a) Receivables of Euro 462,100.11 and b) Liabilities of Euro 384,472,997.62.

7. The financial statements of ABC FACTORS are included in the consolidated financial statements of ALPHA BANK S.A., under the method of full consolidation. ALPHA BANK S.A. is established in Greece and holds 100% of ABC FACTORS' equity.

Athens, 14 July 2020

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER	THE FINANCE AND ADMINISTRATION MANAGER
GEORGIOS K. ARONIS I.D. No AB 003911	MARIA M. RAÏKOU I.D. No AK 199121	ANTONIOS K. CHRONIS I.D. No AZ 007940

ABC FACTORS

BOARD OF DIRECTORS' MANAGEMENT REPORT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE FISCAL YEAR 2019

(From 1st January to 31st December 2019)

Athens,
July 14, 2020

To the Shareholders,

According to Article 150 of L. 4548/2018, which refers to the Management Report of the Board of Directors for companies that prepare financial statements in accordance with International Financial Reporting Standards (IFRS), we submit to the General Meeting, the Company's financial statements for the fiscal year 2019 with our observations on these and request for your approval.

Detailed information on the accounting policies applied is listed in the Notes of the Financial Statements of 31 December 2019.

1. Economic Environment

An environment of high confidence regarding the country's potential, was formed in 2019, which is reflected, on the one hand, in the remarkable improvement of the domestic business and consumer expectations' indices and on the other hand, in the substantial reduction of the risk premium, imposed on the debt securities issued by the Hellenic Republic. In parallel, the country's growth dynamics have been strengthened further, amid the slowdown of the European economy and the maintenance of fiscal discipline.

The recovery of the domestic economic activity maintained its pace in 2019, with real GDP[1] growing by 1.9%, the same as in 2018. The output expansion in 2019 was primarily supported by net exports, as in 2018, making the largest contribution to growth (0.8 pps), albeit it has taken place amid an increasingly deteriorating international environment, dominated by trade tensions, Brexit uncertainty, geopolitical risks and a slowdown in European economy, Greece's main trading partner. The annual growth of exports of goods and services (4.8%) outpaced import growth (2.5%), on the back of the solid performance of tourism, as exports of services increased by 8.0% y-o-y. Private consumption increased by 0.8% in 2019, contributing to annual GDP growth by 0.5 pps,

The continued decline in unemployment rate, the increase in employment and disposable income, combined with the expansionary fiscal measures put in place, have contributed to the rise in private consumption.
Public consumption increased by 2.1%, in 2019, after three years of negative growth, contributing to annual GDP growth by 0.4 pps. Investment increase was mainly driven by the marked rise in investment in transport equipment by 37.1%, while residential investment continued the upward trend for a second consecutive year (12.1%).

Following the positive evaluation of the European Commission (EC), included in the fourth updated Enhanced Surveillance Report, which was published in November 2019, the Euro group concluded in early December 2019, that Greece has implemented all necessary actions, in order to comply with the specific reform commitments until mid-2019. The downward trend in the spread between the 10-year Greek government bond (GGB) yield and the German 10-year government bond, which dropped to 165 basis points at the end of the year, against 416 basis points at the beginning of 2019, reflects the strengthening of investors' sentiment towards the Greek economy. Greece's sovereign credit rating was upgraded in March 2019 (Moody's: B1), October 2019 (S&P: BB-) and January 2020 (Fitch: BB).

The primary surplus reached 4.16% in 2018, significantly above the target of 3.5% over GDP, while according to the European Commission (EC) Autumn Forecast 2019, published in November 2019, primary surplus is expected to reach 3.8% of GDP in 2019.

The average Overall Industrial Production Index[2] for the period of January - November 2019 increased marginally by 0.1% on an annual basis, with manufacturing production rising by 1.7%, while the Economic Sentiment Indicator (ESI) recorded the highest performances of the last twelve years in the second half of 2019, whereas it remained, throughout this period, above the respective Euro area indicator.

[1] Source: ELSTAT – Quarterly National Accounts
[2] Source: ELSTAT – Industrial Production Index

Inflation, based on the Harmonized Index of Consumer Prices (HICP)[3], reached 1.1% in December 2019 while according to the 2019 EC Autumn Economic Forecasts, HICP inflation is expected to increase to 0.6% in 2020 and further to 0.9% in 2021.

The profits of the Greek banks (before taxes), in the first nine months of 2019 exceeded the respective profits registered in the same period of the previous year. According to the Interim Monetary Policy Report of the Bank of Greece (November 2019), profits' increase compared to last year, can be attributed to the cost containment, as well as to the increase in revenues from financial transactions, which however, are considered non-recurring revenues. The Capital Adequacy ratio for the Greek banking groups, on a consolidated basis, stood at 16.9% in September 2019, whereas the Common Equity Tier 1 (CET1) ratio reached 15.9%[4].

The liquidity conditions in the banking system continued to improve, due to the positive deposit flows from the private sector of the economy, as well as the funding received from the Eurosystem and the interbank market.

The dependency of the Greek Banks on the Emergency Liquidity Assistance (ELA) mechanism has been eliminated since March 2019. Funding received by the Greek Banks from the Eurosystem (excluding ELA) was equal to Euro 7.8 billion in November 2019, against Euro 10.1 billion in December 2018.

The outstanding amount of total credit granted to the private sector amounted to Euro 154.3 billion at the end of December 2019, while the annual rate of credit to non-financial institutions remained positive in 2019, standing at 1.9% in December 2019.

The improvement regarding the management of non-performing loans (NPLs) continued in the first nine months of 2019. NPLs were reduced to Euro 71.2 billion at the end of September 2019, decreasing by Euro 10.6 billion compared to December 2018. The ratio of NPLs over total loans remains high not only in overall (42.1% in September 2019), but also per loan category (43% for mortgages, 49.7% for consumer loans and 40.4% for the wholesale loans portfolio). It should be noted that, according to the NPL targets submitted to the Single Supervisory Mechanism (SSM) at the end of March 2019, Greek credit institutions aim to reduce the total NPLs ratio, to below 20% by the end of 2021.

Within the above economic environment, the turnover (volume of factored receivables) of the factoring services market in Greece stood at Euro 15,045.33 million showing an increase in 2019 by 2.8% compared to 2018. More specifically, domestic Factoring services increased by 5.24% in 2019 compared to 2018, in contrast to international Factoring services which decreased by 11.31% compared to 2018[5].

2. Analysis of the Company's ongoing operations

In the context of the abovementioned economic environment, the Company's turnover (volume of factored receivables) showed an increase in 2019, by 4.97% compared to 2018, standing at Euro 4,825,262,747.39, maintaining its leading position in the Greek Factoring Market.

In 2019, the average balance of factoring discounting increased by 3.1% compared to 2018, while the total customer receivables before the provision for impairment losses as of 31.12.2019, stood at Euro 524,515,262.97, reduced by 4.10% compared to 2018.

The Company's profitable progress continued in 2019, with earnings before income tax standing at Euro 13,773,551.06, reduced by 2.1% compared to 2018.

Non-performing receivables at 31.12.2019 showed a decrease by 24.41%, compared to 2018, and amounted to Euro 6,412,683.34.

Upon the implementation of the procedures stated in "Impairment Policy of Receivables due from Customers" and the implementation of the new International Financial Reporting Standard (IFRS 9) "Financial Instruments"

---

[3] Source: ELSTAT – Industrial Production Index Prices (HICP)
[4] Source: Bank of Greece - Interim Monetary Policy Report 2019, November 2019
[5] Source: Hellenic Factors Association

(Regulation 2016/2067/22.11.2016), the proportion of the impaired receivables due from customers climbed at 1.19% over the total factoring discounting as of 31.12.2019.

ABC FACTORS is a member of Factors Chain International (FCI) since 1995 and of International Trade & Forfaiting Association (I.T.F.A.) since 2006, regarding forfaiting services, while it constituted one of the founding members of the Hellenic Factors Association (H.F.A.)

The main events which drove the Company's progress in 2019, are the following:

1. The expansion of the customer base and the maintenance of the high quality of the portfolio.
2. The increase demand of reverse factoring and forfaiting services in the context of the supply chain financing.
3. The development of synergies with Alpha Bank (hereinafter the "Bank"), as well as the strengthening of cooperation with the Business Units and the Bank's Division of Large Corporates.
4. The addition of qualitative improvements to the central it application of factoring services, with the aim of both improving productivity and reducing operational risk, as well as regulatory and supervisory compliance of the Company.

3. Risk Management

The Company has established a framework of thorough and discreet management of all kinds of its risks, based on best practices and in line with that imposed by the supervisory requirements. This framework, which it is based on the common European legislation and the current system of common banking rules, principles and standards, is improving continuously over the time in order to be applied in a coherent and effective way in a daily conduct of the Company's activities, as set out in Note 44 of the Financial Statements as of 31.12.2019, making the Company's corporate governance effective.

During 2019, the Company took all necessary and appropriate measures in order to protect itself against all types of financial risks. The main objective of the Company during 2019 was to maintain a high quality internal corporate governance and to comply with the regulatory and supervisory provisions for risk management.

Under this perspective and aiming to further strengthen and improve the risk management framework in 2019, the following actions have been performed:

- Adoption of the Corporate Governance Code, alongside the Policy update on the Operations of the Board of Directors Committees.
- Reconstruction of the Risk Management Committee.
- Policy update on the operations of the Risk Management Committee.
- Adoption of the Credit Risk Early Warning Policy.
- Design and implementation of Operational Risk Indices.
- Implementation of further initiatives in order to enhance the level of automation, accuracy, comprehensiveness, quality, and validation of data.
- Continuous upgrade of databases.
- In line with the Group's established Operational Risk framework, the Risk and Control Self-Assessment (RCSA) procedure was implemented during the year. The RCSA procedure aims to identify and assess risks that may affect the operations of the Company, as well as design and implement action plans for their remediation.
- Completion of the risk assessment of the Company's outsourcing contracts which included the update of questionnaires in order to accommodate new emerging risk areas, such as the normalization of supply according to the General Data Protection regulation (GDPR).
- Monitoring of Operational Risk Reports.
- Monitoring of the portfolio and financial risks' progress.

Having as its main objective the implementation and continuous improvement of this framework, the Company placed great emphasis on minimizing its exposure to market risk (interest rate risk), credit and operational risk as well as liquidity risk and cash flow risk, all of which are monitored by the relevant competent Units.

4. Capital Adequacy

The capital adequacy of the Company is supervised by the Bank of Greece, to which reports are submitted in accordance with "Bank of Greece Governor's Act 2651/20.01.2012", which replaced "Bank of Greece Governor's Act 2640/18.1.2011".

Additionally, the minimum requirements for the capital adequacy ratios (Tier I and Total Capital Adequacy ratios) of the Company, are also determined in accordance with Bank of Greece Governor's Act.

The capital adequacy of factoring companies is measured in accordance with the "Bank of Greece Governor's Act 2622/ 21.12.2009", effective from January 1, 2010.

The capital adequacy ratio as at 31.12.2019 stands at 24.97%, well above the minimum threshold (8%), as provided for by the supervisory framework for factoring companies.

5. Prospects for the Company

The multiple functions and advantages of factoring will continue to be an important pillar for businesses, assisting in their efforts to improve their liquidity position and financing their expansion both domestically and internationally.

As shown by the course of business for the Company so far, the current year's profitability is expected to remain at satisfactory levels.

The objectives and prospects for the Company in the current year are summarized as follows:

1. Maintaining its leadership position in the market in terms of both market share and high profitability, via taking advantage of its competitive advantages as well as intensifying the promotion of its services to sectors that are expected to contribute further the growth of the economy.
2. Supporting our customers by enhancing their liquidity and supporting them throughout their trading transactions in order to accomplish their development plans.
3. Emphasis on further development of individually tailored services "Supply Chain Finance" (reverse factoring, non-recourse factoring, forfaiting), aiming to cover the multiple needs of the cooperating companies.
4. Gaining access to sectors of the economy with prospect of growth, such as energy and telecommunications, where the Company has developed specialized products.
5. Intensification of the cooperation with Business Units of Wholesale Banking of the Bank .
6. Maintaining of a low percentage of non-performing receivables over the years.
7. Exploitation and improvement, through new modules, of the full potential offered by the IT application of factoring services (proxima+) and with the procurement of new applications, aiming at:

    -The optimal service and adaptation of services to changing customer needs.

    -The digitization of internal services as well as the Company's transactions.

    -The ongoing improvement of all types of risk management, through considering international practices.

    -Achieving economies of scale with the improvement of services provided to customers

    -The servicing of new/changing needs of regulatory and supervising environment.

The sustained growth of the Company is driven by the high degree of technical expertise among the Company's skilled personnel, the support provided by the Bank (our parent company) and mostly to the Company's commitment towards its customers to create value by providing services and products customized to meet their needs.

6. Securities held by the Company

None.

7. Available foreign exchange reserves

None.

8. Real estate property owned by the Company

None.

9. Activities in the field of research and development

None

10. Acquisition of Treasury Shares.

None.

11. Branches

There is a branch in Northern Greece headquartered in Thessaloniki.

12. Significant losses for the Company.

There are no losses either for this year or from prior years. No losses are expected for the current fiscal year.

13. Other significant issues that took place between the balance sheet date and the date of this report

On January 30, 2020, the World Health Organization (W.H.O.) declared a "state of emergency for public health of international interest" stating the outbreak of the new Corona Virus (Covid-19), which occurred in December in the Chinese city of Yuchan. On March 11, 2020, the W.H.O. declared the Covid-19 as a pandemic crisis. The Greek government has announced the immediate actions to face the economic consequences of Covid-19 and to support the economy and entrepreneurship.

Based on the above announcements of W.H.O, the Company has assessed that the Covid-19 crisis is a subsequent non-adjusting event that took place after the balance sheet date. In this context, the Company monitors the ongoing events regarding Covid-19 and assesses any impact that it might impose on the quality of Assets, the sensitivity of the credit risk models to macro-parameters, as well as the implementation of its business plan. In addition, the business continuity plans were re-examined, as well as the Company's ability to maintain its business operations under specific conditions, in order to support the clients during this difficult period. Furthermore, all necessary measures have been taken to ensure the safety of staff.

Given the uncertainties and ongoing developments on this issue, the Company cannot accurately and reliably assess the qualitative and quantitative impact on business activities, financial performance and the financial statements.

Except for the above, no significant events occurred following the date of the preparation of this report, which should be addressed here.

Athens, 14 July 2020

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER
Georgios K. Aronis I.D. No AB 003911	Maria M. Raikou I.D. No AK 199121

ABC FACTORS

FINANCIAL STATEMENTS AS AT 31.12.2019

(In accordance with International Financial Reporting Standards – I.F.R.S.)

Athens,
14 July 2020

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT 4

FINANCIAL STATEMENTS AS AT 31.12.201 7

NOTES TO THE FINANCIAL STATEMENTS 12

GENERAL INFORMATION 12

ACCOUNTING POLICIES APPLIED 13

1. BASIS OF PRESENTATION 13
2. TRANSACTIONS IN FOREIGN CURRENCY 18
3. CASH AND CASH EQUIVALENTS 18
4. FINANCIAL INSTRUMENTS 19
5. PROPERTY, PLANT AND EQUIPMENT 20
6. INTANGIBLE ASSETS 21
7. IMPAIRMENT ALLOWANCE ON AMOUNTS DUE FROM CUSTOMERS 21
8. INCOME TAX 23
9. EMPLOYEE DEFINED BENEFIT OBLIGATIONS 23
10. PROVISIONS AND CONTINGENT LIABILITIES 24
11. INTEREST INCOME – INTEREST EXPENSE 24
12. COMMISSION INCOME AND EXPENSE 24
13. RELATED PARTIES DEFINITION 24
14. LEASES 25
15. FAIR VALUE MEASUREMENT 26
16. OPERATING SEGMENTS 26
17. SIGNIFICANT ACCOUNTING JUDGEMENTS AND MAIN SOURCES OF UNCERTAINTY ON ESTIMATES 26
18. COMPARATIVES 28

INCOME STATEMENT 29

19. NET INTEREST INCOME 29
20. NET COMMISSION INCOME 29
21. OTHER INCOME 29
22. STAFF COSTS 29
23. GENERAL ADMINISTRATIVE EXPENSES 30
24. IMPAIRMENT (LOSSES) / RELEASES AND PROVISIONS TO COVER CREDIT RISK 30
25. INCOME TAX 31
26. EARNINGS PER SHARE 32

ASSETS 33

27. CASH AND CASH EQUIVALENTS 33

27.1 CASH 33

27.2 DUE FROM BANKS 33
28. DUE FROM CUSTOMERS........ 33
29. PROPERTY, PLANT AND EQUIPMENT 34
30. INTANGIBLE ASSETS 35
31. DEFERRED TAX ASSETS AND LIABILITIES 35
32. OTHER ASSETS 36

LIABILITIES 37

33. DUE TO BANKS 37
34. DUE TO CUSTOMERS 37
35. DEBT SECURITIES IN ISSUE 37
36. LIABILITIES FOR CURRENT INCOME TAX AND OTHER TAXES 39
37. EMPLOYEE DEFINED BENEFIT OBLIGATIONS 39
38. OTHER LIABILITIES 40

EQUITY 41

39. SHARE CAPITAL 41
40. STATUTORY RESERVE 41
41. RETAINED EARNINGS 41

ADDITIONAL INFORMATION 42

42. FAIR VALUE OF FINANCIAL INSTRUMENTS 42
43. CONTINGENT LIABILITIES AND COMMITMENTS 42
44. RISK MANAGEMENT 44
44.1 CREDIT RISK 44
44.2 FOREIGN CURRENCY RISK 63
44.3 INTEREST RATE RISK 65
44.4 LIQUIDITY RISK 67
44.5 OPERATIONAL RISK 69
45. CAPITAL ADEQUACY 70
46. RELATED PARTY TRANSACTIONS 70
47. AUDITORS' FEES 72
48. EVENTS AFTER THE BALANCE SHEET DATE 72

Deloitte.

MAKING AN IMPACT THAT MATTERS since 1845

Deloitte Certified Public
Accountants S.A.
3a Fragoklissias &
Granikou str.
Maroussi Athens GR 151-25
Greece

Tel: +30 210 6781 100
Fax: +30 210 6776 221-2
www.deloitte.gr

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC FACTORS SINGLE MEMBER S.A.

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of ABC FACTORS SINGLE MEMBER S.A. (the Company), which comprise the balance sheet as at 31 December 2019, the statement of income and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union.

Basis for Opinion

We concluded our audit in accordance with International Standards on Auditing (ISAs) as these have been incorporated into the Greek legislation. Our responsibilities under those standards are further described in the paragraph "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We have been independent of the Company during the whole period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as incorporated into the Greek legislation and the ethical requirements in Greece relevant to the audit of the financial statements and we have fulfilled our ethical requirements in accordance with the applicable legislation and the above mentioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as endorsed 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, as these have been incorporated into the Greek legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern accounting basis and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Taking into consideration that Management is responsible for the preparation of the Board of Director's report, according to the provisions of paragraph 5 of the article 2 (part B) of Law 4336/2015, we note the following:

a. In our opinion, the Board of Director's report has been prepared in accordance with the applicable legal requirements of article 150 of Law 4548/2018 and its content is consistent with the accompanying financial statements for the year ended 31/12/2019.

b. Based on the knowledge we obtained during our audit of the company ABC FACTORS SINGLE MEMBER S.A. and its environment, we have not identified any material inconsistencies in the Board of Director's Report.

Athens, July 15 2020

The Certified Public Accountant

Theodoros K. Tasioulas
Reg. No. SOEL: 41061
Deloitte Certified Public Accountants S.A.
3a Fragoklissias & Granikou Str.
151 25 Maroussi
Reg. No. SOEL: E120

INCOME STATEMENT

	Note	*Amounts in Euro* From 1 January to 31.12.2019	31.12.2018
Interest and similar income	19	21,584,506.96	21,024,392.23
Interest expense and similar charges	19	(10,077,326.28)	(9,238,541.25)
Net interest income	19	11,507,180.68	11,785,850.98
Commission income	20	9,988,835.33	10,127,640.74
Commission expense	20	(3,275,371.38)	(3,311,815.59)
Net commission income	20	6,713,463.95	6,815,825.15
Gains less losses on financial transactions		1,243.58	2,365.61
Other income	21	97,437.50	88,652.39
		98,681.08	91,018.00
Total income		**18,319,325.71**	**18,692,694.13**
Staff costs	22	(3,146,988.85)	(3,222,475.22)
General administrative expenses	23	(864,646.32)	(1,008,589.15)
Depreciation and amortization expenses	29-30	(314,750.61)	(92,561.56)
Total expenses		**(4,326,385.78)**	**(4,323,625.93)**
Impairment (losses) / reversal and provisions to cover credit risk	24	(219,388.87)	(293,330.68)
Provision for litigations		-	(6,100.00)
		(219,388.87)	**(299,430.68)**
Profit before income tax		**13,773,551.06**	**14,069,637.52**
Income tax	25	(2,997,378.37)	(2,835,503.24)
Profit after income tax		**10,776,172.69**	**11,234,134.28**
Earnings per share:			
Basic and diluted (Euro per share)	26	7.89	8.22

The Company has applied IFRS 16 as of 1.1.2019 retrospectively, without restating the comparative information in accordance with the transitional requirements of the Standard, recognizing the cumulative impact of the initial application of the Standard on Equity as at 1.1.2019 and therefore the information of the comparative year is not comparable

The attached notes (pages 12 to 73) form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	*Amounts in Euro* **From 1 January to** **31.12.2019**	**31.12.2018**
Profit, after income tax, recognized in the Income Statement		**10,776,172.69**	**11,234,134.28**
Amounts that are not reclassified in the Income Statement			
Change in actuarial gains/(losses) on employee defined benefit obligations	37	(89,676.00)	(14,880.00)
Income tax		20,746.78	1,213.38
Total of other comprehensive income recognized directly in equity, after income tax		**(68,929.22)**	**(13,666.62)**
Total comprehensive income for the period, after income tax		**10,707,243.48**	**11,220,467.66**

The attached notes (pages 12 to 73) form an integral part of the financial statements.

BALANCE SHEET

	Note	*Amounts in Euro* From 1 January to 31.12.2019	31.12.2018
ASSETS			
Cash	27.1	201.68	796.45
Due from banks	27.2	2,668,843.85	1,795,944.28
Due from customers	28	518,256,184.72	540,891,284.63
Property, plant and equipment	29	341,406.35	185,549.81
Intangible assets	30	544,653.43	520,683.25
Other assets	32	1,005,311.60	268,358.18
Total Assets		**522,816,601.63**	**543,662,616.60**
LIABILITIES			
Due to banks	33	58,778,798.12	24,165,503.71
Due to customers	34	4,096,841.26	5,128,287.45
Debt securities in issue	35	325,040,139.00	380,123,715.00
Liabilities for current income tax and other taxes	36	797,192.88	1,133,172.07
Deferred tax liabilities	31	8,533,413.36	8,223,121.96
Employee defined benefit obligations	37	607,765.00	493,359.00
Other liabilities	38	1,467,000.71	1,607,249.59
Total Liabilities		**399,321,150.33**	**420,874,408.78**
EQUITY			
Share capital	39	41,000,010.00	41,000,010.00
Share premium		64,746.88	64,746.88
Statutory reserve	40	8,241,502.05	7,679,795.34
Retained earnings	41	74,189,192.37	74,043,655.60
Total Equity		**123,495,451.30**	**122,788,207.82**
Total Liabilities and Equity		**522,816,601.63**	**543,662,616.60**

The Company has applied IFRS 16 as of 1.1.2019 retrospectively, without restating the comparative information in accordance with the transitional requirements of the Standard, recognizing the cumulative impact of the initial application of the Standard on Equity as at 1.1.2019 and therefore the information of the comparative year is not comparable.

The attached notes (pages 12 to 73) form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Note	Share capital	Share premium	Statutory reserve	Retained earnings	Total
Balance 1.1.2018		**41,000,010.00**	**64,746.88**	**7,246,833.25**	**63,256,150.03**	**111,567,740.16**
Changes in equity for the period 1.1 - 31.12.2018						
Total comprehensive income for the period, after income tax		-	-	-	11,220,467.66	**11,220,467.66**
Transfer of retained earnings to statutory reserve	40	-	-	432,962.09	(432,962.09)	**-**
Balance 31.12.2018		**41,000,010.00**	**64,746.88**	**7,679,795.34**	**74,043,655.60**	**122,788,207.82**

Amounts in Euro	Note	Share capital	Share premium	Statutory reserve	Retained earnings	Total
Balance 1.1.2019		**41,000,010.00**	**64,746.88**	**7,679,795.34**	**74,043,655.60**	**122,788,207.82**
Changes in equity for the period 1.1 - 31.12.2019						
Total comprehensive income for the period, after income tax					10,707,243.48	**10,707,243.48**
Transfer of retained earnings to statutory reserve	40			561,706.71	(561,706.71)	**-**
Dividends Distributed	41				(10,000,000.00)	**(10,000,000.00)**
Balance 31.12.2019		**41,000,010.00**	**64,746.88**	**8,241,502.05**	**74,189,192.37**	**123,495,451.30**

The Company has applied IFRS 16 as of 1.1.2019 retrospectively, without restating the comparative information in accordance with the transitional requirements of the Standard and therefore the information of the comparative year is not comparable.

The attached notes (pages 12 to 73) form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Note	*Amounts in Euro* **From 1 January to** **31.12.2019**	**31.12.2018**
Cash flows from operating activities			
Profit before income tax		**13,773,551.06**	**14,069,637.52**
Adjustments to profit before income tax for:			
Depreciation of property, plant and equipment	29	233,133.37	24,579.98
Amortization of intangible assets	30	81,617.24	67,981.58
Expense / (income) on pension plans	37	24,730.00	27,162.79
Impairment losses / (releases) for receivables	24	219,388.87	293,330.68
Provision for litigations		-	6,100.00
Interest on debt securities in issue	19	7,613,194.83	9,017,395.52
Other income		-	(88,652.39)
		21,945,615.37	**23,417,535.68**
Increase / Decrease:			
Due from customers		22,415,711.04	(87,352,437.26)
Other assets		(219,387.99)	4,583.36
Due to banks		34,613,294.41	546,059.90
Due to customers		(1,031,446.19)	(5,553,876.93)
Other liabilities		(177,907.52)	187,338.86
Other taxes		243,805.29	64,046.17
Net cash flows from operating activities before taxes		**77,789,684.41**	**(68,686,750.22)**
Income tax paid		(3,863,071.53)	(2,056,978.91)
Net cash flows from operating activities		**73,926,612.88**	**(70,743,729.13)**
Cash flows from investing activities			
Acquisitions of fixed assets	29-30	(205,984.37)	(193,258.07)
Net cash flows from investing activities		**(205,984.37)**	**(193,258.07)**
Cash flows from financing activities			
Divident paid	41	(10,000,000.00)	
Issuance of debt securities		-	100,000,000.00
Repayments of interest of debt securities in issue	35	(62,696,770.83)	(28,982,048.52)
Repayments of lease liabilities	38	(151,552.88)	-
Net cash flows from financing activities		**(72,848,323.71)**	**71,017,951.48**
Net increase/(decrease) in cash flows		**872,304.80**	**80,964.28**
Cash and cash equivalents at the beginning of the year	27	**1,796,740.73**	**1,715,776.45**
Cash and cash equivalents at the end of the year	27	**2,669,045.53**	**1,796,740.73**

The attached notes (pages 12 to 73) form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

ABC FACTORS SINGLE MEMBER S.A. was established in 1995 and has been operating up to this date under the distinctive title “ABC FACTORS” (the Company).

The Company’s registered office is 48 Michalakopoulou Street, Athens and is listed in the General Commercial Registry with registration number 1803101000 as well as in the Societe Anonyme Registry under number 32684/01/B/95/32.

The Company’s duration has been set to fifty years and may be extended by resolution of its Shareholders’ General Assembly.

The Company’s purpose is to provide all types of factoring services in accordance with the provisions of Law 1905/1990.

ABC FACTORS is a subsidiary of ALPHA BANK, which owns 100% of the Company’s share capital.

The tenure of the Board of Directors which was elected by the Ordinary General Meeting of Shareholders of June 27, 2017 has been set at five years and is to be extended until the date of the immediately succeeding Ordinary General Meeting of Shareholders. The Board of Directors consists of:

CHAIRMAN (Executive Member)

Georgios K. Aronis

VICE CHAIRMAN (Non-Executive Member)

Alexios A. Pilavios**

CHIEF EXECUTIVE OFFICER & GENERAL MANAGER (Executive Member)

Maria M. Raikou

MEMBERS

Tilemachos D. Georgakis (Non-Executive Member) *
Senior Manager, Business Centres Division, Alpha Bank

Ioannis G. Mourgelas (Non-Executive Independent Member) *
Lawyer

Christos A. Economou (Non-Executive Member) */**
Manager, Wholesale Credit Division, Alpha Bank

Antonios K. Chronis (Executive member) **
Finance & Administration Manager, ABC FACTORS

The auditor of the annual financial statements is Mr. Theodoros Tasioulas, with A.M. SOEL 41061, from Deloitte Certified Public Accountants S.A.(A.M. E120).

These financial statements have been approved by the Board of Directors on July 14th ,2020.

---

* Member of Audit Committee
** Member of Risk Management Committee

ACCOUNTING POLICIES APPLIED

1. Basis of presentation

These financial statements relate to the fiscal year 1.1 -31.12.2019 and they have been prepared:

a) in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, in accordance with Regulation 1606/2002 of the European Parliament and the Council of the European Union on 19 July 2002 and

b) on the historical cost basis:

The financial statements are presented in Euro, unless otherwise stated in the respective notes.

The estimates and judgments applied by the Company for making decisions which affect the preparation of the financial statements are based on historical data and assumptions which, under present circumstances are considered appropriate.

The estimates and judgments are reviewed in order to take into account current developments and the effects of any changes are recognized in the financial statements in the year that such changes occur.

Going concern principle

The Company applied the going concern principle for the preparation of the financial statements as at 31.12.2019. For the application of this principle, the Company takes into consideration current economic developments in order to make projections for future economic conditions of the environment in which it operates.

The main factors that cause uncertainties regarding the application of this principle relate to the economic environment in Greece and abroad, to the liquidity levels of the Hellenic Republic and the banking system, as well as the declaration of coronavirus (Covid-19) as a pandemic on 11 March 2020 by the World Health Organization (W.H.O.).

The emergence of coronavirus in Europe in the first quarter of 2020, which soon received pandemic features, is adding a major uncertainty in terms of both macroeconomic developments and the ability of businesses to operate under the regime of the restrictive measures imposed. The financial implications depend to a large extent on how long this crisis will last and vary on a case-by-case basis as each sector of the economy is affected differently. In the context of efforts to relieve individuals and businesses most affected by the coronavirus and its associated restrictive measures, the Greek government has announced a package of tax and other relief measures. At the same time, the supervisory authorities of the systemic banks are taking a number of measures to enhance the liquidity of the credit institutions and also facilitate the gradual absorption of the effects on the capital adequacy ratios. In particular regarding the parent company's liquidity levels, which finances to a significant degree the Company's business activities, it has been noted that there has been no adverse change due to Covid-19.

Based on the above and taking into account:

- the Company's high capital adequacy (note 45),
- the fact that there has been no adverse change in the Company's liquidity levels due to Covid-19
- the fact that the Company continues to this day to provide uninterrupted services to its customers without any substantial change in the volume of its activities as a result of the effects of Covid-19 on the Greek economy, the amount of available eligible to the parent Bank collaterals through which liquidity is ensured, to the extent required, through the mechanisms of the eurosystem or/and third sources,
- the measures taken at a Group level to protect its employees from coronavirus, the implementation of actions under the Business Continuity Plan of the Company and the activation of the ability for teleworking at a large scale whilst ensuring that critical operations are performed,
- the decisions of the eurozone countries to adopt a series of fiscal and other measures to stimulate the economy, as well as the decisions of banks' supervisory authorities to provide liquidity and capital adequacy support to the extent that this is affected by the spread of the coronavirus.

the Company estimates that, at least for the next 12 months, the conditions for the application of the going concern principle for the preparation of its financial statements are met.

Adoption of new and amended standards

The accounting policies for the preparation of the annual financial statements applied by the Company are consistent to the ones described in the published financial statements for the year ended 31.12.2018 after taking into account the following new standards and amendments to standards as well as IFRIC 23 which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2019:

▸ **Amendment to International Financial Reporting Standard 9** "Financial Instruments": Prepayment Features with Negative Compensation (Regulation 2018/498/22.3.2018)

On 12.10.2017 the International Accounting Standards Board issued an amendment to IFRS 9 that permits some prepayable financial assets with negative compensation features, that would otherwise been measured at fair value through profit or loss, to be measured at amortised cost or at fair value through other comprehensive income. The amendment to IFRS 9 clarifies that a financial asset passes the SPPI criterion regardless of the event or circumstance that cause the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.
The adoption of the above amendment had no impact on the financial statements of the Company.

▸ **International Financial Reporting Standard 16** "Leases" (Regulation 2017/1986/31.10.2017)

On 13.1.2016 the International Accounting Standards Board issued IFRS 16 "Leases" which supersedes:

- IAS 17 "Leases"
- IFRIC 4 "Determining whether an arrangement contains a lease"
- SIC 15 "Operating Leases – Incentives" and
- SIC 27 "Evaluating the substance of transactions involving the legal form of a lease".

The new standard significantly differentiates the accounting of leases for lessees while essentially maintaining the existing requirements of IAS 17 for the lessors. In particular, under the new requirements, the classification of leases as either operating or finance is eliminated. A lessee is required to recognize, for all leases with term of more than 12 months, the right-of-use asset as well as the corresponding obligation to pay the lease payments.
The above treatment is not required when the asset is of low value.

At initial recognition, the right-of-use asset comprises the amount of the initial measurement of the lease liability, any initial direct costs, any lease payments made before the commencement date as well as an estimate of dismantling costs.

At initial recognition, the lease liability is equal to the present value of the lease payments that are not paid at that date.

Impact from IFRS 16 Implementation

The Company applied the standard to all active, as at 1.1.2019, lease contracts, with the cumulative effect of initially applying the standard recognized directly in equity as at 1.1.2019 in accordance with the transitional requirements of the standard and did not restate comparative information. As a result, the figures of the comparable period are not comparable.
The Company applied the practical expedient provided by IFRS 16 and did not reassess on initial application whether a contract is, or contains, a lease and applied the standard only to contracts that were identified as leases in accordance with IAS 17.
Additionally, the Company on transition has elected to make use of the following practical expedients provided by the standard:

- applied a single discount rate based on the lease term for all types of contracts,
- excluded initial direct costs from the measurement of the right-of-use asset,
- used hindsight to determine the lease term if the contract contained options to extend or terminate the lease and
- for the determination of the cost of the right-of-use asset it considered that right-of-use asset is equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application.

In addition, the Company elected to make use of the practical expedient and did not apply the requirements of the standard to leases for which the lease term is less than 12 months (short term), as well to leases for which the underlying asset is of low value (less than 5,000 euro when new).

It is noted that the Company has made assumptions for extension for leases expiring within 2019 that ,however, were expected to be renewed.

The Company in order to discount remaining lease payments used the incremental borrowing rate (IBR) which determined by using as a reference rate the secured lending interest rate of Alpha Bank, adjusted for the different currencies and through into consideration the Hellenic Republic government yield curves, where applicable.

As a result of the application of IFRS 16, the Company recognized on 1.1.2019 right-of-use assets of € 273,037.68 and lease liabilities of € 273,037.68. The main types of lease contracts include leases of property, equipment and motor vehicle (note 29).

▸ **Amendments to International Accounting Standard 19** “Employee Benefits”: Plan Amendment, Curtailment or Settlement (Regulation 2019/402/13.3.2019)

On 7.2.2018 the International Accounting Standards Board issued an amendment to IAS 19 with which it specified how companies determine pension expenses when changes to a defined benefit pension plan occur. In case that an amendment, curtailment or settlement takes place IAS 19 requires a company to re-measure its net defined benefit liability or asset. The amendments to IAS 19 require specifically a company to use the updated assumptions from this re-measurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In addition, the amendment to IAS 19 clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The adoption of the above amendment had no impact on the financial statements of the Company.

▸ **Amendment to International Accounting Standard 28** “Investments in Associates”: Long-term Interests in Associates and Joint Ventures (Regulation 2019/237/8.2.2019).

On 12.10.2017 the International Accounting Standards Board issued an amendment to IAS 28 to clarify that long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture — to which the equity method is not applied — should be accounted for using IFRS 9, including its impairment requirements. In applying IFRS 9, the Company does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28.

The above amendment does not apply to the financial statements of the Company..

▸ **Improvements to International Accounting Standards** – cycle 2015-2017 (Regulation 2019/412/14.3.2019)

As part of the annual improvements project, the International Accounting Standards Board issued, on 12.12.2017, non- urgent but necessary amendments to various standards.

The adoption of the above amendments had no impact on the financial statements of the Company.

▸ **IFRIC Interpretation 23** “Uncertainty over Income Tax Treatments” (Regulation 2018/1595/23.10.2018)

On 7.6.2017 the International Accounting Standards Board issued IFRIC 23. The Interpretation clarifies application of recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The Interpretation specifically clarifies the following:

- An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty.
- The estimations for the examination by taxation authorities shall be based on the fact that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- For the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment.
- An entity shall reassess an estimate if the facts and circumstances change or as a result of new information.

The adoption of IFRIC 23 had no impact on the financial statements of the Company.

Except for the standards mentioned above, the European Union has adopted the following amendments to standards which are effective for annual periods beginning after 1.1.2019 and have not been early adopted by the Company.

▸ **Amendment to International Financial Reporting Standard 9** “Financial Instruments”, to International Accounting Standard 39 “Financial Instruments” and to International Financial Reporting Standard 7 “Financial instruments: Disclosures”: Interest rate benchmark reform (Regulation 2020/34/15.1.2020)
Effective for annual periods beginning on or after 1.1.2020
On 26.9.2019 the International Accounting Standards Board issued amendments to IFRS 9, IAS 39 and IFRS 7, according to which temporary exceptions from the application of specific hedge accounting requirements are provided in the context of interest rate benchmark reform. According to the exceptions, entities applying those hedge accounting requirements may assume that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. Relief is provided regarding the following requirements:
- the highly probable requirement in cash flow hedge,
- prospective assessments,
- separately identifiable risk components.
The Company examines the impact from the adoption of the above amendments on its financial statements.

▸ **Amendments to International Accounting Standard 1** “Presentation of Financial Statements” and to **International Accounting Standard 8** “ Accounting Policies, Changes in Accounting Estimates and Errors: “Definition of material” (Regulation 2019/2104/29.11.2019)
Effective for annual periods beginning on or after 1.1.2020
On 31.10.2018 the International Accounting Standards Board, as part of the Disclosure Initiative, issued amendments to IAS 1 and IAS 8 to align the definition of “material” across the standards and to clarify certain aspects of the definition.
The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting Company. The amendments include examples of circumstances that may result in material information being obscured. The IASB has also amended the definition of material in the Conceptual Framework to align it with the revised definition of material in IAS 1 and IAS 8.
The Company is examining the impact from the adoption of the above amendment on its financial statements.
In addition, the International Accounting Standards Board has issued the following standards and amendments to standards which have not yet been adopted by the European Union and they have not been early applied by the Company.

▸ **Amendment to International Financial Reporting Standard 3** “Business Combinations”: Definition of a Business.
Effective for annual periods beginning on or after 1.1.2020

On 22.10.2018 the International Accounting Standards Board issued an amendment to IFRS 3 aimed at resolving the difficulties that arise when an Company determines whether it has acquired a business or a group of assets. The amendments:

- clarify the minimum requirements required in order a business to have been acquired,
- the assessment for the acquisition of either a business or a group of assets is simplified and it is based on current condition of acquired elements rather than on the market participant's ability to integrate them into his own processes,
- the definition of outputs is amended so that apart from the revenue arising from ordinary activities falling within the scope of IFRS 15, it also includes other income from main activities such as income from investment services,
- guidance is added to assess whether a production process is substantive both in cases where a product is produced at the date of acquisition and in cases where there is no product produced,
- an optional exercise is introduced based on the fair value of the assets acquired to assess whether a business or group of assets has been acquired.

The Company is examining the impact from the adoption of the above amendment on its financial statements.

▸ **Amendment to International Financial Reporting Standard 10** "Consolidated Financial Statements" and to **International Accounting Standard 28** "Investments in Associates and Joint Ventures": Sale or contribution of assets between an investor and its associate or joint venture.

Effective date: To be determined.

On 11.9.2014 the International Accounting Standards Board issued an amendment to IFRS 10 and IAS 28 in order to clarify the accounting treatment of a transaction of sale or contribution of assets between an investor and its associate or joint venture. In particular, IFRS 10 was amended in order to be clarified that in case that as a result of a transaction with an associate or joint venture, a parent loses control of a subsidiary, which does not constitute a business, as defined in IFRS 3, it shall recognize to profit or loss only the part of the gain or loss which is related to the unrelated investor's interests in that associate or joint venture. The remaining part of the gain from the transaction shall be eliminated against the carrying amount of the investment in that associate or joint venture. In addition, in case the investor retains an investment in the former subsidiary and the former subsidiary is now an associate or joint venture, it recognizes the part of the gain or loss resulting from the re-measurement at fair value of the investment retained in that former subsidiary in its profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture. The remaining part of the gain is eliminated against the carrying amount of the investment retained in the former subsidiary.

In IAS 28, respectively, it was clarified that the partial recognition of the gains or losses shall be applied only when the involved assets do not constitute a business. Otherwise, the total of the gain or loss shall be recognized.

On 17.12.2015, the International Accounting Standards Board deferred the effective date for the application of the amendment that had been initially determined. The new effective date will be determined by the International Accounting Standards Board at a future date after taking into account the results of its project relating to the equity method.

▸ **International Financial Reporting Standard 14** "Regulatory deferral accounts"

Effective for annual periods beginning on or after 1.1.2016

On 30.1.2014 the International Accounting Standards Board issued IFRS 14.

The new standard, which is limited-scope, addresses the accounting treatment and the disclosures required for regulatory deferral accounts that are maintained in accordance with local legislation when an Company provides rate-regulated goods or services. The scope of this standard is limited to first-time adopters that recognized regulatory deferral accounts in their financial statements in accordance with their previous GAAP. IFRS 14 permits these entities to capitalize expenditure that non-rate-regulated entities would recognize as expense.

It is noted that European Union has decided not to launch the endorsement of this standard and to wait for the final standard.

The above standard does not apply to the financial statements of the Company.

▸ **International Financial Reporting Standard 17** "Insurance Contracts"

Effective for annual periods beginning on or after 1.1.2021

On 18.5.2017 the International Accounting Standards Board issued IFRS 17 which replaces IFRS 4 “Insurance Contracts”. In contrast to IFRS 4, the new standard introduces a consistent methodology for the measurement of insurance contracts. The key principles in IFRS 17 are the following:
An entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognize and measure;
- recognizes and measures groups of insurance contracts at:
  i. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- presents separately insurance revenue, insurance service expenses and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

It is also noted that in November 2018 the International Accounting Standards Board proposed to defer the IFRS 17 effective date to 1.1.2022.
The above standard does not apply to the financial statements of the Company.

▸ **Amendment to the International Accounting Standard 1** “Presentation of Financial Statements”: Classification of liabilities as current or non-current

Effective for annual periods beginning on or after 1.1.2022
On 23.1.2020, the International Accounting Standards Board issued amendments to IAS 1 relating to the classification of liabilities as current or non-current. More specifically:
- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if the liability must be classified as current or non-current.
- Management expectations about events after the balance sheet date must not be taken into account.
- The amendments clarify the situations that are considered settlement of a liability.
The above amendment will not have any impact on Company’s financial statements.

2. Transactions in foreign currency

Items included in the financial statements are measured and presented in Euro, which is the functional currency of the Company.

Transactions in foreign currencies are translated into Euro, at the closing exchange rate at the date of the transaction.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate on that date. Foreign exchange differences arising on translation are recognized as gains or losses on financial transactions.

3. Cash and cash equivalents

For purposes of preparing the Statement of Cash Flows, cash and cash equivalents consist of:

a Cash on hand and balances

b Short-term balances due from banks

Short-term balances due from banks are amounts that mature within three months of the balance sheet date.

4. Financial instruments

Initial Recognition

The Company recognizes financial assets or financial liabilities in its statement of financial position when it becomes a party to the terms of the contract.

Financial assets and financial liabilities in the balance sheet, include cash and cash equivalents, advances to customers and credit institutions, due to customers and credit institutions and debt securities in issue.

Financial instruments are recognized as assets and liabilities, based on the substance and content of the contracts from which they derive. Interest, dividends, profits and losses arising from financial instruments classified as assets or liabilities, are recognized in the income statement. Financial assets and liabilities are offset and the net amount is presented in the balance sheet, only in cases where the Company has both the legal right and the intention to settle them on a net basis, or to recover the asset and settle the liability simultaneously.

Advances to customers are initially recognized at fair value, including direct acquisition costs.

Due from and Due to credit institutions are initially recognized at fair value, including direct acquisition costs.

Debt securities in issue are initially recognized at fair value, which is determined by the funds raised, including transaction costs.

Subsequent measurement of financial assets

The Company classifies its financial assets as financial assets measured at amortized cost since:

- are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows,

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The above category is measured at amortized cost using the effective interest method and is periodically assessed for expected credit losses, as it is further described in note 7.

Business Model assessment

The business model reflects how the Company manages its financial assets in order to generate cash flows. That means the business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Accordingly, business model does not depend on management's intentions for an individual instrument but it is determined on a higher level of aggregation. In this context:

- Due from customers and

- due from banks

are included in the business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect).

The Company, at each reporting date, reassesses its business models in order to confirm that there has been no change compared to the prior period or application of a new business model.

Solely Payments of Principal and Interest (SPPI) assessment of the contractual cash flows.

For the purposes of applying the SPPI assessment:

− Principal is the fair value of the asset at initial recognition, which may change over the life of the financial asset, (for example if there are repayments of principal).

− Interest is the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (i.e. liquidity risk) and costs, as well as a profit margin.

Contractual terms that introduce exposure to risks and volatility in the contractual cash flows that are not related to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

In this context, in assessing whether contractual cash flows are SPPI, the Company assesses whether the instrument contain contractual terms that change the timing or amount of contractual cash flows.

The Company does not use derivative financial instruments either for hedging or speculative purposes.

Derecognition of financial assets

The Company derecognizes financial assets when:

- the contractual rights to the assets cash flows expire,
- the contractual right to receive the cash flows of the financial assets are transferred and at the same time all the risks and rewards of ownership are substantially transferred,
- loans or investments in securities are no longer recoverable and consequently are written off,
- the contractual cash flows of the assets are significantly modified.

Subsequent measurement of financial liabilities

The Company measures its financial liabilities at amortized cost using the effective interest rate method. Liabilities to credit institutions and customers and debt securities in issue are classified in this category.

Derecognition of financial liabilities

The Company derecognizes a financial liability (or part thereof) when its contractual obligations are discharged or cancelled or expired.

5. Property, Plant and Equipment

Property, plant and equipment, used by the Company for its operational needs, are initially recognized at cost which includes any expenditure directly attributable to the acquisition of the assets. Subsequently, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is recognized on the carrying amount of the item when it increases its future economic benefits and those expenses can be measured reliably.

Expenditure on repairs and maintenance is recognized in profit or loss as an expense when incurred.

Depreciation on leasehold improvements and equipment is charged on a straight line basis over the estimated useful life of the asset and is calculated on the asset's cost minus its residual value.

The estimated useful lives are as follows:

- Additions to leased fixed assets and improvements: duration of the lease.
- Equipment and vehicles: 5 to 15 years.

The residual value of property, plant and equipment and their useful lives are periodically reviewed at each reporting date and adjusted if necessary.

The carrying amount of property, plant and equipment which has been impaired, is adjusted to its recoverable amount.

Gains and losses realized on disposals of property, plant and equipment are recognized in profit or loss. Right-of-use assets are included in the category of Property, Plant and Equipment (note 14).

6. Intangible assets

This category is comprised of software programs, which are carried at cost less accumulated amortization and accumulated impairment losses. Cost for purchased software programs include the purchase price as well as all costs necessary to bring the asset to working condition for its intended use, including personnel costs and professional fees.

Amortization is charged over the estimated useful life of the software, which the Company has estimated between 5 and 15 years. No residual value is estimated for software.

Expenditure on maintenance of software programs is recognized in the income statement as incurred.

7. Impairment allowance on amounts due from customers

The Company, at each reporting date, recognizes a loss allowance for expected credit losses on advances to customers and other financial assets.

The loss allowance for advances to customers is based on expected credit losses related to the probability of default within the next twelve months, unless there has been a significant increase in credit risk from the date of initial recognition in which case expected credit losses are recognized over the life of the instrument.

In addition, if the financial asset falls under the definition of purchased or originated credit impaired (POCI) financial assets, a loss allowance equal to the lifetime expected credit losses is recognized.

The estimation of Expected Credit Losses for other financial assets i.e. Due from banks, is performed on a lifetime basis (without the classification into stages), according to the simplified method described in IFRS 9.

a) Default definition

The Company has adopted as default definition non-performing exposures (NPE), as those defined in the EBA Guidelines (GL/2016/07), thus harmonizing the definition of default used for accounting purposes with the one used for regulatory purposes.

b) Classification of exposures into stages based on credit risk (Staging)

For the purposes of calculating expected credit losses, the exposures are classified into stages as follows:

- Stage 1: Stage 1 includes performing exposures that do not have significant increase in credit risk since initial recognition. Stage 1 also includes exposures for which credit risk has been improved and the exposure has been reclassified from stages 2 or 3. In this stage, expected credit losses are recognized based on the probability of default within the next twelve months.
- Stage 2: Stage 2 includes performing exposures for which there has been a significant increase in credit risk since initial recognition. Stage 2 also includes exposures for which credit risk has been improved and the exposure has been reclassified from stage 3. In this stage, lifetime expected credit losses are recognized.
- Stage 3: Stage 3 includes non-performing/impaired exposures. In this stage, lifetime expected credit losses are recognized.

As an exception to the above, for purchased or originated credit impaired (POCI) exposures, lifetime expected credit losses are always recognized. Purchased or originated credit impaired exposures include:

- Exposures that at the time of acquisition meet the criteria to be classified as non- performing exposures.
- Exposures for which there has been a change in repayment terms, either due to financial difficulty or not, which resulted in derecognition and recognition of a new impaired asset (POCI) expect when derecognition is due to the change of debtor of a corporate loan in which case the creditworthiness of the new debtor is reassessed.

c) Significant increase in credit risk

In determining significant increase in credit risk of an exposure since initial recognition and the recognition of lifetime expected credit losses instead of 12 months expected credit losses, the Company assesses, at each reporting date, the risk of default compared to the risk of default at initial recognition for all its performing exposures including those with no delinquencies.

The assessment of the significant increase in credit risk is based on the following:

- Qualitative Indicators: refers to the qualitative information used which is not necessarily reflected in the probability of default, such as the classification of an exposure as forborne performing (FPL, according to EBA ITS). Additional qualitative indicators, both for corporate and retail portfolios are also reflected through the Early Warning indicators where depending on the underlying assessment (soft UTP), an exposure can be considered to have a significant increase in credit risk or not.
- Backstop Indicators: in addition to the above, and in order to capture cases for which there are no triggers reflecting the increase in credit risk, based on qualitative and quantitative indicators, the 30 days past due indicator is used as a backstop.

d) Calculation of expected credit loss

The Company calculates impairment losses either on a collective (collective assessment) or on an individual basis (individual assessment).

The Company calculates expected credit losses on an individual basis for customers which have at least one Non-Performing Exposure in the Company. In order to assess the impact of the contamination effect on Alpha Bank Group ("the Group") level, customers who meet the criteria for individual assessment in the Bank are also examined and send to the Company in order to be individually assessed by the Company, as well.

The mechanism for calculating expected credit loss is based on the following credit risk parameters:

- Probability of Default (PD): As Probability of Default, for receivables that are assigned and discounted as part of a factoring contract, is applied the probability of default of the client, the debtor and/or the reinsurer, depending on the service provided each time.
- The assesment of Probablity of Default is performed at Group level of the parent Bank and the credit risk rating models assess a series of parameters (financial analysis, competitors' analysis, current and historical debtor's behavioral factors and quality characteristics).
- Exposure at default (EAD): Exposure at Default is an estimate of the amount of the exposure at the time of the default.
- Loss given default (LGD): Loss given default is an estimate of the loss that will occur if the default occurs at a given time. The data used are based on historically collected data and include a broad set of transactional characteristics (for example product type and type of collateral) as well as debtor's characteristics.

e) Measurement of expected credit losses on receivables from customers

For the calculation of expected credit losses **on** receivables from customers, the amount of the exposure at the time of the default is taken into account which is equal to the balance of the customer's account, from which the recoverable amount is deducted.

For the calculation of the recoverable amount the below factors are considered: 1) The ability of the customer / supplier to fulfill his debts to the Company. 2) The trading behavior of the assigned debtors 3) The balance of the assigned receivables from which certain amounts have been deducted as there are specific reasons to not approve them for financing. 4) The amount to be received from any settlement agreement.

f) Presentation of expected credit losses in financial statements

Loss allowance for expected credit losses is presented as a deduction from the gross carrying amount of the assets.

The amount of expected credit losses for the period is presented in the caption "Impairment (losses) / releases and provisions to cover credit risk". In the same caption the following are also recognized: recoveries from written-off loans measured at amortised cost or at fair value through other comprehensive income, modification gains or losses of loans measured at amortised cost or at fair value through other comprehensive income and the favourable changes in expected credit losses of POCI assets in case expected credit losses are less than the amount of expected credit losses included in the estimated cash flows on initial recognition.

g) Write-offs

The Company proceeds with the write-off of advances to customers when it has no reasonable expectations for their recovery. In this case, the loss allowance is used against the carrying amount of the financial asset.

8. Income Tax

Income tax consists of current and deferred tax. Current tax for the period includes the expected amount of income tax payable in respect of the taxable profit for the current reporting period, based on the tax rates enacted at the balance sheet date.

Deferred tax is the tax that will be paid or for which relief will be obtained in future periods due to the different period that certain items are recognized for financial reporting and for taxation purposes. It is calculated based on the temporary differences between the tax base of assets and liabilities and their respective carrying amount.

Deferred tax assets and liabilities are measured using tax rates expected to apply in the period during which the asset or liability will be recovered or settled, based on the tax rates (and laws) enacted at the balance sheet date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Income tax, both current and deferred, is recognized in profit or loss unless it relates to items recognized directly in equity. In such cases, the respective income tax is also recognized in equity.

9. Employee Defined Benefit Obligations

The post-employment pension benefits for staff, is covered by the Single Social Security Company (E.F.K.A.). The Company and its staff contribute to this fund on a monthly basis. The Company has no further obligation to pay further contributions if the Fund does not have sufficient assets to cover benefits relating to employee service provided in the current or past years. The contributions made by the Company are recognized as staff costs on an accrual basis.

Additionally, in accordance with Greek labor law, employees are entitled to benefits for termination of service, the amount of which depends on the level of remuneration, years of service and the reason for exit from service (dismissal or retirement). In case of resignation or legal dismissal, this right does not exist. The amount payable at retirement is 40% of the amount paid in the event of unjustified dismissal.

The obligation for the Company by the above defined benefit pension plans is calculated as the present value of the expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The liability is determined using the actuarial Projected Unit Credit method while the discount rate used is the yield of high credit rating bonds with maturities matching the timeframe of the liability for the Company.

Interest on the defined benefit obligation is determined by multiplying the liability with the discount rate used to calculate the present value of the liability, as this rate is determined at the beginning of the period and taking into account any changes in the liability. This interest and other expenses incurred in relation to the defined benefit plan, excluding actuarial profits and losses, are recognized as staff costs.

Actuarial gains and losses, which result from increases or decreases in the present value of the defined benefit obligations due to changes in actuarial assumptions are recognized directly in equity and are not reclassified to profit or loss in a subsequent period.

10. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Contingent liabilities for which it is not probable that an outflow of resources will be required or the amount of liability cannot be measured reliably are disclosed unless they are not material. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

11. Interest Income – Interest Expense

Interest income and expense are recognized in the income statement for all financial instruments carried at amortized cost, on an accrual basis and its measurement is performed based on the effective interest rate method.

The effective interest rate method is a method used for the measurement of the amortized cost of a financial instrument and for allocating interest income and expense evenly and consistently over the life of the instrument.

Transaction costs for financial instruments which are measured at amortized cost, such as bond loans, are capitalized and amortized over the life of the instrument, using the effective interest rate method.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all income and fees that are an integral part of the effective interest rate.

For financial assets, in particular, the following apply:

- For those financial assets classified within Stage 1 or Stage 2 for the purpose of expected credit losses measurement, interest income is calculated by applying effective interest rate to the gross carrying amount of the asset.
- For those financial assets classified within Stage 3 for the purpose of expected credit losses measurement, interest income is calculated by applying the effective interest rate to the net carrying amount of the asset (that is, net of credit allowance).
- For purchased or originated credit impaired financial assets interest income is calculated by applying the credit-adjusted effective interest rate to the net carrying amount of the asset (that is, net of credit allowance).

12. Commission Income and Expense

Commission income on factoring services and commission expenses are recognized in the income statement at the time the services are rendered.

Commission income refers to the services provided both at recording of the pledged invoices (accounting treatment/reconciliation of client receivables) and after the recording (reconciliation of debtor receivables and receipt actions).

Commission expense refers to fees of domestic factoring, fees for the deployment of Alpha Bank's client network, fees to factors abroad and fees for the insurance on receivables.

13. Related Parties Definition

According to IAS 24, related parties to the Company are considered:

a) the parent company, Alpha Bank and entities which constitute for the Company or the parent company, Alpha Bank:

   i) a subsidiary,

   ii) a joint venture,

   iii) an associate and

   iv) a Post-Employment Benefit Plan, in this case, the Supplementary Fund of former Alpha Credit Bank's employees.

b) The Hellenic Financial Stability Fund and its subsidiaries are also considered related parties to the Company because, in the context of L. 3864/2010, the Hellenic Financial Stability Fund participates in the Board of Directors and in significant committees of Alpha Bank and as a result is considered to have a significant influence over the Bank.

c) a person and his close family members, if that person is a member of the key management personnel. The Company considers as key management personnel all the members of the Company's Board of Directors, the members of Alpha Bank's Board of Directors and Executive Committee, while as their close family members it considers their children and spouses or domestic partners and their dependants and the dependants of their spouses or domestic partners.

Moreover, the Company discloses all transactions and outstanding balances with entities which are controlled or jointly controlled by the above mentioned persons. This disclosure concerns participations of the above persons in entities that exceed 20%.

14. Leases

The Company enters into lease agreements as a lessee. The Company, as a lessee, for all leases recognizes a right of use asset and a lease liability at the commencement of the lease. The right of use asset is initially measured at cost, comprising the initial lease liability amount, any initial direct costs and an estimate of the obligation for costs to refurbish the asset, less any lease incentives received.

Right-of use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

Depreciation is charged on a straight line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are reviewed at each reporting date to determine whether there is an indication of impairment and if they are impaired the carrying amount is adjusted to its recoverable amount with the difference recorded in profit or loss. For short-term leases (lease term of 12 months or less at the commencement date) and leases for which the underlying asset is of low value (less than Euro 5.000 when new) the Company does not recognize a right-of-use asset and a lease liability but instead recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at that date, net of cash lease incentives.

Lease payments include fixed payments and variable payments that depend on an index (such as an inflation index) or a rate and are discounted using the lessee's incremental borrowing rate. Incremental borrowing rate is determined by using as reference rate Alpha Bank's secured funding rate, as well as any given difference from Hellenic Republic government yield curves, where applicable.

After the commencement date, the Company measures the lease liability by increasing the carrying amount to reflect interest, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Right of use assets are included within Property, plant and equipment and the lease liability is included in Other liabilities.

15. Fair Value Measurement

Fair value is 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, in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The Company measures the fair value of assets and liabilities traded in active markets based on available quoted market prices. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Especially, for the measurement of securities, the Company uses a specific range of prices, within the bid-ask spread, in order for those to reflect active market prices.

The fair value of financial instruments that are not traded in an active market is determined by the use of valuation techniques, appropriate in the circumstances, and for which sufficient data to measure fair value are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. If observable inputs are not available, other model inputs are used which are based on estimations and assumptions such as the determination of expected future cash flows, discount rates, probability of counterparty default and prepayments. In all cases, the Company uses the assumptions that 'market participants' would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Assets and liabilities which are measured at fair value or for which fair value is disclosed are categorized according to the inputs used to measure their fair value as follows:

- Level 1 inputs: quoted market prices (unadjusted) in active markets
- Level 2 inputs: directly or indirectly observable inputs
- Level 3 inputs: unobservable inputs used by the Company, to the extent that relevant observable inputs are not available

16. Operating Segments

The Company is not listed and therefore is not required to disclose financial information by line of business.

17. Significant Accounting judgements and main sources of uncertainty on estimates

Significant accounting judgements

The Company, in the context of applying accounting policies, makes judgements and assumptions that affect the amounts that are recognized as income, expenses, assets or liabilities. These estimates concern the following:

Assessment of whether contractual cash flows of a debt financial instrument represent solely payments of principal and interest on the principal amount outstanding.

The Company at initial Recognition of a financial asset assesses whether cash flows are solely payments of principal and interest on the principal amount. The assessment requires judgement mainly on:

- Whether contractual terms that affect the performance of the instrument relate solely to credit risk, other basic lending risks and profit margin.
- Whether in case of prepayment or extension the compensation received is considered fair.

Significant estimates relating to the selection of methodologies and models for expected credit losses calculation.

The Company, in the context of the application of its accounting policies for the measurement of the expected credit losses, makes judgements in order to identify:

- the criteria that indicate a significant increase in credit risk,
- the selection of appropriate methodologies for expected credit loss calculation (expected credit loss calculation on an individual or on a collective basis).
- the selection and development of appropriate models used to calculate the probability of default (PD), the estimated expected credit loss at the time of default (LGD) and the exposure at default (EAD), by financial instrument category and the selection of appropriate parameters and economic forecasts used in them.

Applying different judgements could significantly affect the number of financial instruments classified in stage 2 or significantly differentiate expected credit loss.

Income Tax

The recognition of assets and liabilities for current and deferred tax is affected by factors such as the practical implementation of the relevant legislation and the settlement of disputes that might exist with tax authorities etc. Future tax audits and changes in tax legislation may result in the adjustment of the amount of assets and liabilities for current and deferred tax and in tax payments other than those recognized in the financial statements of the Company.

Key sources of estimation uncertainty

Key sources of estimation uncertainty used by the Company in the context of applying its accounting principles and which have a significant impact on the amounts recognized in the financial statements are presented below:

Estimates included in the calculation of expected credit losses of financial instruments (note 7 and note 44.1)

The measurement of expected credit losses requires the use of complex models and significant estimates of future economic conditions and credit behavior, taking into account the events that have occurred until reporting date. The significant estimates relate to the determination of the alternative macroeconomic scenarios and the cumulative probabilities associated with these scenarios, the probability of default during a specific time period based on historical data, the assumptions and estimates for the future, the adjustments made by the Company to calculate expected credit risk losses to incorporate new information and data that are not incorporated into the models.

Employee defined benefit obligations (note 9 and note 37)

Defined benefit obligations are estimated based on actuarial valuations, which are mainly conducted on an annual basis, that incorporate assumptions regarding discount rates, future changes in salaries and pensions, as well as the return on any plan assets. Any change in these assumptions will affect the amount of obligations recognized.

Provisions (note 10 and note 43)

The amounts recognized by the Company in its financial statements as provisions are derived from the best estimate of the outflow required to settle the present obligation. This estimate is determined by Management after taking into account past experience from relevant transactions. In case the amount recognized as a provision is affected by a variety of factors, its calculation is based on the weighting of all possible results. At each balance sheet date, provisions are revised to reflect current best estimated of the obligation.

18. Comparatives

To the extent considered necessary the comparatives have been adjusted to facilitate changes in presentation of the current year amounts.

INCOME STATEMENT

19. Net interest income

	From 1 January to	
	31.12.2019	31.12.2018
Interest and similar income		
Due from Banks	42,505.04	66,873.56
Due from Customers	21,542,001.92	20,957,518.67
Total	**21,584,506.96**	**21,024,392.23**
Interest expense and similar charges		
Due to Banks	528,816.27	221,145.73
Debt securities in issue	7,613,194.83	9,017,395.52
Lease liabilities	2,098.06	-
Other (Contribution of Act 128/75)	1,933,217.12	-
Total	**10,077,326.28**	**9,238,541.25**
Net interest income	**11,507,180.68**	**11,785,850.98**

20. Net commission income

	From 1 January to	
	31.12.2019	31.12.2018
Commission income		
Commission income from Domestic Factoring services	9,047,968.92	9,061,810.42
Commission income from International Factoring services	940,866.41	1,065,830.32
Total	**9,988,835.33**	**10,127,640.74**
Commission expense		
Domestic factoring	629,743.96	573,731.45
To parent bank Alpha Bank	2,229,888.78	2,269,225.63
Other	415,738.64	468,858.51
Total	**3,275,371.38**	**3,311,815.59**
Net commission income	**6,713,463.95**	**6,815,825.15**

21. Other income

	From 1 January to	
	31.12.2019	31.12.2019
Reversal of provisions from previous years	-	88,652.39
Income from court decision	97,276.59	-
Other income	160.91	-
Total	**97,437.50**	**88,652.39**

22. Staff costs

	From 1 January to	
	31.12.2019	31.12.2018
Wages and salaries	2,375,405.27	2,487,602.05
Social security contributions	549,831.14	553,673.90
Expense for pension plans (note 37)	24,730.00	27,162.79
Other charges	197,022.44	154,036.48
Total	**3,146,988.85**	**3,222,475.22**

The total number of the Company's employed personnel on 31.12.2019 and 31.12.2018, was 80 and 83 employees respectively from which 4 are working at the branch in Northern Greece.

The Company has entered into a contract with AXA Insurance, to provide life insurance for employees as well as hospital and outpatient care for accident / illness. The cost of the aforementioned defined contribution plan amounted to Euro 136,113.74 for the period from 1.1.2019 to 31.12.2019 and Euro 121,079.64 for the period from 1.1.2018 to 31.12.2018.

The Company operates from 1.7.2019 a pension/savings occupational group life insurance program, in cooperation with AXA Insurance. The program aims to provide a lump sum of money upon debenture from the Company. The savings capital is generated by the investment of the defined monthly contributions made by the Employee and the Company. The cost for the period from 1.7.2019 to 31.12.2019 amounted to Euro 29,629.80.

23. General administrative expenses

	From 1 January to	
	31.12.2019	**31.12.2018**
Operating lease expenses	-	110,570.58
Rent and maintenance of EDP equipment	198,276.04	193,584.10
EDP expenses	724.41	1,669.12
Marketing and advertisement expenses	19,807.11	13,422.41
Telecommunications and postage	61,686.42	63,994.66
Third party fees	224,544.17	226,167.91
Consultants fees	34,374.31	44,069.64
Insurance premiums	58,938.69	71,614.46
Office supplies	13,062.51	20,696.80
Electricity	43,001.94	49,504.38
Donations	5,000.00	4526
Building and equipment maintenance	94,717.06	92,827.53
Security services for buildings and cash in transit	42,104.93	30,992.46
Taxes	9,418.53	9,386.80
Other	58,990.20	75,562.30
Total	**864,646.32**	**1,008,589.15**

General administrative expenses have decreased in 2019 compared to prior year, which is mainly attributed to the decrease in operating lease rentals for buildings. Specifically, the implementation of IFRS 16, effective from 1.1.2019, differentiates the accounting of leases, since the classification of leases for lessees as either operating or finance lease is eliminated. For all leases with term of more than 12 months, the lessee is required to recognize the right-of-use asset, with the corresponding depreciation charge included in the caption "Depreciation and amortization" of the Income Statement, as well as the related liability for lease payments for which interest expense is calculated and depicted in the relevant caption of Income Statement.

24. Impairment (losses) / releases and provisions to cover credit risk

	From 1 January to	
	31.12.2019	**31.12.2018**
Impairment losses/(gains) on customer receivables (note 28)	219,388.87	293,330.68
Total	**219,388.87**	**293,330.68**

25. Income tax

	From 1 January to	
	31.12.2019	**31.12.2018**
Current tax	2,666,340.18	3,339,832.31
Deferred tax	331,038.19	(504,329.07)
Total	**2,997,378.37**	**2,835,503.24**

Deferred tax recognized in the income statement is attributable to temporary differences, the effect of which is analyzed in the table below:

	From 1 January to	
	31.12.2019	**31.12.2018**
Employee defined benefit obligations	(1,777.07)	8,755.33
Amortization of intangible assets	(14,832.34)	(23,514.27)
Due from customers	344,577.59	(489,570.13)
Other temporary differences	3,070.01	-
Total	**331,038.19**	**(504,329.07)**

According to article 22 of Law 4646 / 12.12.2019 “Tax reform with a growth dimension for Greece of tomorrow”, the tax rate on business profits acquired by legal entities is reduced to 24% on income of fiscal year 2019 onwards. By explicit reference to the law, this reduction does not apply to credit institutions for which the tax rate is still 29%.

Article 22 of the same law exempts from income tax, the income on goodwill that arises from the transfer of equity instruments to a legal company resident in a Member State of the European Union, which receives a legal company that is a tax resident of Greece if the legal company whose titles are transferred fulfills the conditions prescribed by law. This income is not taxable on the distribution or capitalization. Any impairment losses recognized as at 31.12.2019 are deducted from gross income at the time of transfer. The above mentioned provision applies to income derived from 1.7.2020 and onwards.

Article 10 of the same law, states that the business benefits arising from the creditor’s resignation from debt collection under a mutual agreement or judicial settlement, which takes place in the course of their professional cooperation, concern a taxable income. The aforementioned article is effective from the date of publication of the law and does not cover the write-off of part or all of the debt to a credit or financial institution or company under Law 4354/2015 (A ‘176) in an out-of-court settlement or enforcement of a court order.

Furthermore, in accordance with the article 22 of the same law, the withholding rate is reduced to 5% from 10% in dividends paid from 1.1.2020 onwards. In accordance with article 65A of Law 4174/2013, from 2011, the statutory auditors and audit firms conducting statutory audits to a Societe Anonyme (S.A.), are obliged to issue an Annual Tax Certificate on the compliance on tax issues. This tax certificate is submitted to the Company being audited within the first ten days of the tenth month after the end of the audited financial year, as well as, electronically to the Ministry of Finance, no later than the end of the tenth month after the end of the audited financial year. In accordance with article 56 of Law 4410/03.08.2016 for the fiscal years from 1.1.2016 and onwards, the issuance of tax certificate is optional. However, the Company intends to continue to obtain the tax certificate.

The Company has been audited by the tax authorities up to and including 2009 (note 43b).

For the fiscal years 2011 up to 2018, the tax audit based on article 65A of L. 4174/2013 has been completed and the Company has received the relevant tax certificate without any qualifications on the tax issues covered. The tax audit for the fiscal year 2019 is in progress.

The amount of deferred tax is based on the tax rate expected to be in effect at the time of recovery or settlement of the respective assets or liabilities.

In addition, an amount of Euro 20,746.78 (2018: Euro 1,213.38), has been recognized in equity and concerns deferred tax on actuarial gains/losses on defined benefit obligations.

Reconciliation between the effective and nominal tax rate

	From 1 January to			
	31.12.2019		31.12.2018	
Profit before income tax		**13,773,551.06**		**14,069,637.52**
Income tax	24.00%	3,305,652.25	29.00%	4,080,194.88
Increase / (decrease) due to:				
Non-deductible expenses	0.09%	12,596.55	0.14%	20,324.97
Non-taxable income	-0.26%	(36,000.00)	-0.18%	(25,644.30)
Other temporary differences	0.34%	46,764.81	0.55%	77,091.04
Adjustment of tax rate for the calculation of deferred tax	-2.41%	(331,635.24)	-9.36%	(1,316,463.35)
Income tax	**21.76%**	**2,997,378.37**	**20.15%**	**2,835,503.24**

26. Earnings per share

<u>Basic earnings per share:</u>

Basic Earnings per Share are calculated by dividing the profits after tax, by the weighted average number of outstanding ordinary shares of the Company during the reporting period.

	From 1 January to	
	31.12.2019	31.12.2018
Profit attributable to equity owners	10,776,172.69	11,234,134.28
Weighted average number of outstanding ordinary shares	1,366,667.00	1,366,667.00
Basic earnings (Euro per share)	7.89	8.22

<u>Diluted earnings per share:</u>

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding for any potential dilutive ordinary shares to be issued. The Company does not have any dilutive potential ordinary shares and consequently, the diluted earnings per share do not differ from basic.

ASSETS

27. Cash and cash equivalents

27.1 Cash

	31.12.2019	31.12.2018
Cash on hand	201.68	796.45
Total	**201.68**	**796.45**

27.2 Due from banks

	31.12.2019	31.12.2018
Sight deposits	2,668,843.85	1,795,944.28
Total	**2,668,843.85**	**1,795,944.28**

	31.12.2019	31.12.2018
Total cash and cash equivalents	**2,669,045.53**	**1,796,740.73**

28. Due from customers

	31.12.2019	31.12.2018
Domestic factoring with recourse	261,796,310.45	292,143,081.52
Domestic factoring without recourse	224,770,736.50	218,221,650.40
International factoring	37,948,216.02	36,566,242.09
Forfaiting of receivables	-	-
Total	**524,515,262.97**	**546,930,974.01**
Less: Impairment allowance on customer receivables	(6,259,078.25)	(6,039,689.38)
Total due from customers	**518,256,184.72**	**540,891,284.63**

Impairment allowance on customer receivables

Balance 1.1.2018	**5,746,358.70**
Impairment losses for the year	293,330.68
Balance 31.12.2018	**6,039,689.38**

Balance 1.1.2019	**6,039,689.38**
Impairment losses for the year	219,388.87
Balance 31.12.2019	**6,259,078.25**

29. Property, plant and equipment

	Additions in third-party property	Other equipment	Right-of-use on land and buildings	Right-of-use on other equipment	Right-of-use on motor vehicles	Total
Cost, January 1, 2018	**70,296.23**	**616,144.96**	**-**	**-**	**-**	**686,441.19**
Additions	79,014.37	24,549.70	-	-	-	103,564.07
Cost, December 31, 2018	**149,310.60**	**640,694.66**	**-**	**-**	**-**	**790,005.26**
Cost, January 1, 2019	**149,310.60**	**640,694.66**	**-**	**-**	**-**	**790,005.26**
Impact from the implementation of IFRS 16	-	-	**190,090.70**	**22,898.06**	**60,048.92**	**273,037.68**
Additions	13,564.71	86,832.24	-	**-**	15,556.00	115,952.95
Write-offs	**-**	(14,500.64)	-	-	-	(14,500.64)
Cost, December 31, 2018	**162,875.31**	**713,026.26**	**190,090.70**	**22,898.06**	**75,604.92**	**1,164,495.25**
Accumulated depreciation, January 1, 2018	**57,861.95**	**522,013.52**	**-**	**-**	**-**	**579,875.47**
Depreciation charge for the year	2,470.94	22,109.04	-	-	-	24,579.98
Accumulated depreciation, December 31, 2018	**60,332.89**	**544,122.56**	**-**	**-**	**-**	**604,455.45**
Accumulated depreciation, January 1, 2019	**60,332.89**	**544,122.56**	**-**	**-**	**-**	**604,455.45**
Depreciation charge for the year	53,180.11	29,884.91	126,727.14	7,426.40	15,914.81	233,133.37
Reversal of depreciation upon write-off	**-**	(14,499.92)	**-**	**-**	**-**	(14,499.92)
Accumulated depreciation, December 31, 2019	**113,513.00**	**559,507.55**	**126,727.14**	**7,426.40**	**15,914.81**	**823,088.90**
Net book value						
31.12.2018	**88,977.71**	**96,572.10**	**-**	**-**	**-**	**185,549.81**
31.12.2019	**49,362.31**	**153,518.71**	**63,363.56**	**15,471.66**	**59,690.11**	**341,406.35**

30. Intangible assets

	Software
Cost, January 1, 2018	**1,287,885.66**
Additions	89,694.00
Cost, December 31, 2018	**1,377,579.66**
Cost, January 1, 2019	**1,377,579.66**
Additions	105,587.42
Cost, December 31, 2019	**1,483,167.08**
Accumulated amortization, January 1, 2018	**788,914.83**
Amortization charge for the year	67,981.58
Accumulated amortization, December 31, 2018	**856,896.41**
Accumulated amortization, January 1, 2019	**856,896.41**
Amortization charge for the year	81,617.24
Accumulated amortization, December 31, 2019	**938,513.65**
Net book value	
31.12.2018	**520,683.25**
31.12.2019	**544,653.43**

31. Deferred tax assets and liabilities

	1.1.2019 - 31.12.2019			
	Balance 1.1.2019	**Recognized in income Statement**	**Recognized in equity**	**Balance 31.12.2019**
Deferred tax assets				
Employee defined benefit obligations	123,339.75	1,777.07	20,746.78	145,863.60
Total	**123,339.75**	**1,777.07**	**20,746.78**	**145,863.60**
Deferred tax liabilities				
Amortization of intangible assets	(100,690.55)	14,832.34	-	(85,858.21)
Due from customers	(8,245,771.16)	(344,577.59)	-	(8,590,348.75)
Other temporary differences	-	(3,070.00)	-	(3,070.00)
Total	**(8,346,461.71)**	**(332,815.25)**	**-**	**(8,679,276.96)**
Deferred tax liability, net	**(8,223,121.96)**	**(331,038.18)**	**20,746.78**	**(8,533,413.36)**

	1.1.2018 - 31.12.2018			
	Balance 1.1.2018	**Recognized in income Statement**	**Recognized in equity**	**Balance 31.12.2018**
Deferred tax assets				
Employee defined benefit obligations	130,881.70	(8,755.33)	1,213.38	123,339.75
Total	**130,881.70**	**(8,755.33)**	**1,213.38**	**123,339.75**
Deferred tax liabilities				
Amortization of intangible assets	(124,204.82)	23,514.27	-	(100,690.55)
Due from customers	(8,735,341.29)	489,570.13	-	(8,245,771.16)
Total	**(8,859,546.11)**	**513,084.40**	**-**	**(8,346,461.71)**
Deferred tax liability, net	**(8,728,664.41)**	**504,329.07**	**1,213.38**	**(8,223,121.96)**

32. Other assets

	31.12.2019	31.12.2018
Prepaid expenses	155,553.25	117,272.80
Accrued income	99,641.96	83,926.81
Tax advances and withholding taxes	565,648.38	48,082.95
Other	184,468.01	19,075.62
Total	**1,005,311.60**	**268,358.18**

LIABILITIES

33. Due to banks

Due to banks concern open (overdraft) accounts bearing a floating Euribor rate initiated between the Company and its parent, Alpha Bank under a credit agreement.

34. Due to customers

Due to customers consists of credit balances of open (overdraft) customers' accounts, relating to collected amounts which have not been reimbursed to the customers as of the balance sheet date.

35. Debt securities in issue

i. Senior debt securities

1. On July 22, 2004 the Company signed a contract with the parent bank Alpha Bank for a five year bond loan issuance, under the provisions of Law 3156/2003 and 2190/1920.

   The initial loan of a Euro 300,000,000 nominal value consisted of 60 bond notes with a face value of Euro 5,000,000 each. Upon amendment of the abovementioned contractual agreement, the remaining capital after the exercise of the right for loan repayment, at any given time point of bond's duration, through full or partial repayment of the capital and the respective accrued interest, is divided into bond notes of Euro 1,000 face value each.

   The Company, by exercising its right for an early redemption of the full amount or part of the bond loan along with the payment of the respective accrued interest at any time over the life of the bond, proceeded with the following:

   1. On December 29, 2005 repaid part of the principal amount of Euro 45,000,000 and the corresponding accrued interest.
   2. On January 28, 2019 repaid part of the principal amount of Euro 30,000,000 and the corresponding accrued interest.

   The interest rate on the bond loan is determined as the one-month (1), three-month (3) or six-month (6) Euribor, at the issuer's option, plus a predetermined spread. The bond loan is fully payable at maturity on 30.10.2021 in accordance with the amended contractual terms of the issue (maturity of the issued bonds was extended to 30.10.2021).

2. On December 15, 2006 the Company signed a contract with the parent bank Alpha Bank for a five year bond loan issuance, under the provisions of Law 3156/2003 and 2190/1920. The initial loan of a Euro 100,000,000 nominal value consisted of 20 bond notes with a face value of Euro 5,000,000 each. The issuer may issue up to five tranches of bonds within a period of one year from the date the contract was signed.

   Pursuant to this right, the Company, issued on December 22, 2006, the first tranche of bonds consisting of 6 notes with a face value of Euro 5,000,000 each (total nominal value Euro 30,000,000), on April 3, 2007 a second tranche consisting of 2 notes with a face value of Euro 5,000,000 each (total nominal value Euro 10,000,000) and on April 13, 2007 a third tranche consisting of 4 notes with a face value of Euro 5,000,000 each (total nominal value Euro 20,000,000). These issues were covered at their full nominal amount by the parent bank, Alpha Bank.

   Upon amendment of the abovementioned contractual agreement, the remaining capital after the exercise of the right for an early redemption of the full amount or part of the bond loan alongside the respective accrued interest at any time over the life of the bond, is divided into bond notes of Euro 1,000 face value each.

   The Company, by exercising its right for an early redemption of the full amount or part of the bond loan along with the payment of the respective accrued interest at any time over the life of the bond, proceeded with the following:

   1. On February 29, 2012 repaid part of the principal amount of Euro 40,000,000 and the corresponding accrued interest.

2. On August 28, 2018 repaid the remaining principal amount of Euro 20,000,000 and the corresponding accrued interest.

3. On June 21, 2018 the Company signed a contract with the parent bank Alpha Bank for a three year bond loan issuance, under the provisions of Law 3156/2003 and 2190/1920. The loan, of Euro 100,000,000 nominal value consists of 100,000,000 bond notes with a nominal value of 1 Euro (€1) each.

   The Company, issued for the period from 21.06.2018 to 31.12.2018, 100,000,00 notes, with a nominal values of one Euro (€1) each. These issues were covered at their full nominal amount by the parent bank, Alpha Bank.

   The interest rate on the bond loan is determined as the one-month (1), three-month (3) or six-month (6) Euribor, at the issuer's option, plus a predetermined spread.

   The Company, by exercising its right for an early redemption of the full amount or part of the bond loan along with the payment of the respective accrued interest at any time over the life of the bond, on April 23, 2019, signed a contractual agreement with the parent Bank refinancing the existed bond loan i.e. Euro 100,000,000 repaying the respective accrued interest.

4. On April 23, 2019 the Company signed a contract with its parent company Alpha Bank, for a bond loan issuance, under the provisions of Law 3156/2003 and 4548/2018. The loan, of Euro 100,000,000 nominal value consists of 100,000,000 bond notes with a nominal value of 1 Euro (€1) each.

   The interest rate on the bond loan is determined as the one-month (1), three-month (3) or six-month (6) Euribor, at the issuer's option, plus a predetermined spread.

   The repayment of the bonds' capital will occur at June 21, 2021, however the Company may, at any maturity date of the Interest Calculation Period, make a prepayment of the nominal value of Bonds after the accruals up to the date of the prepayment and within the time limit for the re-disposal of Own Issued Bonds, purchase/acquire the same Bonds for the purpose of their re-disposal, in accordance with Article 62 par. 1 of Law 4548/2018.

ii. Subordinated debt

1. On June 26, 2009 the Company signed a contract with the parent bank Alpha Bank for a subordinated ten year bond loan issuance, under the provisions of Law 3156/2003 and 2190/1920. The contract also provided for the coverage of the loan, the primary issuance of the titles and the appointment of the managing agent for the issue.

   The initial loan of a Euro 25,000,000 nominal value consisted of 25 bond notes with a face value of Euro 1,000,000 each. Following an amendment to the initial contract, the issue amount of Euro 25,000,000 consists of 25,000 bonds with a face value of Euro 1,000 each.

   The Company, by exercising its right for an early redemption of the full amount or part of the bond loan along with the payment of the respective accrued interest at any time over the life of the bond, and following the regulatory framework for Subordinated Bond Loans, on February 28, 2019 repaid fully the bond's capital i.e. Euro 25,000,000 and the respective accrued interest.

The movement of Bond loans is presented on the following tables:

	1.1.2019 - 31.12.2019			
	Balance 01.01.2019	**Cash flows**	**Non cash flows**	**Balance 31.12.2019**
Senior debt securities	355,119,722.00	(37,461,180.55)	7,381,597.55	325,040,139.00
Subordinated debt	25,003,993.00	(25,235,590.28)	231,597.28	-
Total	**380,123,715.00**	**(62,696,770.83)**	**7,613,194.83**	**325,040,139.00**

	1.1.2018 - 31.12.2018			
	Balance 01.01.2018	Cash flows	Non cash flows	Balance 31.12.2018
Senior debt securities	275,076,389.00	72,483,402.87	7,559,930.13	355,119,722.00
Subordinated debt	25,011,979.00	(1,465,451.39)	1,457,465.39	25,003,993.00
Total	**300,088,368.00**	**71,017,951.48**	**9,017,395.52**	**380,123,715.00**

36. Liabilities for current income tax and other taxes

	31.12.2019	31.12.2018
Current income tax liability	-	579,784.48
Liabilities for other taxes	797,192.88	553,387.59
Total	**797,192.88**	**1,133,172.07**

37. Employee defined benefit obligations

Under Greek labor law (Law 2112/1920 as amended by Law 4093/2012), employees are entitled to compensation, in case of redundancy or retirement, the amount of which depends on the level of remuneration, the years of service in the Company and the reason for exiting the service (dismissal or retirement). The retirement compensation is determined at 40% of the amount paid in case of redundancy, and is calculated based on the regular salary of the final month of service, before the termination of employment under full time contract (Interpretative circular of Ministry of Labor, Social Security and Welfare, article 26352/839 28.11.2012).

Retirement benefit obligations have been determined through an actuarial study.

The amounts recognized in the income statement are analyzed below:

	From 1 January to	
	31.12.2019	31.12.2018
Current service cost	16,244.00	19,580.00
Interest cost	8,486.00	7,582.79
(Gain) / loss on settlement	-	-
Total expense / (income) recognized in the income statement	**24,730.00**	**27,162.79**

The movement in the present value of defined benefit obligations is presented below:

	31.12.2019	31.12.2018
Defined benefit obligation at the beginning of the year	**493,359.00**	**451,316.79**
Current service cost	16,244.00	19,580.00
Interest cost	8,486.00	7,582.79
Benefits paid	-	-
(Gain) / loss on settlement	-	-
Actuarial (gains) / losses	89,676.00	14,880.00
Other adjustment	-	**(0.58)**
Defined benefit obligation at the end of the year	**607,765.00**	**493,359.00**

The movement of the equity reserve for actuarial gains/(losses) is presented below:

	31.12.2019	31.12.2018
Actuarial gains / (losses) at the beginning of the year	**(77,545.60)**	**(62,665.60)**
Change in the period	(89,676.00)	(14,880.00)
Actuarial gains / (losses) at the end of the year	**(167,221.60)**	**(77,545.60)**

The principal actuarial assumptions used are the following:

	31.12.2019	31.12.2018
Discount rate	0.87%	1.72%
Future salary growth	1.80%	1.80%
Inflation rate	1.35%	1.50%

	31.12.2019	31.12.2018
Average remaining years in service	21.01	22.06

The discount rate was based on the iBoxx Euro Corporate AA Corporate Overall 10+ EUR indices which was 0.77% and 1.57% on 31/12/2019 and 31/12/2018 respectively and considered consistent with the principles of IAS 19, as it is based on bonds relevant to the currency and the expected duration of the employee benefits and indicative for long term forecast.

The valuation of defined benefit obligations depends on the assumptions used in the actuarial study.

As a result:

An increase of the discount rate used by 0.5% would reduce the defined benefit obligation by 7% while a counter movement, that is, a decrease in the discount rate by 0.5% would raise the defined benefit obligation by 11%.

A respective sensitivity analysis on future salary growth shows that an increase in the growth rate used by 0.5% would raise the defined benefit obligation by 10% and a decrease in the growth rate by 0.5% would reduce the defined benefit obligation by 7%.

38. Other liabilities

	31.12.2019	31.12.2018
Suppliers	977,884.85	1,131,544.05
Accrued expenses	184,506.15	328,218.78
Liabilities to third parties	131,159.11	127,230.06
Lease liabilities	139,138.86	-
Other	34,311.74	20,256.70
Total	**1,467,000.71**	**1,607,249.59**

The following table presents the change of leases recognized as a result of the implementation of IFRS 16, by disclosing separately the cash flows, which are included in cash flows from financing activities as depicted in the cash flow statement, and non-cash flows:

Lease liabilities Changes resulting from cash flows from financing activities					
	Balance 1.1.2019	**Cash Flows**	**Non Cash Flows / New Leases**	**Other Changes**	**Balance 31.12.2019**
Lease liabilities	273,037.68	151,552.88	15,556.00	2,098.06	139,138.86
Total	**273,037.68**	**151,552.88**	**15,556.00**	**2,098.06**	**139,138.86**

EQUITY

39. Share capital

The share capital of the Company as at 31 December 2019 amounted to Euro 41,000,010.00, divided into 1,366,667 ordinary shares with a nominal value of Euro 30.00 per share and presenting no changes compared to 2018.

40. Statutory reserve

According to Greek corporate law (article 158 of Law 4548/2018), the Company is required to allocate as a minimum 5% of its annual profit after tax to the statutory reserve. This obligation ceases to be in effect when the statutory reserve equals at least one third of the share capital. This reserve, which has been taxed, cannot be distributed throughout the duration of the Company and is intended to offset potential losses recorded as a debit balance in account “Retained Earnings”.

On 31 December 2018 the statutory reserve of the Company amounted to Euro 7,679,795.34.

On June 28, 2019, the General Assembly Meeting of Shareholders, decided the appropriation of the amount of Euro 561,706.71 as a statutory reserve, arising from the profit after tax for the period 1.1-31.12.2018.

Following the aforementioned decision, the statutory reserve of the Company as at 31 December 2019 amounted to Euro 8,241,502.05.

41. Retained earnings

Retained earnings as at 31.12.2018 amounted to Euro 74,043,655.60.

The meeting of the Ordinary General Assembly on 28 June 2019, regarding the distribution of the profits for the financial year 01.01.2018 - 31.12.2018, decided to transfer the balance of the net profits for the financial year 01.01.2018 - 31.12.2018 after deducting a statutory reserve of Euro 561,706.71 to the account of retained earnings. The meeting of the Extraordinary General Assembly on 17 December 2019, decided to distribute to the Shareholders a dividend of Euro 10,000,000.00 from profits stemming from previous years which was paid on 23.12.2019.

Following the above, the Company’s Retained Earnings amount to Euro 74,189,192.37.

This account includes an amount of Euro 390,270.73 which concerns reserves from specially taxed income.

For the year ended 31.12.2019, the Board of Directors will propose to the General Assembly of Shareholders the distribution of no dividends on profits of the period 1.1.-31.12.2019.

ADDITIONAL INFORMATION

42. Fair value of financial instruments

International Financial Reporting Standards require companies to disclose the fair value of their reported financial assets and liabilities.

Management believes that the carrying value of advances to customers net of impairment as well as the carrying values for amounts due to and from banks and due to customers, as these are reported in the financial statements, do not differ materially from their fair value, as either their term is less than a year or they carry a floating interest rate.

With regards to the Company's debt securities in issue whose carrying amount is Euro 325,040,139.00, their fair value was estimated at Euro 302,507,500.00.

The fair value of debt securities in issue was calculated based on the income approach by making use of observable market data inputs classified in Level 2 and relating to interest rates and credit spreads.

43. Contingent liabilities and commitments

a) Legal issues

According to estimates of the Company's Management and Legal Department, there are no pending legal cases, which are expected to have a material effect on the financial position of the Company.

On fiscal year 2018, an amount of Euro 6,100.00 has been recognized in Income Statement caption "Provisions for litigations" in respect to number 298952/29.08.2019 Act imposing a fine by the Labour Inspectorate. An appeal has been filed by the Company.

For cases where according to their progress and the evaluation of the Legal department on December 31, 2019, a negative outcome is not probable or the potential outflow cannot be estimated reliably due to the complexity of the cases, the time period they will last and the uncertainty of their outcome, the Company has not recognized a provision. As of 31.12.2019 the legal claims against the Company for the above cases amount to Euro 4,442,699.85 (31.12.2018: Euro 4,401,090.55).

b) Tax issues

The Company has been audited by the tax authorities for the years up to 2009.

Years 2010 up to and including 2013 are considered as closed in accordance with the Ministerial Decision POL. 1208 / 20.12.2018 of the Independent Public Revenue Authority.

Under article 65 A of L. 4174/2013, since 2011, statutory auditors and audit firms that carry out statutory audits for public limited companies are required to issue an annual Tax Compliance Report, according to Greek tax law. This report is submitted to the company under audit upon the submission of the company's corporate income tax return and no later than the first 10 days of the 10th month from the end of the fiscal year under audit, while it is also submitted electronically to the Ministry of Finance no later than the end of the 10th month following the end of the fiscal year under audit.. In accordance with Article 56 of Law 4410/3.8.2016 for the fiscal years from 1.1.2016 onwards, the issuance of the tax certificate becomes optional. However, the Company has decided continue to receive tax audit services.

For the years 2011 up to and including 2018 the tax audit has been concluded and the Company has received a Tax Compliance Report without qualifications, while for 2019 the tax audit is in progress and it is estimated that no material tax issues will arise.

Pursuant to POL.1006 / 05.1.2016 the companies for which a tax certificate is issued without qualification are not exempt from the regular tax audit by the competent tax authorities. The tax authorities may therefore carry out their own tax audit.

c) Operating leases

The Company's commitments on operating lease rentals concern buildings used for its head office and its Thessaloniki branch as well as file storage facilities.

Following the implementation of IFRS 16, effective from 1.1.2019, the Company recognized right-of-use assets and lease liabilities for all the leases fallen to IFRS 16. Lease liabilities were discounted at the incremental borrowing rate (IBR) of 1.1.2019. The weighted average discount rate was 1.02%. More specifically, the Company recognized as at 1.1.2019 right-of-use assets of € 273,037.68, out of which an amount of € 190,090.70 has been classified in Right-of-use on land & buildings, an amount of € 22,898.06 has been classified in Right-of-use on other equipment and an amount of € 60,048.92 has been classified in Right-of-use on motor vehicles.

The following table presents the reconciliation of minimum future lease payments as disclosed in IAS 17 at the financial statements for the year ended December 31, 2018, with the lease liabilities recognized on 1.1.2019 according to IFRS 16.

Minimum future lease payments 31.12.2018	**190,709.69**
Estimates from the renewal of wage period and adjustments on rent not included in minimum future lease payments	85,649.67
Impact of discounted liabilities from leasing using incremental borrowing rate (IBR) 1.1.2019	(3,321.68)
Total lease liabilities recognized on 1.1.2019	**273,037.68**

During the implementation of IFRS 16, the Company made the following estimates:

a) regarding the renewals of existing leases based on the extension right,

b) regarding contracts with indefinite duration, estimates of the length of time the Company expects to use the asset for leasing purposes.

It is noted that there are no leases of fixed assets which include term of variable lease. In addition there are no lease agreements signed during the last days of 2019 and that have been set in place from 1.1.2020.

The impact from the implementation of the standard and the Company's policy related to leases are presented in detail in notes 1 and 14 respectively.

44. Risk management

The Company has established a thorough and prudent risk management framework which is being built on best supervisory practices which, based on the common European legislation and banking system rules, principles and standards is evolved over time in order to be implemented in a coherent and effective manner on the Company's conduct of the day-to-day business to ensure the effectiveness of the corporate governance.

The Company's critical focus is to maintain high standards in corporate governance and compliance with regulatory risk rules and retain confidence in the conduct of its business activities through sound and robust provision of financial services.

The Company's Board of Directors supervises the overall operations of the Risk Management Unit. The Board of Directors has established a Risk Management Committee (RMC), which convenes on a three-month basis and reports to the BoD. The RMC recommends to the BoD the risk undertaking and capital management strategy, checks its implementation and evaluates its effectiveness.

In addition, there is a Risk Management Unit operating within the Company, which is responsible for the immediate implementation of risk management framework, according to the directions of Risk Management Committee and submits regular and extraordinary reports to the Management, the Risk Management Committee and the Company's Board of Directors. These reports present the status of the portfolio and covers management strategies for all types of risks.

The effectiveness of Risk Management System is monitored on a regular basis by three "lines of defense":

• The first "line of defense" consists of controls within the Units of the Company that participate in the process.

• The second "line of defense", i.e. the Risk Management Unit, is responsible for ensuring on an ongoing basis and at least once per year, that the controls of the "first line of defense" are applied effectively.

• The third "line of defense" is the internal audit function that carries out regular evaluations and proposes potential improvements.

44.1 Credit risk

LENDING

Credit risk is defined as the potential risk of a loss for the Company, which may arise from a potential failure, both of the client (contractor) and the debtor, to fulfil its obligations taking into account that the debtor's obligations act simultaneously as collateral for the client's obligations with the exception of forfaiting where there is no obligation of the supplier.

Credit risk constitutes the most significant source of risk for the Company and therefore, Management's primary objective, is to systematically monitor and manage this risk.

The separation of factoring into domestic factoring with recourse, domestic factoring without recourse, export/import factoring and forfaiting, reflects the degree of credit risk inherent for each product the Company is willing to take over for a client or a debtor. The abovementioned distinction in factoring services, results in the credit risk assessment focusing in the debtor in factoring without recourse and forfaiting. With respect to this risk, a provision is recognized for receivables, whose original value has been impaired as of the reporting date.

In addition to the above, significant changes taking place in the economy, or in a particular industry, incorporate additional risks, for which further provisions may be recognized if deemed appropriate.

Mitigation of credit risk is achieved by establishing appropriate credit limits, after carrying out a comprehensive assessment of creditworthiness and a risk analysis/assessment for borrowers and debtors, in order to more accurately identify business risks through a combined analysis of parameters such as relationships of borrowers and debtors, factoring product diversity, reinsurance against risk, market segment risk etc. and therefore determine whether the Company will proceed with financing the seller through an advance payment on the value of factored receivables before they become due.

1. Credit Risk Approval Process

The limits of the responsible Credit-Operations Committees are determined according to the product type and the maximum limit of discounting or / and pledging,

The duration of the limits is determined by the responsible Credit-Operations Committees. Relationships with the clients are subject to regular review so that there is more efficient management of credit risk.

2. Credit Risk Measurement and Internal Ratings

The assessment of the creditworthiness both of client and the debtor, the assessment of the probability of non-fulfilment of their obligations and their classification into credit risk categories shall be carried out using credit risk rating systems of the parent bank Alpha Bank Rating System (ABRS) and Risk Analyst (RA) incorporating different models (models) of credit risk rating.

The aim of the credit risk rating systems is the estimation of the probability that both clients and debtors will not meet their contractual obligations to the Company as well as Expected Credit loss estimation.

Credit risk rating models evaluate a series of parameters, such as the obligor's Financial ability, the obligor's comparative position in the market in which it operates mostly compared to its peers, the behavioral status and history of the obligor with the Group and with third parties as well as qualitative characteristics.

The following rating scales are used:

AA, A+, A, A-, BB+, BB, BB-,B+, B, B-, CC+, CC, CC-, C, D, D0, D1, D2

For the purposes of table “**Advances to customers by credit quality and IFRS 9 Stage** “, credit ratings AA, A+, A,A,A,A-, and BB+ fall under the category 'Normal risk', credit ratings BB, BB-, B+, B,B-, CC+, CC under the category 'Medium risk', CC-, C under 'High Risk' category and finally D, D0. D1, D2 fall under “Default” category.

In addition to the above rating grades, the Company also uses ratings from foreign rating agencies such as Moodys, Fitch, Standard & Poor's.

CREDIT CONTROL

According to the risk management and control framework, there are three “lines of defense” with distinctly allocated roles and responsibilities, with first “Line of Defense” the Business Units and Supporting Operations Units, second “Line of Defense” the Risk Management Unit and third “Line of Defense” the Internal Audit Unit.

In the context of the second line of defense operation, credit controls are carried out in order to optimize Credit Risk management, to assess the quality of the loan portfolio and to ensure that the first “line of defense” operates within the framework set out for effective Credit Risk management.

COLLATERALS

Collaterals are received in order to mitigate credit risk that may arise from the client's or debtor's inability to fulfill his contractual obligations, taking into consideration that debtor's liabilities constitute collateral over the liabilities of the client with the exception of forfaiting where there is no liability of the client.

Collaterals include all kind of assets and rights which are made available to the Company in the context of the contractual agreement for a factoring lending.

As a compensation for credit risk, the Company uses credit insurance contractual agreements. Credit insurance covers the Company for insured claims in cases of late payment and/or insolvency of the debtor. Credit insurance can be carried out either directly by the Company or through the assignment of insurance contracts by the clients. The Company evaluates the credit insurance companies with which it cooperates and sets acceptance limits for each of them.

The percentage of insured receivables as of 31.12.2019 was 40% over the total receivables from customers.

CREDIT RISK EARLY WARNING SYSTEM

In order to optimize the management of Lending and, in particular, limit the exposures whose status changes from Performing Loans (PLs) to Non-Performing Loans (NPLs), the Company has developed the Credit Risk Early Warning System.

This is defined as the aggregation of actions, processes and reports required to ensure the early identification of events (Early Warning Alerts), at customer and portfolio level, which may possibly lead to either an increase in NPLs due to the customer's negligence or financial difficulty of a temporary or permanent nature, or an increase in exposures with significant increase in credit risk, as well as the relevant actions that must be taken in order to manage the customers concerned.

The perimeter to which the Credit Risk Early Warning System is implemented encompasses all performing exposures, as well as exposures past due for up to 60 days which have not undertook any forbearance measure.

A comprehensive and effective Credit Risk Early Warning System is composed of the following stages:

• Identification of early warning triggers and generation of the Report

• Assessment of the Results of the Report and Actions Required

• Monitoring the effectiveness of the procedure

• Quality control of the procedure's implementation

CREDIT RISK CONCENTRATION MANAGEMENT

Concentration Risk is a specific form of credit risk and arises due to the low degree of diversification between counterparties, products or group of counterparties, sectors, geographic regions, or collaterals.

The Company monitors on a regular basis concentration risk at borrower/group of borrowers level and at sector level of both the client and the debtor, through detail reporting which informs Management and Committees of the Board of Directors.

In line with the supervisory framework, the Company applies and complies with the regulatory directives regarding large exposures, while the capital requirements for single name and sector concentration risks are estimated in the context of Pillar 2 of Basel II.

DEFINITIONS

The following definitions are provided as guidance to paragraphs that follow:

Past Due Exposures

An Exposure is past due if the counterparty's exposure is, materially, more than one day past due (sum of the principal, interests and charges/commissions due more than one day at an account level).

Non-Performing Exposures

An exposure is considered as Non-Performing if at least one or more events have occurred at the time of classification:

- The exposure is more than 90 days past due (NPL) and the amount due exceeds € 500.
- The case has been submitted to the Court of Justice (Legal Case).
- The account has closed permanently.
- The contractual agreement has been denounced.
- It is a forborne non-performing exposure.
- There is an unlikeness to pay indicator (Hard UTP).

Unlikeliness to Pay

An exposure is flagged as “Unlikely To Pay” (UTP) when it is less than 90 days past due and the Company assesses that the client is unlikely to fully meet his credit obligations in the event of the exercise of his right for recourse or through the recovery of the assigned reseivables.

The process of determining the clients with an unlikeness to pay (UTP) indicator is as follows:

(a) Events are predetermined which if occur, the clients are characterized as unlikely to pay and the exposure is classified as non-performing (Hard UTP Triggers).

The following Hard UTP Triggers exist:

- Closure of the current Account
- Denouncement of contractual agreement
- Submission to the Court of Justice (Legal Cases)
- Fraud cases

(b) There are specific unlikeness to pay indicators on the basis of which the client's assessment must be carried out by the competent Committee of the Company, whether clients will be classified as UTP or not (Soft UTP Triggers) and whether their credit exposures will be considered as non-performing (Hard UTP Triggers). This assessment shall take place on the date of renewal of the client’s credit limits unless there are grounds for immediate evaluation.

It should be noted that when a client belongs to a group of companies and is classified as UTP, then the group should be assessed as a whole regarding the existence or not of unlikeness to pay indicators.

The following Soft UTP Triggers exist:

- Clients who are examined by the parent bank on an individual basis and are sent to the Company for review as part of the assessment of the contamination effect at Group level.
- Clients who have been announced to the Arrears Units of the parent Bank.
- Clients with exposures with a temporary delay of up to 90 days, which have been assessed by the parent Bank with the indication of 'financial difficulty'.
- Clients with exposures with a temporary delay from 60 to 90 days.
- Clients who have been assigned a D credit rating in the parent Bank’s credit rating systems (Hard UTP).
- Extrajudicial settlement/negotiation, between Banks and Client, for settlement or repayment of debts of creditors who are in bankruptcy proceedings (application for inclusion in the Bankruptcy Code).
- The client has applied for bankruptcy or insolvency (application for inclusion in the Bankruptcy Code).
- Strong indications that the client cannot meet his obligations (e.g. suspension of business activities).
- Clients who present early warning triggers in accordance with the Company's Early Warning Policy.

Credit impaired exposures

An exposure is considered as Credit Impaired when the criteria specified by the definition of Non-Performing Exposures are met.

Default exposures

An exposure is considered as Default when the criteria specified by the definition of Non-Performing Exposures are met.

Collateral Value

The collaterals presented in the following tables concern receivables assigned to the Company and all collateral values are capped at 100% of the outstanding amount of the exposure.

EXPECTED CREDIT LOSS ESTIMATION METHODOLOGY

The Company, at each reporting date, recognizes a provision for expected credit losses on advances to customers not measured at fair value through profit or loss.

Default definition

An exposure is considered as Default when the criteria specified by the definition of Non-Performing Exposures are met.

The definition of Non-Performing Exposures takes into account the definition of Default in accordance with Article 178 of the European Union Regulation 575/2013 as well as the EBA guidelines (GL/2016/07).

The definition of Default according to IFRS 9, is consistent with the one used for internal credit risk management purposes, i.e. all exposures classified as Non-Performing are considered to be impaired - and classified in Stage 3 or as exposures impaired at the time of their initial recognition (credit-impaired at initial recognition).

The definition of Non-Performing Exposures is used to develop models for estimating credit risk parameters of Probability of Default, Loss Given Default and Exposure At Default.

Portfolio Classification in Stages based on the Credit Risk (Staging)

Following an exposure's initial recognition, exposure is classified into stages based on its credit risk characteristics. The classification of exposures in stages is based on the changes of the credit quality compared to its initial recognition. The adoption of this model aims at: (a) the timely identification and measurement of credit losses prior to their occurrence, (b) the separation of exposures according to whether there is a deterioration in credit risk, (c) the more accurate calculation of expected credit losses.

Upon initial recognition of an exposure, the Company must determine whether this exposure is considered as credit impaired (Credit Impaired at Initial Recognition).

The POCI category (Purchased or Originated Credit Impaired, POCI) includes the following:

• Exposures that at the time of purchase (Purchased) meet the criteria of non-performing exposures.

• Exposures for which the repayment terms have been amended, whether due to financial distress or not, which simultaneously lead to a derecognition and recognition of a new impaired asset (POCI). Since the exposure before the derecognition was marked as impaired , it will maintain this definition as a new credit exposure, which will be classified as POCI. However, in the event that the new recognized receivable is the result of a change of client whose general creditworthiness is better than the previous one, on the basis of an assessment by the competent Committee, it does not reflect financial difficulty and at the same time has presented a viable business plan and no debt settlement has been made, the exposure will not be classified as POCI.

It is noted that an exposure classified as POCI, remains POCI throughout its life.

For exposures not classified as POCI, the classification in stages is performed as follows:

Stage 1 includes performing credit exposures that have no significant increase in credit risk since the initial recognition date. The expected credit losses calculated are based on the probability of default within the next 12 months, and the assessment is carried out on a collective basis with the exception of clients assessed on an individual basis.

Stage 2 includes credit exposures with significant increase in credit risk since the initial recognition date but which are not non-performing. The expected credit losses calculated are lifetime credit losses and the assessment is carried out on a collective basis with the exception of clients assessed on an individual basis.

Stage 3 includes the non-performing / default exposures. The expected credit losses calculated are the lifetime losses and the assessment is performed on a collective or individual basis, if the abovementioned limit criteria are met.

All possible movements between Stages of credit risk are presented below:

• An exposure which has been classified in Stage 1 in previous quarter of reference could be classified either in Stage 1 in the next reporting quarter, if the credit risk has not deteriorated and the exposure is still performing, or in Stage 2, if the exposure is still performing but the credit risk has deteriorated, or in Stage 3 if the exposure is non-performing/default.

• An exposure which has been classified in Stage 2 in previous quarter of reference could be classified either in Stage 1 in the next reporting quarter, if the exposure is performing and does not meet any of the criteria of "Significant increase in credit risk" and in particular, for the case of Forborne Performing exposure, if the exit criteria from the 2-years' probation period are met. It could also remain in Stage 2, if the credit risk has not substantially changed, or be transferred to Stage 3, if the exposure is non-performing/default.

• An exposure which has been classified in Stage 3 in previous quarter of reference could be classified either in Stage 1 in the next reporting quarter, if the exposure is performing and does not meet any of the criteria of "Significant increase in credit risk", or transferred in Stage 2, if it is no longer considered as non-performing , or remain in Stage 3, if it is still non-performing/default.

Significant Increase in Credit Risk

The occurrence of a significant increase in credit risk of an Exposure after its initial recognition (SICR) results in the measurement of the expected credit loss over its lifetime instead of the measurement of a 12-month loss.

For the identification of significant increase in credit risk for an exposure after the initial recognition leading to the

calculation of lifetime credit lossed of the exposure instead of twelve months credit losses, the risk of default at the reference date is compared with the risk of default at the initial recognition for all performing exposures, including those with no days past due.

The assessment to determine whether an exposure shows significant increase in credit risk or not is based on the following:

• Qualitative Indicators: They refer to use of qualitative information which is not necessarily depicted in the probability of default, such as the assessment of an exposure as performing forborne ("FPL", according to EBA ITS). Additional qualitative indicators are included in the Early Warning Policy, according to which and as per the assessment performed (Soft UTP), an exposure may be considered to show significant increase in credit risk or not.

• Backstop Indicators: In addition to the above, and with a view to addressing cases where there is no evidence of significant credit risk deterioration based on the qualitative indicators, exposures over 30 days past due are considered by definition to show a significant increase in credit risk.

Expected credit losses estimation

The Company carries out the process of recognizing and calculating impairment every calendar quarter. The Expected Credit Losses calculation is carried out either on an individual basis, taking into account the significance of the exposure or in cases of exposures that do not share common risk characteristics or in cases of exposures that do not have sufficient historical data, or on a collective basis for the remaining exposures.

For companies where the corporate guarantee from the parent company represents 100% of the exposure of the companies or other significant interdependencies, the assessment may be performed at a Group level.

Clients with at least one non-performing exposure in the Company are individually assessed. In the context of the assessment of the contamination effect at Group level, clients who meet the individual assessment criteria in the parent Bank are also individually assessed by the Company.

The remaining exposures are assessed collectively.

Credit risk parameters

The calculation of Expected Credit Loss is based on the following credit risk parameters:

• Probability of Default (PD): For receivables which have been assigned and discounted under a factoring agreement, as probability of default is defined the probability of default of the client, the debtor or/or the reinsurer, depending on the product type provided each time.

• Probability of default is assessed at Group level of the parent Bank and the credit rating /rating grade models evaluate a number of parameters (financial analysis, analysis of competitors, current and historical behavioral data and the quality characteristics of the debtor).

• Exposure at default (EAD): Exposure at Default is an estimate of the amount of the exposure at the time of the default and reflects the degree to which the Company is exposed to the counterparty at the time of default and is equal to the current balance of the clients current account.

• Loss given default (LGD): Loss given default is an estimate of the loss that will occur if the default occurs at a given time. Its determination is based on historical data and is updated at least once a year. For the calculation, write-offs or 100% impaired exposures as well as any recoveries of amounts are taken into account.

Governance

The NPE Evaluation Committee is responsible for approving the Expected Credit Losses and submitting them to the Board of Directors.

The Board of Directors approves the Company's Impairment Policy of Receivables through the Risk Management Committee.

FORBEARANCE

The Executive Committee Act 42/30.05.2014, as amended by the Executive Committee Act 47/09.2.2015, 102/30.8.2016, 134/5.3.2018 and 136/2.4.2018 of the Bank of Greece, has determined the supervisory framework for the management of exposures in arrears and non-performing exposures , over and above the already applicable requirements of Law 4261/2014, the CRR 575/2013, and delegated the decision authority to the Bank of Greece.

In the context of the Commission Implementing Regulation (EU) 2015/227 of the European Commission dated January 9, 2015 and the executive technical standards of the European Banking Authority, the Company assumes the resulting regulatory obligations for forborne exposures.

Furthermore, the Company applies the Policy of Dispute Settlement in accordance with the Code of Conduct for Banks set by Bank of Greece (Law 4224/2013), as currently is in force.

MONITORING OF FORBORNE EXPOSURES

The Company has undertaken a series of actions to ensure adherence to the supervisory obligations and requirements arising from the above Acts. These changes cover the following distinct sections:

• Adaptation of Information Systems of the Company.

• Development of databases aiming at:

- the automation of the processes related to the production of both internal (Risk Management) and external (Supervisory) reports;
- the performance of analyses on the Company's portfolio and
- the production of Management Information Reporting (MIS)

WRITE-OFFS

Bad Debt Write-off is defined as the reduction of the gross carrying amount of a financial asset, when there is no reasonable expectation of recovery. The write-off refers to the accounting write-off of a debt or a portion of it, i.e. the removal of the financial asset or part of it from the balance sheet, which does not necessarily entail the waiver of the legal right to recover the debt.

In order to perform a write-off, there should be a respective equivalent provision for impairment loss, at least a quarter prior to the proposal.

DUE FROM BANKS

In addition to credit risk from customer receivables, the Company manages the credit risk from receivables due from banks (note 27.2). The rating of the respective receivables due from banks is as follows:

	Due from Banks 31.12.2019	**Fitch**	**Standard & poor's**	**Moody's**	Due from Banks 31.12.2018	**Fitch**	**Standard & poor's**	**Moody's**
Alpha Bank	102,776.50	CCC+	B	Caa1	241,144.55	CCC+	B-	Caa2
Alpha Bank Cyprus	359,323.61	CCC+	B	Caa1	228,675.59	CCC+	B-	Caa2
Eurobank	345,766.97	CCC+	B	Caa1	91,044.33	CCC	B-	Caa2
Piraeus Bank	1,477,783.95	CCC	B-	Caa2	1,071,253.39	CCC	B-	Caa2
National Bank of Greece	383,192.82	CCC+	B	Caa1	163,826.42	CCC+	B-	Caa2
Total	**2,668,843.85**				**1,795,944.28**			

All receivables from credit institutions are classified in Stage 1 and there are no expected credit losses that have been recognized.

FINANCIAL INSTRUMENTS CREDIT RISK

Amounts in thousands of Euro	31.12.2019 Exposure before impairment	Provision for impairment losses	Net exposure to credit risk
Due from banks	2,668.84	-	2,668.84
Due from customers	524,515.26	(6,259.08)	518,256.18
Total amount of balance sheet items exposed to credit risk	**527,184.10**	**(6.259.08)**	**520,925.02**
Other balance sheet items not exposed to credit risk	1,891.58	-	1,891.58
Total assets	**529,075.68**	**(6,259.08)**	**522,816.60**

Amounts in thousands of Euro	31.12.2018 Exposure before impairment	Provision for impairment losses	Net exposure to credit risk
Due from banks	1,795.94	-	1,795.94
Due from customers	546,930.98	(6,039.69)	540,891.29
Total amount of balance sheet items exposed to credit risk	**548,726.92**	**(6,039.69)**	**542,687.23**
Other balance sheet items not exposed to credit risk	975.39	-	975.39
Total assets	**549,702.31**	**(6,039.69)**	**543,662.62**

FINANCIAL INSTRUMENTS CREDIT RISK, ANALYSIS PER INDUSTRY

	31.12.2019						
Amounts in thousands of Euro	Financial institutions	Industry and manufacturing	Services	Wholesale and retail trade	Hotels/ Tourism	Other sectors	Total
Due from banks	2,668.84	-	-	-	-	-	**2,668.84**
Due from customers	113.93	274,486.40	115,450.43	111,733.44	1,638.06	21,093.00	**524,515.26**
Total amount of balance sheet items exposed to credit risk	**2,782.77**	**274,486.40**	**115,450.43**	**111,733.44**	**1,638.06**	**21,093.00**	**527,184.10**

	31.12.2018						
Amounts in thousands of Euro	Financial institutions	Industry and manufacturing	Services	Wholesale and retail trade	Hotels/ Tourism	Other sectors	Total
Due from banks	1,795.94	-	-	-	-	-	**1,795.94**
Due from customers	207.87	289,813.53	111,842.83	119,255.11	6,864.18	18,947.46	**546,930.97**
Total amount of balance sheet items exposed to credit risk	**2,003.81**	**289,813.53**	**111,842.83**	**119,255.11**	**6,864.18**	**18,947.46**	**548,726.91**

A. Advances to customers

A.1 Advances to customers by IFRS 9 Stage (past due and not past due)

The following tables present past due and not past due advances to customers, measured at amortized cost, as at 31.12.2019 and 31.12.2018 per IFRS 9 Stage.

	31.12.2019										
	Stage 1			**Stage 2**			**Stage 3**				
Amounts in thousands of Euro	Carrying amount (before provision for impairment losses)	Provision for impairment losses	Net carrying amount	Carrying amount (before provision for impairment losses)	Provision for impairment losses	Net carrying amount	Carrying amount (before provision for impairment losses)	Provision for impairment losses	Net carrying amount	**Total Net carrying amount**	**Value of collaterals**
Not Past Due											
SME's	166,910.63	(27.60)	166,883.03	2,071.54	(6.27)	2,065.28	17.00	(6.53)	10.47	168,958.78	166,883.37
Large corporate	348,698.42	(124.62)	348,573.80	-	-	-	-	-	-	348,573.80	348,523.33
Total	**515,609.05**	**(152.22)**	**515,456.83**	**2,071.54**	**(6.27)**	**2,065.28**	**17.00**	**(6.53)**	**10.47**	**517,532.58**	**515,406.70**
Past due											
SME's	319.64	(0.11)	319.53	1.28	-	1.28	4,350.04	(4,048.29)	301.75	622.56	588.94
Large corporate	101.07	(0.02)	101.05	-	-	-	2,045.64	(2,045.64)	-	101.05	101.05
Total	**420.71**	**(0.13)**	**420.58**	1.28	-	**1.28**	**6,395.68**	**(6,093.93)**	**301.75**	**723.61**	**689.99**
Total											
SME's	167,230.27	(27.71)	167,202.56	2,072.82	(6.27)	2,066.56	4,367.04	(4,054.82)	**312.22**	**169,581.34**	**167,472.31**
Large corporate	348,799.49	(124.65)	348,674.84	-	-	-	2,045.64	(2,045.64)	-	348,674.84	348,624.38
Total	**516,029.76**	**(152.36)**	**515,877.40**	**2,072.82**	**(6.27)**	**2,066.56**	**6,412.68**	**(6,100.46)**	**312.22**	**518,256.18**	**516,096.69**

	31.12.2018										
	Stage 1			Stage 2			Stage 3				
Amounts in thousands of Euro	Carrying amount (before provision for impairment losses)	Provision for impairment losses	Net carrying amount	Carrying amount (before provision for impairment losses)	Provision for impairment losses	Net carrying amount	Carrying amount (before provision for impairment losses)	Provision for impairment losses	Net carrying amount	**Total Net carrying amount**	**Value of collaterals**
	Not Past Due										
SME's	177,865.14	(45.04)	177,820.10	427.00	(2.85)	424.15	2,966.54	(194.18)	2,772.36	181,016.62	178,590.71
Large corporate	359,454.08	(391.14)	359,062.95	-	-	-	-	-	-	359,062.95	355,249.52
Total	**537,319.22**	**(436.17)**	**536,883.05**	**427.00**	**(2.85)**	**424.15**	**2,966.54**	**(194.18)**	**2,772.36**	**540,079.57**	**533,840.23**
	Past due										
SME's	690.23	(2.07)	688.16	-	-	-	3,431.43	(3,357.91)	73.52	761.68	709.22
Large corporate	11.54	-	11.54	-	-	-	2,085.00	(2,046.50)	38.49	50.04	7.43
Total	**701.78**	**(2.07)**	**699.70**	-	-	**-**	**5,516.43**	**(5,404.42)**	**112.02**	**811.72**	**716.65**
	Total										
SME's	178,555.37	(47.11)	178,508.28	427.00	(2.85)	424.15	6,397.97	(3,552.09)	**2,845.89**	**181,778.30**	**179,299.92**
Large corporate	359,465.63	(391.14)	359,074.49	-	-	-	2,085.00	(2,046.50)	38.49	359,112.98	355,256.96
Total	**538,021.00**	**(438.25)**	**537,582.75**	**427.00**	**(2.85)**	**424.15**	**8,482.97**	**(5,598.59)**	**2,884.38**	**540,891.28**	**534,556.88**

A.2 Advances to customers by credit quality and IFRS 9 Stage

The following tables present advances to customers, measured at amortized cost, by IFRS 9 Stage and credit quality as at 31.12.2019 and 31.12.2018 .

31.12.2019							
Amounts in thousands of Euro	**SME's**			**Large Corporate**			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	**Total**
Normal Risk	25,758.28	-	-	251,336.60	-	-	**277,094.88**
Medium Risk	133,344.92	1,875.98	-	64,466.08	-	-	**199,686.98**
High Risk	8,127.07	196.84	-	32,996.81	-	-	**41,320.72**
Default	-	-	4,367.04	-	-	2,045.64	**6,412.68**
Total	**167,230.27**	**2,072.82**	**4,367.04**	**348,799.49**	**-**	**2,045.64**	**524,515.26**
Provision for impairment losses	(27.71)	(6.27)	(4,054.82)	(124.64)	-	(2,045.64)	**(6,259.08)**
Net carrying amount	**167,202.56**	**2,066.55**	**312.22**	**348,674.85**	**-**	**-**	**518,256.18**
Value of collaterals	**167,192.43**	**1.28**	**278.6**	**348,624.38**	**-**	**-**	**516,096.69**

31.12.2018							
Amounts in thousands of Euro	**SME's**			**Large Corporate**			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	**Total**
Normal Risk	26,418.86	-	-	118,670.34	-	-	**145,089.20**
Medium Risk	146,240.36	427.00	-	226,618.06	-	-	**373,285.42**
High Risk	5,896.15	-	-	14,177.22	-	-	**20,073.38**
Default	-	-	6,397.98	-	-	2,085.00	**8,482.97**
Total	**178,555.37**	**427.00**	**6,397.98**	**359,465.63**	**-**	**2,085.00**	**546,930.98**
Provision for impairment losses	(47.11)	(2.85)	(3,552.09)	(391.14)	-	(2,046.50)	**(6,039.69)**
Net carrying amount	**178,508.26**	**424.15**	**2,845.89**	**359,074.49**	**-**	**38.49**	**540,891.29**
Value of collaterals	**178,505.81**	**1.63**	**792.48**	**355,250.43**	**-**	**6.52**	**534,556.88**

A.3 Ageing analysis by IFRS 9 Stage

31.12.2019									
	SME's				Large corporate				
Amounts in thousands of Euro	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	**Grand Total**
Exposure before impairment									
Current	166,910.63	2,071.54	17.00	**168,999.17**	348,698.42	-	**-**	**348,698.42**	**517,697.59**
1-30 days	319.64	-	-	**319.64**	101.07	-	**-**	**101.07**	**420.71**
31-60 days	-	0.76	-	**0.76**	-	-	**-**	**-**	**0.76**
61-90 days	-	0.52	-	**0.52**	-	-	**-**	**-**	**0.52**
91-180 days	-	-	273.49	**273.49**	-	-	-	**-**	**273.49**
181-360 days	-	-	633.96	**633.96**	-	-	**-**	**-**	**633.96**
>360 days	-	-	3,442.59	**3,442.59**	-	-	2,045.64	**2,045.64**	**5,488.23**
Total	**167,230.27**	**2,072.82**	**4,367.04**	**173,670.13**	**348,799.49**	-	**2,045.64**	**350,845.13**	**524,515.26**
Accumulated provision for impairment losses									
Current	27.60	6.27	6.54	**40.40**	124.62	-	-	**124.62**	**165.02**
1-30 days	0.11	-	-	**0.11**	0.02	-	-	**0.02**	**0.13**
31-60 days	-	-	-	**-**	-	-	-	**-**	**-**
61-90 days	-	-	-	**-**	-	-	-	**-**	**-**
91-180 days	-	-	11.73	**11.73**	-	-	-	**-**	**11.73**
181-360 days	-	-	633.38	**633.38**	-	-	-	**-**	**633.38**
>360 days	-	-	3,403.18	**3,403.18**	-	-	2,045.64	**2,045.64**	**5,448.82**
Total	**27.71**	**6.27**	**4,054.83**	**4,088.80**	**124.64**	-	**2,045.64**	**2,170.28**	**6,259.08**
Total net carrying Amount									
Current	166,883.03	2,065.27	10.46	**168,958.76**	348,573.80	-	**-**	**348,573.80**	**517,532.56**
1-30 days	319.53	-	-	**319.53**	101.05	-	**-**	**101.05**	**420.58**
31-60 days	-	0.76	-	**0.76**	-	-	**-**	**-**	**0.76**
61-90 days	-	0.52	-	**0.52**	-	-	**-**	**-**	**0.52**
91-180 days	-	-	261.76	**261.76**	-	-	-	**-**	**261.76**
181-360 days	-	-	0.58	**0.58**	-	-	-	**-**	**0.58**
>360 days	-	-	39.41	**39.41**	-	-	-	**-**	**39.41**
Total	**167,202.56**	**2,066.55**	**312.21**	**169,581.32**	**348,674.85**	-	**-**	**348,674.85**	**518,256.17**
Value of collaterals	**167,192.43**	**1.28**	**278.60**	**167,472.31**	**348,624.38**	-	**-**	**348,624.38**	**516,096.69**

31.12.2018									
	SME's				Large corporate				
Amounts in thousands of Euro	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	**Grand Total**
Exposure before impairment									
Current	177,865.14	423.31	2,966.54	**181,254.99**	359,454.08	-	**-**	**359,454.08**	**540,709.07**
1-30 days	690.23	-	-	**690.23**	11.54	-	**-**	**11.54**	**701.78**
31-60 days	-	3.01	-	**3.01**	-	-	**-**	**-**	**3.01**
61-90 days	-	0.68	6.51	**7.19**	-	-	**-**	**-**	**7.19**
91-180 days	-	-	3.89	**3.89**	-	-	6.97	**6.97**	**10.85**
181-360 days	-	-	23.45	**23.45**	-	-	**-**	**-**	**23.45**
>360 days	-	-	3,397.59	**3,397.59**	-	-	2,078.03	**2,078.03**	**5,475.63**
Total	**178,555.37**	**427.00**	**6,397.97**	**185,380.35**	**359,465.63**	-	**2,085.00**	**361,550.62**	**546,930.97**
Accumulated provision for impairment losses									
Current	45.04	2.85	194.18	**242.07**	391.13	-	-	**391.13**	**633.20**
1-30 days	2.07	-	-	**2.07**	-	-	-	**-**	**2.07**
31-60 days	-	-	-	**-**	-	-	-	**-**	**-**
61-90 days	-	-	0.41	**0.41**	-	-	-	**-**	**0.41**
91-180 days	-	-	0.45	**0.45**	-	-	0.44	**0.44**	**0.89**
181-360 days	-	-	7.45	**7.45**	-	-	-	**-**	**7.45**
>360 days	-	-	3,349.59	**3,349.59**	-	-	2,046.06	**2,046.06**	**5,395.65**
Total	**47.11**	**2.85**	**3,552.09**	**3,602.05**	**391.14**	-	**2,046.50**	**2,437.64**	**6,039.69**
Total net carrying Amount									
Current	177,820.10	420.46	2,772.36	**181,012.92**	359,062.95	-	**-**	**359,062.95**	**540,075.87**
1-30 days	688.16	-	-	**688.16**	11.54	-	**-**	**11.54**	**699.7**
31-60 days	-	3.01	-	**3.01**	-	-	**-**	**-**	**3.01**
61-90 days	-	0.68	6.09	**6.77**	-	-	**-**	**-**	**6.77**
91-180 days	-	-	3.44	**3.44**	-	-	6.52	**6.52**	**9.96**
181-360 days	-	-	15.99	**15.99**	-	-	-	**-**	**15.99**
>360 days	-	-	48.00	**48.00**	-	-	31.97	**31.97**	**79.97**
Total	**178,508.26**	**424.15**	**2,845.89**	**181,778.30**	**359,074.49**	-	**38.49**	**359,112.98**	**540,891.28**
Value of collaterals	**178,505.81**	**1.63**	**792.48**	**179,299.92**	**355,250.43**	-	**6.52**	**355,256.96**	**534,556.88**

A.4 Reconciliation of advances to customers by IFRS 9 stage

The following tables present the movement of the exposure and the provision for impairment losses of advances to customers measured at amortized cost by IFRS 9 stage for the years 2019 and 2018:

Amounts in thousands of Euro	Exposure before impairment				Accumulated provision for impairment losses				Net Carrying Amount
	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	
Opening balance as at 1.1.2019	**538,021.00**	**427.00**	**8,482.97**	**546,930.97**	**438.25**	**2.85**	**5,598.59**	**6,039.69**	**540,891.28**
Transfers to Stage 1 from Stage 2 or 3	101.25	-	(101.25)	**-**	0.02	-	(0.02)	**-**	**-**
Transfers to Stage 2 from Stage 1 or 3	-	1,875.22	(1,875.22)	**-**	-	4.15	(4.15)	**-**	**-**
Transfers to Stage 3 from Stage 1 or 2	(1.44)	-	1.44	**-**	(0.06)	-	0.06	**-**	**-**
New loans originated or purchased	17,304.89	-	-	**17,304.89**	1.75	-	-	1.75	**17,303.14**
Repayments and other movements	(39,395.94)	(229.40)	(95.26)	**(39,720.60)**	-	-	-	**-**	**(39,720.60)**
Changes in risk parameters and re-measurement of expected credit losses	-	-	-	**-**	(287.61)	(0.73)	505.98	**(217.64)**	**(217.64)**
Closing balance as at 31.12.2019	**516,029.76**	**2,072.82**	**6,412.68**	**524,515.26**	**152.35**	**6.27**	**6,100.46**	**6,259.08**	**518,256.18**

Amounts in thousands of Euro	Exposure before impairment				Accumulated provision for impairment losses				Net Carrying Amount
	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	
Opening balance as at 1.1.2018	**448,217.94**	**605.48**	**10,821.01**	**459,644.43**	**616.93**	**8.86**	**5,120.57**	**5,746.36**	**453,898.07**
Transfers to Stage 1 from Stage 2 or 3	-	-	-	**-**	-	-	-	**-**	**-**
Transfers to Stage 2 from Stage 1 or 3	(2.07)	2.07	-	**-**	-	-	-	**-**	**-**
Transfers to Stage 3 from Stage 1 or 2	(13.73)	-	13.73	**-**	(3.80)	-	3.80	**-**	**-**
New loans originated or purchased	128,073.31	1.63	20.80	**128,095.74**	-	-	-	**-**	**128,095.74**
Repayments and other movements	(38,254.46)	(182.17)	(2,372.57)	**(40,809.20)**	-	-	-	**-**	**(40,809.20)**
Changes in risk parameters re-measurement of expected credit losses	-	-	-	**-**	(174.88)	(6.00)	474.22	**293.33**	**(293.33)**
Closing balance as at 31.12.2018	**538,021.00**	**427.00**	**8,482.97**	**546,930.97**	**438.25**	**2.85**	**5,598.59**	**6,039.69**	**540,891.28**

A.5 Advances to customers and accumulated provision for impairment losses by IFRS 9 Stage, industry and geographical region

31.12.2019									
Amounts in thousands of Euro	Greece				Rest of Europe				
	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	**Grand Total**
Exposure before impairment									
Manufacturing	265,525.64	2,071.54	2,782.56	270,379.74	4,106.66	-	-	4,106.66	274,486.40
Wholesale and retail trade	109,793.79	1.28	1,923.43	111,718.50	14.94	-	-	14.94	111,733.44
Transportation	1,638.06	-	-	1,638.06	-	-	-	-	1,638.06
Services	113,948.43	-	1,501.99	115,450.42	-	-	-	-	**115,450.42**
Financial institutions	113.93	-	-	113.93	-	-	-	-	**113.93**
Hotels/Tourism	228.32	-	-	228.32	-	-	-	-	**228.32**
Other sectors	20,659.99	-	204.70	20,864.69	-	-	-	-	**20,864.69**
Total	**511,908.16**	**2,072.82**	**6,412.68**	**520,393.66**	**4,121.60**	-	-	**4,121.60**	**524,515.26**
Accumulated provision for impairment losses									
Manufacturing	(114.96)	(6.27)	(2,782.56)	(2,903.79)	(0.65)	-	-	**(0.65)**	**(2,904.44)**
Wholesale and retail trade	(23.77)	-	(1,613.62)	(1,637.39)	-	-	-	-	**(1,637.39)**
Transportation	(0.12)	-	-	(0.12)	-	-	-	-	**(0.12)**
Services	(8.42)	-	(1,501.99)	(1,510.41)	-	-	-	-	**(1,510.41)**
Financial institutions	-	-	-	-	-	-	-	-	-
Hotels/Tourism	-	-	-	-	-	-	-	-	-
Other sectors	(4.43)	-	(202.29)	(206.72)	-	-	-	-	**(206.72)**
Total	**(151.70)**	**(6.27)**	**(6,100.46)**	**(6,258.43)**	**(0.65)**	-	-	**(0.65)**	**(6,259.08)**
Total net carrying Amount									
Manufacturing	265,410.68	2,065.27	-	267,475.95	4,106.01	-	-	**4,106.01**	**271,581.96**
Wholesale and retail trade	109,770.02	1.28	309.81	110,081.11	14.94	-	-	**14.94**	**110,096.05**
Transportation	1,637.94	-	-	1,637.94	-	-	-	-	**1,637.94**
Services	113,940.01	-	-	113,940.01	-	-	-	-	**113,940.01**
Financial institutions	113.93	-	-	113.93	-	-	-	-	**113.93**
Hotels/Tourism	228.32	-	-	228.32	-	-	-	-	**228.32**
Other sectors	20,655.56	-	2.41	20,657.97	-	-	-	-	**20,657.97**
Total	**511,756.46**	**2,066.55**	**312.22**	**514,135.23**	**4,120.95**	-	-	**4,120.95**	**518,256.18**

31.12.2018									
Amounts in thousands of Euro	Greece				Rest of Europe				
	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	**Grand Total**
Exposure before impairment									
Manufacturing	276,160.35	424.25	4,896.78	281,481.38	8,332.14	-	-	8,332.14	289,813.53
Wholesale and retail trade	117,384.44	0.68	1,869.77	119,254.89	0.22	-	-	0.22	119,255.11
Transportation	6,864.18	-	-	6,864.18	-	-	-	-	6,864.18
Services	110,329.72	2.07	1,511.05	111,842.83	-	-	**-**	**-**	**111,842.83**
Financial institutions	207.87	-	-	207.87	-	-	**-**	**-**	**207.87**
Hotels/Tourism	223.55	-	-	223.55	-	-	**-**	**-**	**223.55**
Other sectors	18,518.54	-	205.37	18,723.91	-	-	**-**	**-**	**18,723.91**
Total	**529,688.64**	**427.00**	**8,482.97**	**538,598.62**	**8,332.36**	-	**-**	**8,332.36**	**546,930.97**
Accumulated provision for impairment losses									
Manufacturing	(296.45)	(2.85)	(2,892.16)	(3,191.46)	(2.24)	-	**-**	**(2.24)**	**(3,193.70)**
Wholesale and retail trade	(43.07)	-	(1,003.49)	(1,046.56)	-	-	**-**	**-**	**(1,046.56)**
Transportation	(7.32)	-	-	(7.32)	-	-	**-**	**-**	**(7.32)**
Services	(81.19)	-	(1,500.89)	(1,582.08)	-	-	**-**	**-**	**(1,582.08)**
Financial institutions	-	-	-	-	-	-	**-**	**-**	**-**
Hotels/Tourism	(0.01)	-	-	(0.01)	-	-	**-**	**-**	**(0.01)**
Other sectors	(7.98)	-	(202.06)	(210.04)	-	-	**-**	**-**	**(210.04)**
Total	**(436.00)**	**(2.85)**	**(5,598.59)**	**(6,037.45)**	**(2.24)**	-	**-**	**(2.24)**	**(6,039.69)**
Total net carrying Amount									
Manufacturing	275,863.90	421.40	2,004.63	278,289.93	8,329.90	-	**-**	**8,329.90**	**286,619.82**
Wholesale and retail trade	117,341.37	0.68	866.28	118,208.34	0.22	-	**-**	**0.22**	**118,208.55**
Transportation	6,856.86	-	-	6,856.86	-	-	**-**	**-**	**6,856.86**
Services	110,248.53	2.07	10.16	110,260.76	-	-	**-**	**-**	**110,260.76**
Financial institutions	207.87	-	-	207.87	-	-	**-**	**-**	**207.87**
Hotels/Tourism	223.54	-	-	223.54	-	-	**-**	**-**	**223.54**
Other sectors	18,510.56	-	3.31	18,513.87	-	-	**-**	**-**	**18,513.87**
Total	**529,252.64**	**424.15**	**2,884.38**	**532,561.17**	**8,330.11**	-	**-**	**8,330.11**	**540,891.28**

A.6 Interest income from advances to customers by category and IFRS 9 stage

Amounts in thousands of Euro	31.12.2019				31.12.2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
SME's	8,229.81	58.86	49.84	8,338.50	7,775.40	14.90	99.42	7,889.72
Large Corporate	13,203.50	-	-	13,203.50	13,063.28	-	4.52	13,067.80
Total	**21,433.30**	**58.86**	**49.84**	**21,542.00**	**20,838.68**	**14.90**	**103.94**	**20,957.52**

B. Forborne advances to customers

B.1 Analysis of forborne advances to customers by type of forbearance measure

Amounts in thousands of Euro	31.12.2019			31.12.2018		
	Total forborne advances to customers	**Accumulated provision for impairment losses**	**Net carrying amount of forborne advances to customers**	**Total forborne advances to customers**	**Accumulated provision for impairment losses**	**Net carrying amount of forborne advances to customers**
SMEs						
Decrease in interest rate	1,875.22	(4.14)	1,871.08	2,134.50	(135.97)	1,998.53
Loan term extension	645.65	(635.18)	10.47	748.29	(48.84)	699.45
Grace period	196.32	(2.13)	194.19	423.31	(2.85)	420.46
Past due settlement	401.61	(401.61)	-	459.59	(379.12)	80.47
Total	**3,118.80**	**(1,043.06)**	**2,075.74**	**3,765.69**	**(566.78)**	**3,198.91**
Large Corporates						
Decrease in interest rate	-	-	-	-	-	-
Loan term extension	1,424.54	(1,424.54)	-	1,422.79	(1,422.79)	-
Grace period	-	-	-	-	-	-
Past due settlement	-	-	-	-	-	-
Total	**1,424.54**	**(1,424.54)**	**-**	**1,422.79**	**(1,422.79)**	**-**
Grand Total	**4,543.34**	**(2,467.60)**	**2.075,74**	**5,188.48**	**(1,989.57)**	**3,198.91**

B.2 Analysis of forborne advances to customers and provision for impairment losses by IFRS 9 stage and according to their credit quality

Amounts in thousands of Euro	31.12.2019			31.12.2018		
	Total advances to customers	**Total forborne advances to customers**	**(%)**	**Total advances to customers**	**Total forborne advances to customers**	**(%)**
Stage 1	516,029.76	-	0.00%	538,021.00	-	0.00%
Stage 2	2,072.82	2,071.54	99.94%	427.00	423.31	99.14%
Stage 3	6,412.68	2,471.80	38.55%	8,482.97	4,765.18	56.17%
Exposure (before impairment)	**524,515.26**	**4,543.34**	**0.87%**	**546,930.97**	**5,188.49**	**0.95%**
Stage 1 (Provision for impairment losses)	(152.35)	-	0.00%	(438.25)	-	0.00%
Stage 2 (Provision for impairment losses)	(6.27)	(6.27)	100.00%	(2.85)	(2.85)	100.00%
Stage 3 (Provision for impairment losses)	(6,100.46)	(2,461.33)	40.35%	(5,598.59)	(1,986.72)	35.49%
Total net carrying amount	**518,256.18**	**2,075.74**	**0.40%**	**540,891.28**	**3,198.91**	**0.59%**
Value of collaterals	516,096.69	10.46		534,556.88	773.05	

B.3 Reconciliation of forborne advances to customers

Forborne advances to customers (Net Value)		
Amounts in thousands of Euro	**1.1-31.12.2019**	**1.1-31.12.2018**
Opening balance (as at 1.1.2019 and 1.1.2018 respectively)	**3,198.91**	**3,487.39**
Forbearance measures during the year	-	0.92
Interest income	58.86	85.34
Repayments of advances (partial or full)	(562.01)	(584.07)
Advances that exited forbearance status during the period	(80.47)	-
Impairment (Losses)/Gains	(553.68)	188.90
Other	14.13	20.43
Closing balance (as at 31.12.2019 and 31.12.2018 respectively)	**2,075.74**	**3,198.91**
of which:		
Large corporate		-
SMEs	2,075.74	3,198.91

Forborne exposures presented above concern advances to customers facing financial difficulties or showing amounts past due over 90 days and for which modifications have been extended on the contractual terms agreed with the Company (in accordance with the existing regulatory framework). These forborne exposures have been assessed for impairment (either individually or collectively) by the Company as at 31.12.2019.

44.2 Foreign currency risk

As described in Note 2, Euro is the functional and presentation currency for the Company .

The Company undertakes exposure to risks arising from changes in foreign exchange rates which do not materially affect its financial position and cash flows. The following tables depict the Company's exposure to foreign currency risk as at 31.12.2019 and 31.12.2018.

The tables below present the Company's assets and liabilities by currency. The Finance Department monitors exposure to foreign currency risk and takes appropriate actions.

	Foreign currency risk 31.12.2019				
Amounts in thousands of Euro	USD	GBP	OTHER FC	EURO	TOTAL
ASSETS					
Cash and cash equivalents	-	-	-	0.20	0.20
Due from banks	16.43	5.38	-	2,647.03	2,668.84
Due from customers	896.58	0.11	-	517,359.49	518,256.18
Property, plant and equipment	-	-	-	341.41	341.41
Intangible assets	-	-	-	544.66	544.66
Other assets	-	-	-	1,005.31	1,005.31
Total assets	**913.01**	**5.49**	**-**	**521,898.10**	**522,816.60**
LIABILITIES					
Due to banks	793.07	-	-	57,985.73	58,778.80
Due to customers	-	-	-	4,096.84	4,096.84
Debt securities in issue	-	-	-	325,040.14	325,040.14
Liabilities for current income tax and other taxes	-	-	-	797.19	797.19
Deferred tax liabilities	-	-	-	8,533.41	8,533.41
Employee defined benefit obligations	-	-	-	607.77	607.77
Other liabilities	11.57	-	-	1,455.43	1,467.00
Total liabilities	**804.64**	**-**	**-**	**398,516.51**	**399,321.15**
Total Foreign Exchange Position	**108.37**	**5.49**	**-**	**123,381.59**	**123,495.45**

	Foreign currency risk 31.12.2018				
Amounts in thousands of Euro	USD	GBP	OTHER FCY	EURO	TOTAL
ASSETS					
Cash and cash equivalents	-	-	-	0.80	0.80
Due from banks	0.31	5.63	-	1,790.00	1,795.94
Due from customers	703.96	-	-	540,187.33	540,891.29
Property, plant and equipment	-	-	-	185.55	185.55
Intangible assets	-	-	-	520.68	520.68
Other assets	-	-	-	268.36	268.36
Total assets	**704.27**	**5.63**	**0.00**	**542,952.72**	**543,662.62**
LIABILITIES					
Due to banks	629.84	-	-	23,535.66	24,165.50
Due to customers	-	-	-	5,128.29	5,128.29
Debt securities in issue	-	-	-	380,123.72	380,123.72
Liabilities for current income tax and other taxes	-	-	-	1,133.17	1,133.17
Deferred tax liabilities	-	-	-	8,223.12	8,223.12
Employee defined benefit obligations	-	-	-	493.36	493.36
Other liabilities	11.35	-	-	1,595.90	1,607.25
Total liabilities	**641.19**	**-**	**-**	**420,233.22**	**420,874.41**
Total Foreign Exchange Position	**63.08**	**5.63**	**-**	**122,719.50**	**122,788.21**

44.3 Interest rate risk

In the context of analyzing the Assets-Liabilities of the Company, an Interest Rate Gap Analysis is performed. More specifically, assets and liabilities are classified into time bands (gaps) based on their re-pricing date, relative to the reporting date, in the case of variable interest rate instruments, or the maturity date for fixed rate instruments.

	Interest Rate Risk (Gap Analysis) 31.12.2019							
Amounts in thousands of Euro	**Less than 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**TOTAL**
ASSETS								
Cash and cash equivalents	-	-	-	-	-	-	0.20	0.20
Due from banks	2,668.84	-	-	-	-	-	-	2,668.84
Due from customers	5,550.17	512,629.73	-	-	-	-	76.28	518,256.18
Property, plant and equipment	-	-	-	-	-	-	341.41	341.41
Intangible assets	-	-	-	-	-	-	544.66	544.66
Other assets	-	-	-	-	-	-	1,005.31	1,005.31
Total Assets	**8,219.01**	**512,629.73**	**-**	**-**	**-**	**-**	**1,967.86**	**522,816.60**
LIABILITIES								
Due to banks	57,985.73	793.07	-	-	-	-	-	58,778.80
Due to customers	-	-	-	-	-	-	4,096.84	4,096.84
Debt securities in issue	325,040.14	-	-	-	-	-	-	325,040.14
Liabilities for current income tax and other taxes	-	-	-	-	-	-	797.19	797.19
Deferred tax liabilities	-	-	-	-	-	-	8,533.41	8,533.41
Employee defined benefit obligations	-	-	-	-	-	-	607.77	607.77
Other liabilities	-	-	-	-	-	-	1,467.00	1,467.00
Total Liabilities	**383,025.87**	**793.07**	**-**	**-**	**-**	**-**	**15,502.21**	**399,321.15**
EQUITY								
Share capital	-	-	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	-	-	8,241.50	8,241.50
Retained earnings	-	-	-	-	-	-	74,189.19	74,189.19
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**123,495.45**	**123,495.45**
Total Liabilities and Equity	**383,025.87**	**793.07**	**-**	**-**	**-**	**-**	**138,997.66**	**522,816.60**
OPEN EXPOSURE	**(374,806.86)**	**511,836.66**	**-**	**-**	**-**	**-**	**(137,029.80)**	**-**
CUMULATIVE EXPOSURE	**(374,806.86)**	**137,029.80**	**-**	**-**	**-**	**-**	**-**	**-**

Amounts in thousands of Euro	Interest Rate Risk (Gap Analysis) 31.12.2018							
	Less than 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**TOTAL**
ASSETS								
Cash and cash equivalents	-	-	-	-	-	-	0.80	0.80
Due from banks	1,795.94	-	-	-	-	-	-	1,795.94
Due from customers	8,357.30	531,707.57		-	-	-	826.41	540,891.28
Property, plant and equipment	-	-	-	-	-	-	185.55	185.55
Intangible assets	-	-	-	-	-	-	520.68	520.68
Other assets	-	-	-	-	-	-	268.38	268.38
Total Assets	**10,153.24**	**531,707.57**	**-**	**-**	**-**	**-**	**1,801.82**	**543,662.63**
LIABILITIES								
Due to banks	23,535.66	629.84	-	-	-	-	-	24,165.50
Due to customers	-	-	-	-	-	-	5,128.29	5,128.29
Debt securities in issue	380,123.72	-	-	-	-	-	-	380,123.72
Liabilities for current income tax and other taxes	-	-	-	-	-	-	1,133.17	1,133.17
Deferred tax liabilities	-	-	-	-	-	-	8,223.12	8,223.12
Employee defined benefit obligations	-	-	-	-	-	-	493.36	493.36
Other liabilities	-	-	-	-	-	-	1,607.25	1,607.25
Total Liabilities	**403,659.38**	**629.84**	**-**	**-**	**-**	**-**	**16,585.19**	**420,874.41**
EQUITY								
Share capital	-	-	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	-	-	7,679.80	7,679.80
Retained earnings	-	-	-	-	-	-	74,043.66	74,043.66
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**122,788.22**	**122,788.22**
Total Liabilities and Equity	**403,659.38**	**629.84**	**-**	**-**	**-**	**-**	**139,373.41**	**543,662.63**
OPEN EXPOSURE	**(393,506.14)**	**531,077.73**	**-**	**-**	**-**	**-**	**(137,571.59)**	**-**
CUMULATIVE EXPOSURE	**(393,506.14)**	**137,571.59**	**-**	**-**	**-**		**-**	**-**

44.4 Liquidity risk

The monitoring of liquidity risk focuses on the Company's ability to maintain sufficient funds to cover its obligations. For this purpose, a Liquidity Gap Analysis is performed.

The cash flows arising from Assets and Liabilities are determined and classified into time bands based on their date of recovery or settlement respectively. A liquidity gap analysis is presented in the table below.

	Liquidity Risk (Liquidity Gap Analysis) 31.12.2019					
Amounts in thousands of Euro	**Less than 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**More than 1 year**	**TOTAL**
ASSETS						
Cash and cash equivalents	0.20	-	-	-	-	0.20
Due from banks	2,668.84	-	-	-	-	2,668.84
Due from customers	35,574.13	157,722.14	212,542.93	111,893.66	523.32	518,256.18
Property, plant and equipment	-	-	-	-	341.41	341.41
Intangible assets	-	-	-	-	544.66	544.66
Other assets	113.91	68.36	-	612.70	210.34	1005.31
Total Assets	**38,357.08**	**157,790.50**	**212,542.93**	**112,506.36**	**1,619.73**	**522,816.60**
LIABILITIES						
Due to banks	58,778.80	-	-	-	-	58,778.80
Due to customers	-	4,096.84	-	-	-	4,096.84
Debt securities in issue	40.14	-	-	-	325,000.00	325,040.14
Liabilities for current income tax and other taxes	709.39	-	87.80	-	-	797.19
Deferred tax liabilities	-	-	-	-	8,533.41	8,533.41
Employee defined benefit obligations	-	-	-	-	607.77	607.77
Other liabilities	1,186.57	77.13	140.49	12.79	50.02	1,467.00
Total Liabilities	**60,714.90**	**4,173.97**	**228.29**	**12.79**	**334,191.20**	**399,321.15**
EQUITY						
Share capital	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	8,241.50	8,241.50
Retained earnings	-	-	-	-	74,189.19	74,189.19
Total Equity	**-**	**-**	**-**	**-**	**123,495.45**	**123,495.45**
Total Liabilities and Equity	**60,714.90**	**4,173.97**	**228.29**	**12.79**	**457,686.65**	**522,816.60**
Open Liquidity Gap	**(22,357.82)**	**153,616.53**	**212,314.64**	**112,493.57**	**(456,066.92)**	**-**
Cumulative Liquidity Gap	**(22,357.82)**	**131,258.71**	**343,573.35**	**456,066.92**	**-**	**-**

Amounts in thousands of Euro	Liquidity Risk (Liquidity Gap Analysis) 31.12.2018					
	Less than 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**More than 1 year**	**TOTAL**
ASSETS						
Cash and cash equivalents	0.80	-	-	-	-	0.80
Due from banks	1,795.94	-	-	-	-	1,795.94
Due from customers	11,573.84	162,923.02	249,244.64	114,562.60	2,587.18	540,891.28
Property, plant and equipment	-	-	-	-	185.55	185.55
Intangible assets	-	-	-	-	520.68	520.68
Other assets	118.84	37.76		42.79	68.99	268.38
Total Assets	**13,489.42**	**162,960.78**	**249,244.64**	**114,605.39**	**3,362.40**	**543,662.63**
LIABILITIES						
Due to banks	24,165.50	-	-	-	-	24,165.50
Due to customers	5,128.29	-	-	-	-	5,128.29
Debt securities in issue	123.72	-	-	-	380,000.00	380,123.72
Liabilities for current income tax and other taxes	467.57	85.82	-	579.78	-	1,133.17
Deferred tax liabilities	-	-	-	-	8,223.12	8,223.12
Employee defined benefit obligations	-	-	-	-	493.36	493.36
Other liabilities	1,406.33	44.82	150.00	-	6.10	1,607.25
Total Liabilities	**31,291.41**	**130.64**	**150.00**	**579.78**	**388,722.58**	**420,874.41**
EQUITY						
Share capital	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	7,679.80	7,679.80
Retained earnings	-	-	-	-	74,043.66	74,043.66
Total Equity	**-**	**-**	**-**	**-**	**122,788.22**	**122,788.22**
Total Liabilities and Equity	**31,291.41**	**130.64**	**150.00**	**579.78**	**511,510.80**	**543,662.63**
Open Liquidity Gap	**(17,801.99)**	**162,830.14**	**249,094.64**	**114,025.61**	**(508,148.40)**	**-**
Cumulative Liquidity Gap	**(17,801.99)**	**145,028.15**	**394,122.79**	**508,148.40**	**-**	**-**

Debt securities in issue presented in the tables above, have been classified based on their related contractual obligations. However, the Company retains the right to redeem them (fully or partial) at any time during their lifetime, through a repayment of the full capital amount and the corresponding interest accrued.

As set forth in detail in paragraphs 44.3 and 44.4, the consideration of both interest rate and liquidity risk analysis implies that the effect on the profit or loss and the equity of the Company from a change in interest rates would not be significant.

The table below presents the cash flows arising from financial liabilities classified based on their contractual maturity date. Estimated interest payments are also included. Liabilities denominated in foreign currency have been converted into Euro.

	Nominal inflows / outflows 31.12.2019					
Amounts in thousands of Euro	**Less than 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**More than 1 year**	**TOTAL**
LIABILITIES						
Due to banks	58,831.86	-	-	-	-	58,831.86
Due to customers	-	4,096.84	-	-	-	4,096.84
Debt securities in issue	525.28	999.72	1,541.94	3,117.78	329,591.95	335,776.67
Lease Liabilities	12.78	38.36	25.72	13.17	50.69	140.72
Total	**59,369.92**	**5,134.92**	**1,567.66**	**3,130.95**	**329,642.64**	**398,846.09**

	Nominal inflows / outflows 31.12.2018					
Amounts in thousands of Euro	**Less than 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**More than 1 year**	**TOTAL**
LIABILITIES						
Due to banks	24,178.93	-	-	-	-	24,178.93
Due to customers	5,128.29	-	-	-	-	5,128.29
Debt securities in issue	810.52	1,542.60	2,379.27	4,810.83	402,229.90	411,773.12
Total	**30,117.74**	**1,542.60**	**2,379.27**	**4,810.83**	**402,229.90**	**441,080.34**

44.5 Operational risk

The Company, by applying the operational risk management framework set by the Group, is aligned with the implementation of preventive methods for risk identification and assessment while also strengthening the process of monitoring and analyzing operational risk events.

More specifically, the Risk Control Self-Assessment (RCSA) methodology is applied on an annual basis. It is noted that this methodology allows the identification and assessment of potential operational risks after tests have been carried out (residual risks). Following that, the competent Units proceed with taking actions to hedge against potential unfavorable outcomes.

Operational risk events, self-assessment results and other current issues relating to operational risk are systematically monitored by the Company's Risk Management Unit as well as by the Group's competent Operational Risk Management Committees which are responsible for reviewing all relevant information and for taking measures for mitigating Operational Risk.

45. Capital adequacy

The capital adequacy ratio as at 31.12.2019 stands at 24.97%, well above the minimum threshold (8%), as set out by the regulatory framework for factoring companies and is specified in the relevant Bank of Greece Governor's Acts. The high capital adequacy ratio for the company contributes to the successful implementation of its business plan and the continuous development of its activities in all sectors.

The capital adequacy of the Company is supervised by the Bank of Greece, to which reports are submitted in accordance with "Bank of Greece Governor's Act 2651/20.01.2012", which replaced "Bank of Greece Governor's Act 2640/18.1.2011".

Under the supervisory framework, the capital adequacy ratio is calculated as the ratio of the regulatory capital to risk-weighted assets and reflects the adequacy of capital reserves against risks undertaken by the Company. Regulatory capital includes Tier I capital (share capital, reserves) and Tier II capital (subordinated debt securities). Risk-weighted assets are calculated based on the total capital requirements for the Company's exposure to credit, operational and market risk. The Company, is not exposed to market risk and therefore no capital requirements are calculated against this risk.

	31.12.2019	31.12.2018
Tier I	24.97%	24.03%
Tier I+Tier II	24.97%	28.94%

46. Related party transactions

The Company, as a subsidiary of ALPHA BANK GROUP, enters into transactions within the normal course of its business, with ALPHA BANK and other Group companies.

The terms and conditions under which these transactions are carried out do not differ substantially from the usual terms applicable in transactions of the Company with non-affiliated companies and are approved by the competent bodies.

A. The outstanding balances of the Company's transactions with key management personnel, members of the Company's Board of Directors and their close family members as well as the results related to these transactions are as follows:

	31.12.2019	31.12.2018
Expenses		
Fees paid to key management personnel and members of the Board of Directors	335,492.74	305,952.33
Total	**335,492.74**	**305,952.33**

B. The outstanding balances of the Company's transactions with ALPHA BANK (100% participation) and the other companies of the Group as well as the results related to these transactions, are as follows:

		31.12.2019	31.12.2018
Assets			
A)	**Due from banks**		
1.	ALPHA BANK S.A.	102,776.50	241,144.55
2.	ALPHA BANK CYPRUS LTD	359,323.61	228,675.59
3.	ALPHALIFE A.A.E.Z.	-	(529.61)
B)	**Property, Plant & Equipment**		
	Right-of-Use on buildings		
1.	ALPHA BANK S.A.	30,573.99	-
2.	ALPHA INVESTMENT PROPERTY I S.A.	159,516.71	-
C)	**Right-of-Use on buildings- Accumulated Depreciation**		

			31.12.2019	31.12.2018
	1.	ALPHA BANK S.A.	20,382.66	-
	2.	ALPHA INVESTMENT PROPERTY I S.A.	53,172.24	-
D)		**Intangible Assets**		
		Software Expenses		
	1.	ALPHA SUPPORTING SERVICES S.A.	25,018.42	-
		Software Expenses- Depreciation		
	1.	ALPHA SUPPORTING SERVICES S.A.	2,501.84	-
		Total	**753,265.97**	**469,290.53**

			31.12.2019	31.12.2018
Liabilities				
A)		**Due to banks**		
	1.	ALPHA BANK S.A.	58,778,798.12	24,165,503.71
B)		**Debt securities in issue**		
	1.	ALPHA BANK S.A.	325,039,139.00	380,120,715.00
	2.	ALPHA BANK LONDON LTD	1,000.00	3,000.00
C)		**Other liabilities**		
	1.	ALPHA BANK S.A.	626,816.88	849,967.66
	2.	ALPHA SUPPORTING SERVICES S.A.	37,479.57	86,472.97
	3.	ALPHA INVESTMENT PROPERTY I S.A.	106,565.10	-
		Total	**384,589,798.67**	**405,225,659.34**

Income statement			31.12.2019	31.12.2018
		INCOME		
A)		**Interest and similar income**		
	1.	ALPHA BANK S.A.	42,044.40	66,399.94
B)		**Staff costs**		
	1.	ALPHALIFE A.A.E.Z.	5,489.98	4,781.31
		Total income	**47,534.38**	**71,181.25**
		EXPENSES		
A)		**Interest and similar charges**		
	1.	ALPHA BANK S.A.	8,129,208.79	9,224,066.84
	2.	ALPHA BANK LONDON LTD	40.34	108.89
	3.	ALPHA BANK CYPRUS LTD	8,962.33	10,524.16
B)		**Commission expense**		
	1.	ALPHA BANK S.A.	2,232,888.78	2,270,725.63
C)		**Staff costs**		
	1.	ALPHA BANK S.A.	22,748.62	196,551.23
D)		**General administrative expense**		
	1.	ALPHA BANK S.A.	48,068.41	73,060.83
	2.	ALPHA INVESTMENT PROPERTY I S.A.		82,784.52
	3.	ALPHA SUPPORTING SERVICES S.A.	60,024.67	69,736.27
E)		**Insurance Premium**		
	1.	ALPHA BANK A.E.	56,527.91	63,854.20
F)		**Interest Expense from Lease Liability**		
	1.	ALPHA BANK A.E.	169.84	-
	2.	ALPHA INVESTMENT PROPERTY I S.A.	538.98	-
G)		**Right-of-Use of leases - Depreciation Charge**		
	1.	ALPHA BANK A.E.	20,382.66	-
	2.	ALPHA INVESTMENT PROPERTY I S.A.	53,172.24	-
		Total Expenses	**10,632,733.57**	**11,991,412.57**

C. The Hellenic Financial Stability Fund (HFSF) exerts significant influence on ALPHA BANK. In particular, in the context of Law 3864/2010 and based on the Relationship Framework Agreement (RFA) signed on 23.11.2015 and replacing the previous agreement signed in 2013, HFSF participates in the Board of Directors and other significant Committees of ALPHA BANK. Therefore, in accordance with IAS 24, HFSF and its related entities are considered related parties to the Company.

During the period 1.1.-31.12.2019, the Company did not have any transactions with related parties of the HFSF.

47. Auditors' fees

The total fees of statutory auditors, as stated in paragraphs 2 and 32, article 29, of Law 4308/2014, are analyzed as follows:

	1.1-31.12.2019	1.1-31.12.2018
Fees for the statutory audit of financial statements	29,498.40	29,070.00
Fees for the issuance of tax certificate in accordance with article 65A of L.4174/2013	16,564.80	16,320.00
Fees for non-audit services	3,000.00	3,100.00
Total	**49,063.20**	**48,490.00**

It is noted that the fee for the statutory audit of financial statements includes related expenses amounting to 2% of the approved fee.

48. Events after the balance sheet date

On January 30, 2020, the World Health Organization (W.H.O.) declared a "state of emergency for public health of international interest." stating the outbreak of the new Corona Virus (Covid-19), which occurred in December in the Chinese city of Yuchan. On March 11, 2020, the W.H.O. declared the Covid-19 as a pandemic crisis. The Greek government has announced the immediate actions to face the economic consequences of Covid-19 and to support the economy and entrepreneurship.

Based on the above announcements of W.H.O., the Company has assessed that the Covid-19 crisis is a subsequent non-adjusting event that took place after the balance sheet date. In this context, the Company monitors the ongoing events regarding Covid-19 and assesses any impact that it might impose on the quality of assets, the sensitivity of the credit risk models to macro-parameters, as well as the implementation of its business plan. In addition, the business continuity plans were re-examined, as well as the Company's ability to maintain its business operations under specific conditions, in order to support the clients during this difficult period. Furthermore, all necessary measures have been taken to ensure the safety of staff.

Given the uncertainties and continuously changing developments on this issue, the Company cannot accurately and reliably assess the qualitative and quantitative impact on business activities, financial performance and the financial statements.

On 7.4.2020, the Company entered into a contractual agreement with the parent Bank, Alpha Bank, to cover a three-year debenture loan, under the provisions of Law 3156/2003 and Law 4548/2018. The loan, of principal Euro 80,000,000, consists of 80,000,000 bonds, with a nominal value of one Euro (€1). The interest rate shall be calculated in Euribor of one (1), three (3) or six (6) months period of time, at Issuer's choice, plus a margin. The Company, using its right to repay the loan, at any time of loan's duration, by repaying all or part of the principal and the corresponding accrued interest, made the following repayments:

1. On 7 May 2020, repaid part of the principal Euro 55,000,000 and the corresponding accrued interest.

2. On 9 June 2020 repaid part of the principal Euro 20,000,000 and the corresponding accrued interest.

Except for the above, no significant events occurred after the balance sheet date of the financial statements of the Company.

Athens, July 14, 2020

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER	THE FINANCE AND ADMINISTRATION MANAGER
GEORGIOS K. ARONIS I.D. No AB 003911	MARIA M. RAIKOU I.D. No AK 199121	ANTONIOS K. CHRONIS I.D. No AZ 007940