ABC FACTORS

FINANCIAL STATEMENTS AS AT 31.12.2020

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

Athens,
13 July 2021

BOARD OF DIRECTORS' MANAGEMENT REPORT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE FISCAL YEAR 2020

(From 1st January to 31st December 2020)

Athens,
13 July, 2021

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 2020 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 2020.

1. Economic Environment

The 2020 was a year of particular challenges due to the Covid19 pandemic for both the global and Greek economies, the growth of which was stemmed by the spread of the pandemic in March 2020. The Greek government promptly introduced restrictive measures against the exponential spread of SARS-2 while fiscal measures were adopted at a rate of 11.2% of GDP aimed at supporting employment and business. Real GDP shrank by 8.2%[1] due to the decrease in private consumption as well as the decrease in exports (especially in the export sector of tourism services).

The European Commission, the International Monetary Fund (IMF) and the Greek Ministry of Finance foresee an incomplete rebound in 2021. More specifically, the European Commission [2](Economic Forecasts, Autumn 2020) projects an incomplete recovery in 2021 (5%). Similarly, the latest projections by the IMF included in the latest country report, (Country Report No. 20/308, November 2020) foresee a partial rebound in 2021 (5.7%). The projections provided by the Greek Ministry of Finance[3], included in the State Budget 2021, are now envisaging a mild rebound in 2021 by 4.8%.

The significant fiscal support provided by the Government has mitigated the negative effects of the pandemic, while the speed with which the Greek economy will recover depends on the epidemiological conditions, the progress of vaccination program and the absorption of funds by the European recovery instrument NGEU and other programs.

The Greek Government securities are eligible for purchase under the European Central Bank's (ECB) Pandemic Emergency Purchase Programme (PEPP), which contributes to the maintenance of low borrowing costs.

At the beginning of the year, the international rating agency Fitch upgraded the debt of the Greek Economy to BB with positive prospects. Due to the pandemic crisis, however both Fitch and S&P adjusted in April 2020 Greece's outlook from positive to stable, maintaining, however, the country's rating at the same level

[1] Source: BoG ,Monetary Policy Report, December 2020
[2] Source: European Commission, Economic Forecasts, Autumn 2020
[3] Source: State Budget 2021

(S&P: BB-). In addition, in November 2020 the rating agency Moody's maintained Greece's outlook stable, while adjusting, the country's rating to Ba3 from B1.

According to the Governor's report of Bank of Greece for 2020[4], the Capital Adequacy ratio for the Greek banks (total banking system), on a consolidated basis, stood at 16.6%. The annual rate of credit expansion to businesses averaged 5.6% in 2020 compared to 2.2% in 2019, showing an increase after the first quarter of 2020.

The total deposits in the banking system (private sector and General Government deposits) amounted to Euro 173.5 billion in December 2020, recording an annual increase of 9%.

The government business financing programs (which did not include Factoring services) with guarantees provided through the Hellenic Development Bank (from the "Covid-19 Business Guarantee Fund") and an interest rate subsidy ("TEPIX II") in cooperation with Hellenic Banks, offered easier access to finance and favorable lending terms providing liquidity, resulting in reduced working capital demand through Factoring services and an impact on the assets of Factoring Companies.

Within the above economic environment, the turnover (volume of factored receivables) of the factoring services market in Greece stood at Euro 14,429.88 million showing an decrease in 2020 by 4.9% compared to 2019. More specifically, domestic Factoring services decreased by 4.91% in 2020 compared to 2019, in contrast to international Factoring services which increased by 1.55% compared to 2019[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 a decrease in 2020, by 4.97% compared to 2019, standing at Euro 3,953,380,078.94 (91% domestic, 9% International), maintaining its leading position in the Greek Factoring Market.

In 2020, the average balance of the amount factored decreased by 13.7% compared to 2019, while the total customer receivables before the provision for impairment losses as of 31.12.2020, stood at Euro 420,933,236.72, reduced by 19.7% compared to 2019.

The Company's profitable course continued in 2020, with earnings before income tax standing at Euro 11,196,434.90, reduced by 18.7% compared to 2019.

Non-performing receivables at 31.12.2020 showed a decrease by 3.8%, compared to 2019, and amounted to Euro 6,169,449.14.

---

4 Source: BoG ,Monetary Policy Report, December 2020

5 Source: Hellenic Factors Association

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" (Regulation 2016/2067/22.11.2016), the proportion of the impaired receivables due from customers climbed at 1.47% over the total amount factored as of 31.12.2020 (Euro 6,200,666.75).

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 2020, are the following:

1. The emergence of COVID 19 in Europe in the first quarter of 2020, which soon took on the characteristics of a pandemic and the restrictive measures taken by the Government to address it, created a major source of uncertainty in terms of macroeconomic developments of the Economy and it negatively affected the turnover of companies.
2. The smooth operation of the Company and the uninterrupted provision of services to its customers under the regime of the restrictive measures imposed, due to the fact that the Company is effectively organized and also its personnel is highly skilled.
3. The minimization of any possible operational risk from working remotely was achieved through the utilization of both the Company's and its parent Bank existing technological facilities.
4. Ensuring a safe working environment for staff by taking all appropriate safety measures against the transmission of Covid-19 in a timely manner.
5. The decline in the Company's turnover was caused by the decline in the turnover of companies, especially in sectors that were most affected (petroleum, steel and other industrial products) by the restrictive measures against the health crisis.
6. The non-participation of Factoring services in Government corporate financing programs.
7. Maintaining return on assets as a result of strong and resilient operating profitability despite adverse conditions due to Covid-19.
8. The strategic cooperation with the European Bank for Reconstruction and Development (EBRD) for a credit line of Euro 20m, in order to provide liquidity to Small and Medium Enterprises.
9. The qualitative enhancements of the central IT application of factoring services, with the aim of both improving productivity and reducing operational risk, as well as achieving 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 45 of the Financial Statements as of 31.12.2020, making the Company's corporate governance effective.

During 2020, 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 2020 was to maintain the high quality of its 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 2020, the following actions have been performed:

- Corporate Governance Code and the Rules of Procedure of the Committees of the Board of Directors (Audit Committee and Risk Management Committee) have been updated.
- Compilation of the Risk Appetite Framework.
- Adoption of Related Party Trading Policy.
- Operational Risk Management policy has been updated.
- Arrears Regulation (new definition of default) has been updated.
- Policy for Conducting Impairments on Customer Receivables has been updated.
- Operational Risk Indices has been updated.
- 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 Company'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 annual 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).

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.

With a view to ensuring its sustainable development, the Company is committed to operating responsibly, taking into account the economic, social and environmental parameters of its operation.

In this context, it follows the principles of environmentally and socially responsible lending, as they are defined at Group level. In addition, it seeks to reduce its environmental footprint by promoting the rational use of lighting, heating and cooling facilities in its buildings, the use of environmentally friendly equipment, carrying out actions for the efficient use of raw materials and applying the principle of circular economy "reduction, reuse, recycling".

Regarding the social and labor issues, the Company operates responsibly in terms of the development and retention of its employees, Human rights and fair work practices as well as the Social contribution.

The number of employees on 31.12.2020 amounted to 80 people with the female population representing 65% of the employees, while the male 35%. The educational level of the employees is constantly improving, with the holders of high school diplomas representing the 28.75%, the university graduates representing the 43.75% and the holders of postgraduate degrees representing the 27.5% of the total.

For the Company, the priority is the possibility of personal development of human resources, which is achieved through continuous education and training. The work environment is designed to promote creativity, continuous improvement and professionalism, while supporting the efforts of Employees and Executives to attend postgraduate programs and obtain professional certificates.

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 31.12.2020 stands at 30.19%, well above the minimum threshold (8%), as provided for by the supervisory framework for factoring companies.

5. Prospects for the Company

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 progress made in the development and distribution of effective vaccines will improve the outlook and strengthen the climate of trust, leading to a virtuous cycle from 2021.

The significant fiscal support provided by Government has mitigated the negative effects of the pandemic, while the speed with which the Greek economy will recover depends on the epidemiological conditions, the progress of vaccination program and the absorption of funds by the European recovery instrument NGEU and other programs.

The prospect of access to the funds of the European Recovery and Resilience Facility (RRF), from the second half of 2021, can significantly enhance the growth potential of the country.

In the above environment, the multifaceted functions and advantages of factoring services will continue to help companies in their efforts to reduce the risk of trade, improve their liquidity and the sound financing of their development in the domestic and international market.

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

1. Maintaining the leading position in the market and high profitability, taking advantage of the opportunities created in those sectors that are the pillars of support and development of the Greek economy, while looking forward to the revival of the economy in the second half of 2021.
2. Providing high quality services to customers and supporting them in 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. Targeting penetration into sectors of the economy with prospect of growth, such as energy and telecommunications (where the Company has developed specialized products) trade of raw materials and provision of services in industrial and processing units.
5. Re-engineering of the existing Core factoring application, in order to add new services and products (reverse factoring, etc.), with simultaneous installation of the interface system with customers and debtors and onboarding module, with the aim of:
   - The digital transformation of the Company
   - 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 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

There are no other significant events occurred following the date of the preparation of this report, which should be addressed here.

Athens, 13 July 2021

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

FINANCIAL STATEMENTS AS AT 31.12.2020

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

Athens,
13 July 2021

TABLE OF CONTENTS

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 2020, the income statement, statement of 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 2020 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.

Deloitte.

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.

Deloitte.

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 31/12/2020.

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 14 2021

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 31.12.2020	31.12.2019
Interest and similar income	20	15,433,822.77	21,584,506.96
Interest expense and similar charges	20	(5,755,397.91)	(10,077,326.28)
Net interest income	20	9,678,424.86	11,507,180.68
Commission income	21	8,302,850.36	9,988,835.33
Commission expense	21	(2,648,890.77)	(3,275,371.38)
Net commission income	21	5,653,959.59	6,815,825.15
Gains less losses on financial transactions		(12,035.75)	1,243.58
Other income	22	105.24	97,437.50
		(11,930.51)	98,681.08
Total income		**15,320,453.94**	**18,319,325.71**
Staff costs	23	(3,047,910.64)	(3,146,988.85)
General administrative expenses	24	(808,356.30)	(864,646.32)
Depreciation and amortization expenses	30-31	(377,136.88)	(314,750.61)
Total expenses		**(4,233,403.82)**	**(4,326,385.78)**
Impairment (losses) / reversal and provisions to cover credit risk	25	176,543.35	(219,388.87)
Impairment of other assets		(67,158.57)	-
		109,384.78	**(219,388.87)**
Profit before income tax		**11,196,434.90**	**13,773,551.06**
Income tax	26	(2,762,916.91)	(2,997,378.37)
Profit after income tax		**8,433,517.99**	**10,776,172.69**
Earnings per share:			
Basic and diluted (Euro per share)	27	6.17	7.89

The attached notes (pages 12 to 74) form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	*Amounts in Euro* From 1 January to 31.12.2020	31.12.2019
Profit, after income tax, recognized in the Income Statement		**8,433,517.99**	**10,776,172.69**
Amounts that are not reclassified in the Income Statement			
Change in actuarial gains/(losses) on employee defined benefit obligations	38	(36,078.00)	(89,676.00)
Income tax		8,658.72	20,746.78
Total of other comprehensive income recognized directly in equity, after income tax		**(27,419.28)**	**(68,929.22)**
Total comprehensive income for the period, after income tax		**8,406,098.71**	**10,707,243.48**

The attached notes (pages 12 to 74) form an integral part of the financial statements.

BALANCE SHEET

	Note	*Amounts in Euro* From 1 January to 31.12.2020	31.12.2019
ASSETS			
Cash	28.1	1,364.69	201.68
Due from banks	28.2	2,603,333.12	2,668,843.85
Due from customers	29	414,792,569.97	518,256,184.72
Property, plant and equipment	30	2,887,242.42	341,406.35
Intangible assets	31	501,071.35	544,653.43
Other assets	33	192,084.09	1,005,311.60
Total Assets		**420,977,665.64**	**522,816,601.63**
LIABILITIES			
Due to banks	34	34,286,234.49	58,778,798.12
Due to customers	35	5,012,840.70	4,096,841.26
Debt securities in issue	36	235,035,097.00	325,040,139.00
Liabilities for current income tax and other taxes	37	1,202,321.62	797,192.88
Deferred tax liabilities	32	9,110,474.53	8,533,413.36
Employee defined benefit obligations and contributions	38	668,744.00	607,765.00
Other liabilities	39	3,718,674.29	1,467,000.71
Total Liabilities		**289,034,386.63**	**399,321,150.33**
EQUITY			
Share capital	40	41,000,010.00	41,000,010.00
Share premium		64,746.88	64,746.88
Statutory reserve	41	8,780,310.68	8,241,502.05
Retained earnings	42	82,098,211.45	74,189,192.37
Total Equity		**131,943,279.01**	**123,495,451.30**
Total Liabilities and Equity		**420,977,665.64**	**522,816,601.63**

The attached notes (pages 12 to 74) 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 1.1.2019		**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**
Appropriation of retained earnings to statutory reserve	41	-	-	561,706.71	(561,706.71)	**-**
Dividends Distributed		-	-	-	(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**

Amounts in Euro	Note	Share capital	Share premium	Statutory reserve	Retained earnings	Total
Balance 1.1.2020		**41,000,010.00**	**64,746.88**	**8,241,502.05**	**74,189,192.37**	**123,495,451.30**
Changes in equity for the period 1.1 - 31.12.2020						
Total comprehensive income for the period, after income tax		-	-	-	8,406,098.71	**8,406,098.71**
Valuation reserve of employee stock option program		-	-	-	41,729.00	**41,729.00**
Appropriation of retained earnings to statutory reserve	41	-	-	538,808.63	(538,808.63)	**-**
Balance 31.12.2020		**41,000,010.00**	**64,746.88**	**8,780,310.68**	**82,098,211.45**	**131,943,279.01**

The attached notes (pages 12 to 74) form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Note	*Amounts in Euro* From 1 January to 31.12.2020	31.12.2019
Cash flows from operating activities			
Profit before income tax		**11,196,434.90**	**13.773.551,06**
Adjustments to profit before income tax for:			
Depreciation of property, plant and equipment	30	285,379.99	233.133,37
Amortization of intangible assets	31	91,756.89	81.617,24
Expense / (income) on pension plans	38	24,901.00	24.730,00
Impairment losses / (releases) for receivables	25	(58,411.50)	219.388,87
Impairment of other assets		67,158.57	
Interest on debt securities in issue	20	5,408,263.57	7.613.194,83
Interest from lease liabilities		21,142.97	
Other income		-	-
		17,036,626.39	**21.945.615,37**
increase / decrease:			
Due from customers		103,741,415.12	22.415.711,04
Other assets		295,662.08	(219.387,99)
Due to banks		(24,492,563.63)	34.613.294,41
Due to customers		915,999.44	(1.031.446,19)
Other liabilities		(613,500.51)	(177.907,52)
Other taxes		(390,923.18)	243.805,29
Net cash flows from operating activities before taxes		**96,492,715.71**	**77.789.684,41**
Income tax paid		(815,496.72)	(3.863.071,53)
Net cash flows from operating activities		**95,677,218.99**	**73.926.612,88**
Cash flows from investing activities			
Acquisitions of fixed assets	30-31	(73,714.21)	(205.984,37)
Net cash flows from investing activities		**(73,714.21)**	**(205.984,37)**
Cash flows from financing activities			
Divident paid	42	-	(10.000.000,00)
Receipts of debt securities in issue		160,000,000.00	-
Repayments of interest of debt securities in issue	36	(255,413,305.57)	(62.696.770,83)
Interest from lease liabilities		(21,142.97)	
Repayments of lease liabilities	39	(233,403.96)	(151.552,88)
Net cash flows from financing activities		**(95,667,852.50)**	**(72.848.323,71)**
Net increase/(decrease) in cash flows		**(64,347.72)**	**872.304,80**
Cash and cash equivalents at the beginning of the year	28	**2,669,045.53**	**1.796.740,73**
Cash and cash equivalents at the end of the year	28	**2,604,697.81**	**2.669.045,53**

The attached notes (pages 12 to 74) 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 indirectly 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, Commercial Banking Division, Alpha Bank

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

Christos A. Economou (Non-Executive Member) */**
Manager, Wholesale Credit Division – International, 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 13th ,2021.

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

ACCOUNTING POLICIES APPLIED

1. Basis of presentation

The financial statements for the current period ending at 31.12.2020 have been prepared 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.

The accounting policies applied by the Group in preparing the financial statements are the same as those stated in the published financial statements for the year ended on 31.12.2019, after taking into account the amendments to standards which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2020, regarding which further analysis is provided below.

The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Euro, unless otherwise indicated.

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 financial statements as at 31.12.2020 have been prepared based on the going concern principle. For the application of this principle, the Board of Directors took into account current economic developments and made estimates for the formation, in the near future, of the economic 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.).

In 2020, the emergence and rapid spread of the Covid-19 pandemic overturned the growth prospects of the global economy, exacerbated the uncertainty of economic developments and worsened labor market conditions. Many governments, in an effort to boost the resilience of their national economies, have been forced to take emergency fiscal measures to support national health systems and ensure employment and entrepreneurship. During the first wave of the pandemic, in March and April, Greece, which is the main country where the Group operates, managed to curb the exponential spread of infections, due to the timely introduction of restrictive measures.

Following the gradual easing of the first lockdown from May and onwards, economic activity gradually returned to normal in the third quarter of 2020, which was reflected in real GDP growth of 2.3% on a quarterly basis. However, Greece recorded milder growth on a quarterly basis, compared to the Eurozone, as the low performance of tourism related activities in the third quarter negatively affected growth dynamics. The recovery of economic activity in the summer months was interrupted by the resurgence of the Covid-19 pandemic in the fall, with the result that the recovery in 2021 due to the second wave of the pandemic is expected to be milder than original forecast.

The European Commission (Economic Forecasts, Autumn 2020) forecasts a sharp decline in real GDP in 2020 (-9%) and an incomplete recovery in 2021 (5%). Similarly, the latest IMF forecasts, which are included in its latest report (Report on Greece No. 20/308, November 2020) predict a large decline in real GDP in 2020 (-9.5%) and a partial recovery in 2021 (5.7%). The forecasts of the Ministry of Finance, included in the State Budget 2021, predict a recession of 10.5% in 2020 and a slight recovery in 2021 by 4.8%.

It is noted that the Covid-19 pandemic continues to create uncertainty while in the coming period its financial impact is expected to lead to a deterioration in the creditworthiness of individuals and corporates. To date, these effects have been mitigated by banking industry repayment deferrals and government incentives.

The significant fiscal support of the Greek government is estimated to partially offset the negative consequences of the recession. In particular, according to the estimates of the State Budget of 2021, the recession in 2020 could reach 17.5% (support measures for 7.0% of GDP) without fiscal interventions. In addition, of the 4.8% growth rate projected for 2021, 2.5% is attributed to the extension of fiscal support measures and the remaining 2.1% is attributed to the European Union Recovery and Sustainability Fund (RRF).

On the other hand, the progress made in the development and distribution of effective vaccines will improve the outlook and strengthen the climate of trust, leading to a virtuous cycle from 2021.

In this context, the key factors that are expected to determine the course of economic activity in 2021 are: First, the extent to which vaccination programs will free up travel and boost private consumption, and second, the activation of the EU Recovery Plan -27 (“Next Generation EU”, NGEU).

The prospect of access to the funds of the European Recovery and Resilience Facility (RRF), from the second half of 2021, can significantly enhance the growth potential of the country. The investments that are expected to be made will be mainly focused on green and digital development. In total, during the period 2021-2026, the Greek economy is expected to benefit with Euro 32 billion, of which Euro 19.3 billion relate to grants and Euro 12.7 billion relate to loans on favorable terms. Especially for 2021, Euro 2.6 billion are expected to be raised from the Recovery and Sustainability Mechanism in the form of grants and Euro 1.6 billion from the React-EU initiative, as well as Euro 1.3 billion with the form of loans.

Based on the above and taking into account:

- the Company’s high capital adequacy (note 46),
- 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 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, according to which Greece is expected to receive € 32 bln from the recovery package for Europe “Next Generation EU”

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

Adoption of new and amended standards

Listed below are the modifications of standards applied from 1.1.2020:

▸ **Amendment to International Financial Reporting Standard 3** “Business Combinations”: Definition of a Business (Regulation 2020/551/21.4.2020)

On 22.10.2018 the International Accounting Standards Board issued an amendment to IFRS 3 aimed at resolving the difficulties that arise when an entity 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 adoption of the above amendment had no impact on the financial statements of 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)

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.

In accordance with 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,
- designating a component of an item as the hedged item only at the inception of the hedging relationship.

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

▸ **Amendments to International Accounting Standard 16** “Leases”: Covid-19 Related rent concessions (Regulation 2020/1434/9.10.2020)

On 28.10.2020 the International Accounting Standards Board issued amendment to IFRS16 in regards to the accounting treatment of rent concessions occurring as a direct consequence of the Covid-19 pandemic.

According to this amendment, a lessee may elect (practical expedient) not to assess whether a rent concession is a lease modification. The practical expedient is applied for any reduction in lease payments that affects only payments due on or before 30 June 2021.

If the practical expedient is applied, it is assumed that no lease modification has occurred and the lessee may account for the concession as a negative variable lease payment, by recognizing the variable payment in the statement of profit loss and making a corresponding adjustment to the lease liability.

The aforementioned practical expedient is not applicable for the lessors, who continue to apply the existing requirements of the Standard.

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

▸ **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)

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

▸ **Amendments to references in the conceptual Framework in International Financial Reporting Standards** (Regulation 2019/2075/29.11.2019).

On 29.3.2018 the International Accounting Standards Board issued a revised Conceptual Framework for Financial Reporting, which has been used immediately by the Board and the Interpretations Committee in the issuance of new Standards and Interpretations and become effective for the preparation of Financial Statements for annual periods beginning 1 January 2020. The revised Conceptual Framework includes:

a) new chapters for adding guidance regarding measurement, derecognition, presentation and disclosure and the definition of the reporting entity,
b) update of the definition for assets and liabilities and recognition criteria and
c) clarifications regarding the necessity of information for management stewardship in order to meet the objective of financial reporting, as well as the roles of prudence, measurement uncertainty and substance over form in assessing whether information is useful.

Together with the revised Conceptual Framework the IASB has also issued Amendments to references to the Conceptual Framework. The Conceptual Framework does not override the requirements of the IFRS Standards but is used by the Company to assist for the development of consistent accounting policies for transactions or other events when no Standard applies.

The adoption of the above amendments 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 1.1.2020 and have not been early adopted by the Company.

▸ **Amendment to International Financial Reporting Standard 4** "Insurance Contracts": Extension of the temporary exception from applying IFRS 9 (Regulation 2020/2097/15.12.2020):
Effective for annual periods beginning on or after 1.1.2021
On 25.6.2020 the International Accounting Standards Board issued an amendment to IFRS 4 with which extended the temporary exception from applying IFRS 9 by two years. In this context, companies that have used the temporary exception from applying IFRS 9 shall apply the standard by 1.1.2023.
The adoption of the above amendment will have no impact on the financial statements of the Company.

▸ **Amendment to International Financial Reporting Standard 9** "Financial Instruments", to the **International Accounting Standard 39** "Financial Instruments: Recognition and measurement", to **International Financial Reporting Standard 7** "Financial Instruments: Disclosures", to **International Financial Reporting Standard 4** "Insurance Contracts" and **International Financial Reporting Standard 16** "Leases": Interest rate benchmark reform – phase 2 (Regulation 2021/25/13.1.2021)

Effective for annual periods beginning on or after 1.1.2021
On 27.10.2020 the International Accounting Standard Board issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in the context of Phase 2 of the IBOR project that address issues that arise following the reform of an interest rate benchmark rate, including the replacement of one benchmark rate with an alternative one. The key reliefs provided by the Phase 2 amendments are as follows:

• Changes to contractual cash flows. When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform will not result in an immediate gain or loss in the income statement but in the recalculation of the interest rate. The same practical expedient applies for insurers that are applying the temporary exemption from IFRS 9.
• Hedge accounting. The hedge accounting reliefs ensure that changes to the hedge documentation do not result in the discontinuation of hedge accounting nor the designation of a new hedge relationship, as long as the only changes are those permitted by the Phase 2 Amendments. Permitted changes include redefining the hedged risk to reference a risk-free rate and redefining the description of the hedging instruments and/or the hedged items to reflect the risk-free rate. However, additional ineffectiveness might need to be recorded in profit or loss statement.

The Company is examining the impact from the adoption of the above amendments 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", Reference to the Conceptual Framework
Effective for annual periods beginning on or after 1.1.2022

On 14.5.2020 the International Accounting Standards Board amended IFRS 3 in order to update references to the Conceptual Framework. More specifically:
- amended IFRS 3 in order to refer to the latest version of the Conceptual Framework,
- added a requirement that for transactions within the scope of IAS 37 or IFRIC 21 an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify liabilities it has assumed in a business combination,
- added an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The adoption of the above amendment is not expected to have any impact on the financial statements of the Company.

▸ **Amendments to International Accounting 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 (investor) 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 remeasurement 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.

▸ **Amendment to 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 entity 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.

▸ **Amendment to International Accounting Standard 16** “Leases”: Covid-19 Related rent concessions beyond 30 June 2021
Effective for annual periods beginning on or after 1.4.2021

On 31.3.2021 the International Accounting Standards Board issued an amendment to IFRS16 with which it extended by one year the possibility of the lessee to elect (practical expedient) not to assess whether a rent concession is a lease modification. The practical expedient had been provided with the amendment of the standard issued on 28.5.2020.

The above amendment is not expected to have any impact on the financial statements of the Company.

▸ **International Financial Reporting Standard 17** “Insurance Contracts” and Amendment to **International Financial Reporting Standard 17** “Insurance Contracts”
Effective for annual periods beginning on or after 1.1.2023

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 recognise and measure;
• recognises 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);
• recognises 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 recognises 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.

On 25.6.2020 the International Accounting Standards Board issued an amendment to IFRS 17 which aimed to ease implementation of the standard and make it easier for entities to explain their financial performance. Additionally, with the amendment the effective date of the standard was postponed to 1.1.2023.

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 1.1.2023
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.

On 15.7.2020 the International Accounting Standards Board extended effective date by one year taking into account the impact of Covid-19.

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

▸ **Amendment to the International Accounting Standard 1 "**Presentation of Financial Statements": Disclosure of accounting policies
Effective for annual periods beginning on or after 1.1.2023

On 12.2.2021 the International Accounting Standards Board issued an amendment to IAS 1 with which it clarified that:
- The definition of accounting policies is provided by paragraph 5 of IAS 8.
- An entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of financial statements make.
- Accounting policy information that relates to immaterial transactions is immaterial and need not be disclosed. Accounting policy information may nevertheless be material because of the nature of the related transactions even if the amounts are immaterial. However, not all accounting policy information relating to material transactions and other events is itself material.
- Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements.
- Accounting policy information that focuses on how an entity has applied an accounting policy is more useful to users of financial statements than standardized information or information that only summarizes the requirements of IFRSs.
- If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

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

▸ **Amendment to the International Accounting Standard 8** "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of accounting estimates

Effective for annual periods beginning on or after 1.1.2023
On 12.2.2021 the International Accounting Standards Board issued an amendment to IAS 8 with which:
- Defined accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty.
- Clarified that an accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate. Developing accounting estimates involves the use of judgements and assumptions.

- An entity uses measurement techniques and inputs to develop an accounting estimate.
- An entity may need to change an accounting estimate. By its nature, a change in an accounting estimate does not relate to prior periods and is not the correction of an error. A change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors.

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

► **Amendment to International Accounting Standard 16 "**Property, plant and equipment": Proceeds before intended use
Effective for annual periods beginning on or after 1.1.2022

On 14.5.2020 the International Accounting Standards Board issued an amendment to IAS 16 according to which prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items and the cost of producing them must be recognized in profit or loss.

The above amendment is not expected to have any impact on the financial statements of the Company.

► **Amendment to International Accounting Standard 37 "**Liabilities, Contingent Liabilities and Contingent Assets": Onerous Contracts – Cost of fulfilling a contract
Effective for annual periods beginning on or after 1.1.2022

On 14.5.2020 the International Accounting Standards Board issued an amendment to IAS 37 in order to clarify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These costs are both the incremental costs of fulfilling a contract – for example direct labour and materials- and an allocation of other costs that relate directly to fulfilling a contract – for example the depreciation charge of an item of property plant and equipment used in fulfilling that contract.

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

► **Annual Improvements** – cycle 2018-2020
Effective for annual periods beginning on or after 1.1.2022

As part of the annual improvements project, the International Accounting Standards Board issued on 14.5.2020 non-urgent but necessary amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.
The above amendments are not expected to have any impact on the financial statements of the Company.

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.

The definition of Non-performing Exposures takes into account the definition of default in accordance with Article 178 of Regulation (EU) no. 575/2013 (EBA / GL / 2016/07) and the management of non-performing exposures and regulated exposures (EBA / GL / 2018/06).

It is noted that from 1.1.2021 the definition of default is changed as mentioned in note 45.1.

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.

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.

e) 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.

f) 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 and contributions

Defined contribution 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.

Defined benefit obligations

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. Stock options of Alpha Services and Holding granted to employees

The granting of stock options to the employees, their exact number, the price and the exercise date are decided by the Board of Directors of Alpha Services and Holding in accordance with the Shareholders' Meeting approvals and after taking into account the current legal framework.

The fair value of the stock options, which have been calculated at grant date, is recognized during the servicing period and recorded in staff costs with an increase of a reserve in equity respectively, as it constitutes capital increase by the Parent, during the period that the relevant services are provided by the staff.

When there are no vesting conditions, it is considered that services have been received. On the contrary, when there are service vesting conditions the expense is recognized as the relative services are received.

11. 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.

12. 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).

13. 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.

14. Related Parties Definition

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

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

   i) a subsidiary,

   ii) a joint venture,

   iii) an associate and

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%.

15. 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.

16. 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

17. Operating Segments

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

18. 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 45.1)

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 38)

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 11 and note 44)

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.

19. Comparatives

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

INCOME STATEMENT

20. Net interest income

	From 1 January to	
	31.12.2020	31.12.2019
Interest and similar income		
Due from Banks	21,975.94	42,505.04
Due from Customers	15,411,846.83	21,542,001.92
Total	**15,433,822.77**	**21,584,506.96**
Interest expense and similar charges		
Due to Banks	325,991.37	528,816.27
Debt securities in issue	5,408,263.57	7,613,194.83
Lease liabilities	21,142.97	2,098.06
Other (Contribution of Act 128/75)	-	1,933,217.12
Total	**5,755,397.91**	**10,077,326.28**
Net interest income	**9,678,424.86**	**11,507,180.68**

The decrease in both gross interest income and interest & similar expenses is caused due to the abolition of the contribution of Act 128/75 with Act 4646/2019, no. 67, par. 1 (Euro 1,969,428.58 which were not repeated in 2020) as well as due to the decrease in the average balance of the amount factored by 13.7% compared to 2019, as a consequence of the reduction of the Company's turnover (volume of factored receivables) by 18.07 % in 2020 compared to 2019.

21. Net commission income

	From 1 January to	
	31.12.2020	31.12.2019
Commission income		
Commission income from Domestic Factoring services	**7,596,565.94**	**9,047,968.92**
Commission income from International Factoring services	706,284.42	940,866.41
Total	**8,302,850.36**	**9,988,835.33**
Commission expense		
Domestic factoring	**589,843.32**	**629,743.96**
To parent bank Alpha Bank	1,705,600.63	2,229,888.78
Other	353,446.82	415,738.64
Total	**2,648,890.77**	**3,275,371.38**
Net commission income	**5,653,959.59**	**6,713,463.95**

22. Other income

	From 1 January to	
	31.12.2020	31.12.2019
Income from court decision	-	97,276.59
Other income	105.24	160.91
Total	**105.24**	**88,652.39**

23. Staff costs

	From 1 January to	
	31.12.2020	31.12.2019
Wages and salaries	2,230,623.51	2,375,405.27
Social security contributions	556,902.29	549,831.14
Expense for pension plans (note 38)	24,901.00	24,730.00
Stock options	41,729.00	-
Other charges	193,754.84	197,022.44
Total	**3,047,910.64**	**3,146,988.85**

The total number of the Company's employed personnel remained stable, meaning 80 employees as of 31.12.2020 and 31.12.2019 respectively, of which 4 are working at the branch in Northern Greece.

The Company has entered into a contract with AXA Insurance, to provide life insurance to its employees as well as hospital and outpatient care for accident / illness. The cost of the aforementioned defined contribution plan amounted to Euro 115,359.94 for the period from 01.01.2020 to 31.12.2020 and Euro 136,113.74 for the period from 1.1.2019 to 31.12.2019.

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 payment 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 01.01.2020 to 31.12.2020 amounted to Euro 58,495.72 and for the period from 1.7.2019 to 31.12.2019 amounted to Euro 29,629.80.

The Company, in the context of Performance Incentive Program for employees and executives, awards its employees by providing them performance bonuses. For the year then ended, extraordinary fees were granted amounted to Euro 59,398.44 (Euro 34,708.20 for 2019) which are included in Salaries. Respectively, stock options were granted, in the fiscal year ended December 31, 2020.

Awarding of stock options rights

Alpha Bank's Annual General Meeting of its shareholders as of 31.07.2020 approved the establishment and implementation of a five year plan that provides the right to acquire newly – issued shares of the Bank (Stock Options Plan) by awarding stock options rights to management and employees of the Bank and its components. The plan concerns the period 2020-2024 and according to that the beneficiaries may exercise their right to acquire each new share of Alpha Services and Holding with an exercise price equal to the nominal value of its share, i.e. 0.30 €. The General Meeting also approved the assignment to the Board of Directors of the responsibility to determine the beneficiaries, the terms of the options to be awarded, as well as any other term and condition related to the plan, in accordance with the applicable legal and regulatory framework and Bank's policies.

Within the first year from the date that the benefit is provided, the beneficiaries may exercise 60% of their total rights, while for each subsequent year for the next 3 years they may exercise 13,3% of their rights. The exercise of the rights takes place during January or September. Rights which are not exercised cease to apply. Furthermore, in case that one of the beneficiaries cease to be an employee or executive of the Group (for reasons other than retirement or inability to work) ceases to have the right to purchase shares.

Following the exercise of the Options, the New Shares are subject to a twelve-month period of mandatory holding.

The Board of Directors of the Bank, at its meeting of 30.12.2020: (a) approved the Plan's Regulation (b) awarded Stock Options Rights under the Performance Incentive Program for the fiscal years 2018 and 2019 to identified employees of the Bank and its components.

On 31.12.2020, the beneficiaries were informed about the terms and the exact amount of their reward according to their performance for the years 2018 and 2019.

In this context, for the years 2018 and 2019, the total number of options rights granted to the executives of the Company and can be exercised within the period 2021 – 2024 equals to 64,199, each of which corresponds to one (1) New Share, i.e. in case all Option Rights are exercised, up to a total of 64,199 newly issued common registered shares of Alpha Services and Holdings will be issued with a nominal value of Euro 0.30 each.

Correspondingly, based on the deferral periods of each Program, the exercise periods have been set as follows:

Exercised period	**Total maximum number of options that can be exercised**
January 2021	13.879
January 2022	13,882
January 2023	12,152
Total	**39,913**

For the options for which the exercise period is at January 2021, there are no specific vesting conditions at the time of awarding, while for the rest of the options the condition to remain under the Company's employment is prerequisite.

As at 31.12.2020, the Company recognized in its income statement for the year an expense amounted to Euro 41,729.00 by crediting directly a respective equity reserve. The aforementioned amount constitutes the fair value of those options for which no specific vesting conditions existed as at 31.12.2020. The credit of the equity reserve should be assessed as a capital injection made by the parent company.

The fair value of the above rights was determined as the difference between the stock price of the share of Alpha Bank on 31.12.2020, which constitutes the date of concession, and the exercise price.

24. General administrative expenses

	From 1 January to	
	31.12.2020	**31.12.2019**
Maintenance of EDP equipment	162,797.32	198,276.04
EDP expenses	2,161.57	724.41
Marketing and advertisement expenses	3,882.73	19,807.11
Telecommunications and postage	86,640.75	61,686.42
Third party fees	238,533.86	224,544.17
Consultants fees	36,099.16	34,374.31
Insurance	51,104.70	58,938.69
Consumables	11,998.48	13,062.51
Electricity	40,251.94	43,001.94
Donations	2,000.00	5,000.00
Building and equipment maintenance	82,701.03	94,717.06
Security services for buildings and cash in transit	29,013.49	42,104.93
Taxes	8,989.71	9,418.53
Other	52,181.56	58,990.20
Total	**808,356.30**	**864,646.32**

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

	From 1 January to	
	31.12.2020	**31.12.2019**
Impairment losses on/(reversal of) customer receivables (note 29)	(58,411.50)	219,388.87
Recoveries from write-offs	(118,131.85)	-
Total	**(176,543.35)**	**219,388.87**

26. Income tax

	From 1 January to	
	31.12.2020	**31.12.2019**
Current tax	2,177,197.02	2,666,340.18
Deferred tax	585,719.89	331,038.19
Total	**2,762,916.91**	**2,997,378.37**

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	
	31.12.2020	**31.12.2019**
Employee defined benefit obligations	(5,976.24)	(1,777.07)
Amortization of intangible assets	(9,769.25)	(14,832.34)
Due from customers	608,184.22	344,577.59
Leases	(6,718.84)	(147.25)
Other temporary differences	-	3,217.25
Total	**585,719.89**	**331,038.19**

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 44b).

For the fiscal years 2011 up to 2019, 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 2020 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 8,658.72 (2019: Euro 20,746.78), 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			
	31.12.2020		31.12.2019	
Profit before income tax		**11,196,434.90**		**13,773,551.06**
Income tax	24.00%	2,687,144.38	24.00%	3,305,652.25
Increase / (decrease) due to:				
Non-deductible expenses	0.24%	26,422.85	0.09%	12,596.55
Non taxable income	-0.19%	-21,443.71	-0.26%	-36,000.00
Other temporary differences	0.63%	70,794.39	0.34%	46,764.81
Adjustment tax rate for the calculation of deferred tax	0.00%	0.00	-2.41%	-331,635.24
Income tax	**24.68%**	**2,762,917.91**	**21.76%**	**2,997,378.37**

27. Earnings per share

Basic earnings per share:

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	
	31.12.2020	**31.12.2019**
Profit attributable to equity owners	8,433,517.99	10,776,172.69
Weighted average number of outstanding ordinary shares	1,366,667.00	1,366,667.00
Basic earnings (Euro per share)	6.17	7.89

Diluted earnings per share:

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

28. Cash and cash equivalents

28.1 Cash

	31.12.2020	31.12.2019
Cash on hand	1,364.69	201.68
Total	**1,364.69**	**201.68**

28.2 Due from banks

	31.12.2020	31.12.2019
Sight deposits	2,603,333.12	2,668,843.85
Total	**2,603,333.12**	**2,668,843.85**

	31.12.2020	31.12.2019
Total cash and cash equivalents	**2,604,697.81**	**2,669,045.53**

29. Due from customers

	31.12.2020	31.12.2019
Domestic factoring with recourse	197,475,543.59	261,796,310.45
Domestic factoring without recourse	200,013,512.67	224,770,736.50
International factoring	23,504,180.46	37,948,216.02
Total	**420,993,236.72**	**524,515,262.97**
Less: Impairment allowance on customer receivables	(6,200,666.75)	(6,259,078.25)
Total due from customers	**414,792,569.97**	**518,256,184.72**

Impairment allowance on customer receivables

Balance 1.1.2019	**6,039,689.38**
Impairment losses for the year	219,388.87
Balance 31.12.2019	**6,259,078.25**
Balance 1.1.2020	**6,259,078.25**
Reversal of Impairment on customer receivables	(58,411.50)
Balance 31.12.2020	**6,200,666.75**

30. 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, 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, 2019	**162,875.31**	**713,026.26**	**190,090.70**	**22,898.06**	**75,604.92**	**1,164,495.25**
Cost, January 1, 2020	**162,875.31**	**713,026.26**	**190,090.70**	**22,898.06**	**75,604.92**	**1,164,495.25**
Additions	6,100.00	19,439.21	2,805,678.75	**-**	-	2,831,217.96
Write-offs	**-**	(149,582.43)	-	-	-	(149,582.43)
Cost, December 31, 2020	**168,975.31**	**582,883.04**	**2,995,769.45**	**22,898.06**	**75,604.92**	**3,846,130.78**
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**
Accumulated depreciation, January 1, 2020	**113,513.00**	**559,507.55**	**126,727.14**	**7,426.40**	**15,914.81**	**823,088.90**
Depreciation charge for the year	9,378.18	35,745.67	214,581.53	7,426.39	18,248.22	285,379.99
Reversal of depreciation upon write-off	**-**	(149,580.53)	**-**	**-**	**-**	(149,580.53)
Accumulated depreciation, December 31, 2020	**122,891.18**	**445,672.69**	**341,308.67**	**14,852.79**	**34,163.03**	**958,888.36**
Net book value						
31.12.2019	**49,362.31**	**153,518.71**	**63,363.56**	**15,471.66**	**59,690.11**	**341,406.35**
31.12.2020	**46,084.13**	**137,210.35**	**2,654,460.78**	**8,045.27**	**41,441.89**	**2,887,242.42**

According to the estimates of the management, no adverse events have occurred that affect the activity of the Company and the value of its assets as of 31.12.2020.

31. Intangible assets

	Software
Cost, January 1, 2019	**1,377,579.66**
Additions	105,587.42
Cost, December 31, 2019	**1,483,167.08**
Cost, January 1, 2020	**1,483,167.08**
Additions	48,175.00
Write-offs	(36,373.01)
Cost, December 31, 2020	**1,494,969.07**
Accumulated amortization, January 1, 2019	**856,896.41**
Amortization charge for the year	81,617.24
Accumulated amortization, December 31, 2019	**938,513.65**
Accumulated amortization, January 1, 2020	**938,513.65**
Amortization charge for the year	91,756.89
Reversal of depreciation upon write-off	(36,372.82)
Accumulated amortization, December 31, 2020	**993,897.72**
Net book value	
31.12.2019	**520,683.25**
31.12.2020	**501,071.35**

According to the estimates of the management, no adverse events have occurred that affect the activity of the Company and the value of its assets as of 31.12.2020.

31. Deferred tax assets and liabilities

	1.1.2020 - 31.12.2020			
	Balance 1.1.2020	**Recognized in Income Statement**	**Recognized in Equity**	**Balance 31.12.2020**
Deferred tax assets				
Employee defined benefit obligations	145,863.60	5,976.24	8,658.72	160,498.56
Total	**145,863.60**	**5,976.24**	**8,658.72**	**160,498.56**
Deferred tax assets				
Amortization of intangible assets	(85,858.21)	9,769.25	-	(76,088.96)
Due from customers	(8,590,348.75)	(608,184.22)	-	(9,198,532.97)
Leases	147.25	6,718.84	-	6,866.09
Other temporary differencies	(3,217.25)	-	-	(3,217.25)
Total	**(8,679,276.96)**	**(591,696.13)**	**-**	**(9,270,973.09)**
Deferred tax liability, net	**(8,533,413.36)**	**(585,719.89)**	**8,658.72**	**(9,110,474.53)**

	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)
Leases	(8,245,771.16)	(344,577.59)	-	(8,590,348.75)
Due from customers				
Other temporary differencies	-	(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)**

33. Other assets

	31.12.2020	31.12.2019
Prepaid expenses	103,987.76	155,553.25
Accrued income	88,096.33	99,641.96
Tax advances and withholding taxes	-	565,648.38
Other	-	184,468.01
Total	**192,084.09**	**1,005,311.60**

LIABILITIES

34. Due to banks

As at 31.12.2019, the caption Due to banks concerns open (overdraft) accounts bearing a floating Euribor rate, which have been initiated between the Company and its parent, Alpha Bank under a respective credit agreement.

On November 30, 2020, the Company entered into a three-month renewable loan agreement with the European Bank for Reconstruction and Development (EBRD). The contract provides for the provision of a credit facility up to the amount of Euro 20,000,000. The interest rate is calculated based on the three (3) or six (6) months Euribor plus a margin.

These obligations are as follows:

	Due to Banks 31.12.2020	Due to Banks 31.12.2019
Alpha Bank	14,280,678.49	58,778,798.12
EBRD	20,005,556.00	-
Σύνολο	**34,286,234.49**	**58,778,798.12**

35. 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.

36. 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 repayments of the capital and the corresponding accrued interest:

Balance 1.1.2019	**255,000,000**
Repayment 28.01.2019	(30,000,000)
Balance 31.12.2019	**225,000,000**

Balance 1.1.2020	**225,000,000**
Repayment 28.02.2020	(40,000,000)
Repayment 29.06.2020	(15,000,000)
Repayment 28.08.2020	(45,000,000)
Repayment 28.09.2020	(25,000,000)
Balance 31.12.2020	**100,000,000**

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 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.
3. On April 23, 2019 the Company signed a contract with its parent bank 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.

   The Company, by exercising its right, made the following prepayments and re-disposals of Acquired Own Bonds as follows:

Balance 1.1.2019	**100,000,000**
Prepayment / Redisposal	-
Balance 31.12.2019	**100,000,000**
Balance 1.1.2020	**100,000,000**
Prepayment 30.01.2020	(10,000,000)
Redisposal 24.03.2020	10,000,000
Prepayment 30.12.2020	(15,000,000)
Balance 31.12.2020	**85,000,000**

4. On April 7, 2020 the Company signed a contract with its parent bank Alpha Bank, for a bond loan issuance, under the provisions of Law 3156/2003 and 4548/2018.

   The loan, of Euro 80,000,000 nominal value consists of 80,000,000 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 is at April 7, 2023, 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, to purchase/acquire the same Bonds for the purpose of their re-disposal, in accordance with Article 62 par. 1 of Law 4548/2018.

The Company, by exercising its right, made the following prepayments and re-disposals of Acquired Own Bonds as follows:

Balance 7.04.2020	**80,000,000**
Prepayment 07.05.2020	(55,000,000)
Prepayment 09.06.2020	(20,000,000)
Redisposal 07.10.2020	20,000,000
Prepayment 18.11.2020	(25,000,000)
Redisposal 23.12.2020	50,000,000
Balance 31.12.2020	**50,000,000**

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:

	1.1.2020 - 31.12.2020			
	Balance 01.01.2020	**Cash flows**	**Non cash flows**	**Balance 31.12.2020**
Senior debt securities	325,040,139.00	(95,413,305.57)	5,408,263.57	235,035,097.00
Subordinated debt	-	-	-	-
Total	**325,040,139.00**	**(95,413,305.57)**	**5,408,263.57**	**235,035,097.00**

	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**

37. Liabilities for current income tax and other taxes

	31.12.2020	**31.12.2019**
Current income tax liability	796,051.92	-
Liabilities for other taxes	406,269.70	797,192.88
Total	**1,202,321.62**	**797,192.88**

38. 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	
	31.12.2020	**31.12.2019**
Current service cost	19,613.00	16,244.00
Interest cost	5,288.00	8,486.00
Total expense / (income) recognized in the income statement	**24,901.00**	**24,730.00**

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

	31.12.2020	**31.12.2019**
Defined benefit obligation at the beginning of the year	**607,765.00**	**493,359.00**
Current service cost	19,613.00	16,244.00
Interest cost	5,288.00	8,486.00
Actuarial (gains) / losses	36,078.00	89,676.00
Defined benefit obligation at the end of the year	**668,744.00**	**607,765.00**

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

	31.12.2020	**31.12.2019**
Actuarial gains / (losses) at the beginning of the year	**(167,221.60)**	**(77,545.60)**
Change in the period	(36,078.00)	(89,676.00)
Actuarial gains / (losses) at the end of the year	**(203,299.60)**	**(167,221.60)**

The changes in actuarial assumptions are presented as follows:

	31.12.2020	**31.12.2019**
Adjustments to liabilities from change of legal cases (financial, demographic data)	30,275.00	83,838.00
Empirical adjustments	5,803.00	5,838.00
Total amount recognised in equity	**36,078.00**	**89,676.00**

The principal actuarial assumptions used are the following:

	31.12.2020	**31.12.2019**
Discount rate	0.50%	0.87%
Future salary growth	1.70%	1.80%
Inflation rate	1.35%	1.35%

	31.12.2020	**31.12.2019**
Average duration of allowance program	19.96	21.01

The discount rate was based on the iBoxx Euro Corporate AA Corporate Overall 10+ EUR indices which was 0.34% and 0.77% on 31/12/2020 and 31/12/2019 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 8% while a counter movement, that is, a decrease in the discount rate by 0.5% would raise the defined benefit obligation by 9%.

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 8% and a decrease in the growth rate by 0.5% would reduce the defined benefit obligation by 8%.

39. Other liabilities

	31.12.2020	31.12.2019
Suppliers	776,076.17	977,884.85
Accrued expenses	50,097.23	184,506.15
Liabilities to third parties	126,947.47	131,159.11
Lease Liabilities	2,732,556.62	139,138.86
Other	32,996.80	34,311.74
Total	**3,718,674.29**	**1,467,000.71**

The following table presents the change of leases, 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 1.1.2020	**Cash Flows**	**Non Cash Flows / New Leases**	**Other Changes**	**Balance 31.12.2020**
Lease Liabilities	139,138.86	233,403.96	2,805,678.75	21,142.97	2,732,556.62
Total	**139,138.86**	**233,403.96**	**2,805,678.75**	**21,142.97**	**2,732,556.62**

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**

Lease liabilities mainly relates to buildings used by the Company and by its branch in Thessaloniki, storage area for its archived files, other equipment and executives' cars.

The duration of the lease agreement in buildings is set at ten years with the possibility of unilateral extension by the Company for an additional period, taking into account current conditions at that respective period. The extensions are performed with the same terms as with the initial leases, retaining the right to terminate the contract at any time within the agreed period. The Company's policy is to renew these contracts, if needed.

The duration of the contracts for the use of other equipment is set at five years with the possibility of extension for an additional period of time that the Company might decide to exercise in the future according to the conditions prevailing at the time. The extensions are made on the same terms as provided in the initial lease, with the Company reserving the right to terminate the lease at any time during the term of the contract.

It is noted that there are no real estate leases that include a variable lease payment.

In addition, there are no lease agreements that were signed in the last days of the fiscal year 2020 and have been implemented since 1.1.2021.

EQUITY

40. Share capital

The share capital of the Company as at 31.12.2020 amounted to Euro 41,000,010.00, divided into 1,366,667 ordinary shares with voting right of a nominal value of Euro 30.00 per share and presenting no changes compared to 2019.

41. 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 2019 the statutory reserve of the Company amounted to Euro 8,241,502.05.

On June 30, 2020, the General Assembly Meeting of Shareholders, decided the appropriation of the amount of Euro 538,808.63 as a statutory reserve, arising from the profit after tax for the period 1.1-31.12.2019.

Following the aforementioned decision, the statutory reserve of the Company as at 31 December 2020 amounted to Euro 8,780,310.68.

42. Retained earnings

Retained earnings as at 31.12.2019 amounted to Euro 74,189,192.37.

The meeting of the Ordinary General Assembly on 30 June 2020, regarding the distribution of the profits for the financial year 01.01.2019 - 31.12.2019, decided to transfer the balance of the net profits for the financial year 01.01.2019 - 31.12.2019 after deducting a statutory reserve of Euro 538,808.63 to retained earnings.

Following the above, the Company’s Retained Earnings at 31.12.2020 amount to Euro 82,098,211.45.

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

For the year ended 31.12.2020, the Board of Directors will propose to the General Assembly of Shareholders the distribution of no dividends on profits of the period 1.1.-31.12.2020.

ADDITIONAL INFORMATION

43. Fair value of financial instruments

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 issued on 31.12.2020, whose carrying amount is Euro 235,035,097, their fair value was estimated at Euro 237,283,500 while for Company's debt securities issued on 31.12.2019 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.

44. 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.

For cases where according to their progress and the evaluation of the Legal department on December 31, 2020, 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 31.12.2020 the legal claims against the Company for the above cases amount to Euro 4,142,948.45 (31.12.2019: Euro 4,442,699.85).

b) Tax issues

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

Years 2010 up to and including 2014 are considered as closed in accordance with the Ministerial Decision POL. 1208 / 20.12.2017 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 2019 the tax audit has been concluded and the Company has received a Tax Compliance Report without qualifications, while for 2020 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. Additional taxes, interest on late submission and penalties may be imposed by tax authorities, as a result of tax audits for unaudited tax years, the amount of which cannot be accurately determined. The Management of the Company estimates that any additional tax liabilities that might be imposed by the tax authorities in the future will not have a material effect on the financial statements of the Company.

45. 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.

45.1 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 client.

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 client 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 indirect 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 Moody's, 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 31.12.2020 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 tables /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), which constitutes a stage of substantial delay, and the following two conditions are both applicable:
  A. The sum of the negative balance of all client's accounts is greater than 500 Euros, as well as,

B. The sum of the negative balance of all client's accounts is greater than 1% of total amount of the client's current account (i.e. the sum of the credit balances of all the client's current accounts)

- 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 receivables.

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)- without the need for an evaluation by a Council.

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 for Non-Performing Exposures(GL/2016/07).

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 and the definition is consistent with the one used for internal reasons at management of credit risk.

It is noted that the Company has decided since 2018 to harmonise the perimeter of the exposures that are recognized as '"Exposures at Default", as "Non-Performing Exposures" and as "IFRS9 Impaired Exposures".

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.

Integration of future information

For the purpose of determining the allowance for expected credit loss, the expected cash flows of the Company are calculated based on the probability of the baseline scenario, as defined at Group level. In particular, this scenario is determined by the Economic Research Division, which makes forecasts for the possible evolution of macroeconomic variables that affect the level of allowance for expected credit losses of loan portfolios. The macroeconomic variables that affect the level of allowance for expected credit loss are the Gross Domestic Product (GDP), as well as the unemployment rate.

Specifically for the Bank, the yearly average for the period 2021-2024 of macroeconomic variables affecting both the Probability of Default and the expected Loss Given Default for the calculation of allowance for expected credit losses as at 31.12.2020 are the following:

	2021 - 2024 **Baseline Scenario**
Change in GDP	3.6%
Unemployment rate	14.3%

The production of baseline scenario, supported by a consistent economic description, constitutes the most likely scenario according to the current economic conditions and the Group's basic assessment of the course of the economy. According to this scenario, the allowance for the expected credit loss is calculated.

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.

EFFECT FROM THE COVID-19 PANDEMIC

Regarding the impact of Covid-19, it is noted that the Company has no exposures that were affected by this crisis.

Following the relevant measures taken by the Central Banks and the countries and after taking into consideration the consequent normalization of the financial and capital markets, the Company did not consider it appropriate on 31.12.2020 to proceed to any adjustment on the impairment policy due to the Covid-19 pandemic, since the PDs used by the Company for the collective provision apply to corporate loans in the indirect parent bank, in which the effect for Covid -19 has been incorporated.

NEW DEFINITION OF DEFAULT

In the context of alignment with the regulatory guidelines, the Company adopts the new Definition of Default that applies from 01.01.2021.

The main changes introduced by the new Definition of Default are presented as follows:

- Additional “Unlikeliness To Pay” trigger events (UTP triggers)
- Debt settlements with NPV loss > 1%,
- An additional three-month probation period from the moment the obligor is no longer materially past due and no indication of Unlikeliness To Pay occurs.

The adoption of the new definition of default at the day of first application, i.e. 01.01.2021 did not have any impact on the company’s financial statements.

FORBEARANCE

The Executive Committee Act 175/2/29.7.2020 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	920,227.17	CCC+	B	Caa1	102,776.50	CCC+	B	Caa1
Alpha Bank Cyprus	325,895.64	CCC+	B	Caa1	359,323.61	CCC+	B	Caa1
Eurobank	1,006,517.75	B-	B	Caa1	345,766.97	CCC+	B	Caa1
Piraeus Bank	284,623.02	CCC	B-	Caa2	1,477,783.95	CCC	B-	Caa2
National Bank of Greece	66,069.54	CCC+	B	Caa1	383,192.82	CCC+	B	Caa1
Total	**2,603,333.12**				**2,668,843.85**			

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	31.12.2020		
	Exposure before impairment	Provision for impairment losses	Net exposure to credit risk
Due from banks	2,603.33	-	2603.33
Due from customers	420,993.24	(6,200.67)	414,792.57
Total amount of balance sheet items exposed to credit risk	**423,596.57**	**(6,200.67)**	**417,395.90**
Other balance sheet items not exposed to credit risk	3,581.76	-	3581.76
Total assets	**427,178.33**	**(6,200.67)**	**420,977.66**

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**

FINANCIAL INSTRUMENTS CREDIT RISK, ANALYSIS PER INDUSTRY

	31.12.2020						
Amounts in thousands of Euro	Financial institutions	Industry and manufacturing	Services	Wholesale and retail trade	Hotels/ Tourism	Other sectors	Total
Due from banks	2,603.33	-	-	-	-	-	**2,603.33**
Due from customers	74.98	274,966.47	15,801.13	111,119.50	3,006.99	16,024.17	**420,993.24**
Total amount of balance sheet items exposed to credit risk	**2,678.31**	**274,966.47**	**15,801.13**	**111,119.50**	**3,006.99**	**16,024.17**	**423,596.57**

	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**

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 31.12.2020 and 31.12.2019 per IFRS 9 Stage.

	31.12.2020										
	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	143,658.19	(6.62)	143,651.57	1,613.54	(0.34)	1,613.20	12.49	(4.67)	7.82	145,272.59	143,653.13
Large corporate	259,988.32	(71.78)	259,916.54	-	-	-	-	-	-	259,916.54	259,855.75
Total	**403,646.51**	**(78.4)**	**403,568.11**	**1,613.54**	**(0.34)**	**1,613.20**	**12.49**	**(4.67)**	**7.82**	**405,189.13**	**403,508.88**
Past due											
SME's	2,124.85	(0.01)	2,124.84	413.54	-	413.54	4,110.44	(4,069.61)	40.83	2,579.21	2,537.03
Large corporate	7,025.34	(1.11)	7,024.23	-	-	-	2,046.53	(2,046.53)	-	7,024.23	5,854.05
Total	**9,150.19**	**(1.12)**	**9,149.07**	413.54	-	**413.54**	**6,156.97**	**(6,116.14)**	**40.83**	**9,603.44**	**8,391.08**
Total											
SME's	145,783.04	(6.63)	145,776.41	2,027.08	(0.34)	2,026.74	4,122.93	(4,074.28)	**48.65**	**147,851.80**	**146,190.16**
Large corporate	267,013.66	(72.89)	266,940.77	-	-	-	2,046.53	(2,046.53)	-	266,940.77	265,709.80
Total	**412,796.70**	**(79.52)**	**412,717.18**	**2,027.08**	**(0.34)**	**2,026.74**	**6,169.46**	**(6,120.81)**	**48.65**	**414,792.57**	**411,899.96**

	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	(27.6)	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**

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 31.12.2020 and 31.12.2019 .

	31.12.2020						
Amounts in thousands of Euro	SME's			Large Corporate			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	**Total**
Normal Risk	26,297.86	369.82	-	200,074.76	-	-	**226,742.44**
Medium Risk	109,333.00	1,657.26	-	42,702.13	-	-	**153,692.39**
High Risk	10,152.18	-	-	24,236.77	-	-	**34,388.95**
Default	-	-	4,122.93	-	-	2,046.53	**6,169.46**
Total	**145,783.04**	**2,027.08**	**4,122.93**	**267,013.66**	**-**	**2,046.53**	**420,993.24**
Provision for impairment losses	-6.63	(0.34)	(4,074.28)	(72.89)	-	(2,046.53)	**(6,200.67)**
Net carrying amount	**145,776.41**	**2,026.74**	**48.65**	**266,940.77**	**-**	**-**	**414,792.57**
Value of collaterals	**145,761.07**	**412.69**	**16.41**	**265,709.80**	**-**	**-**	**411,899.97**

	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**

A.3 Ageing analysis by IFRS 9 Stage

	31.12.2020								
	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	143,658.19	1,613.54	12.49	**145,284.22**	259,988.32	-	**-**	**259,988.32**	**405,272.54**
1-30 days	2,124.85	-	-	**2,124.85**	7,025.34	-	**-**	**7,025.34**	**9,150.19**
31-60 days	-	43.71	-	**43.71**	-	-	**-**	**-**	**43.71**
61-90 days	-	369.83	-	**369.83**	-	-	**-**	**-**	**369.83**
91-180 days	-	-	-	**-**	-	-	-	**-**	**-**
181-360 days	-	-	2.86	**2.86**	-	-	**-**	**-**	**2.86**
>360 days	-	-	4,107.58	**4,107.58**	-	-	2,046.53	**2,046.53**	**6,154.11**
Total	**145,783.04**	**2,027.08**	**4,122.93**	**151,933.05**	**267,013.66**	-	**2,046.53**	**269,060.19**	**420,993.24**
	Accumulated provision for impairment losses								
Current	(6.62)	(0.34)	(4.67)	**(11.63)**	(71.78)	-	-	**(71.78)**	**(83.41)**
1-30 days	(0.01)	-	-	**(0.01)**	(1.11)	-	-	**(1.11)**	**(1.12)**
31-60 days	-	-	-	**-**	-	-	-	**-**	**-**
61-90 days	-	-	-	**-**	-	-	-	**-**	**-**
91-180 days	-	-	-	**-**	-	-	-	**-**	**-**
181-360 days	-	-	(1.01)	**(1.01)**	-	-	-	**-**	**(1.01)**
>360 days	-	-	(4,068.60)	**(4,068.60)**	-	-	(2,046.53)	**(2,046.53)**	**(6,115.13)**
Total	**(6.63)**	**(0.34)**	**(4,074.28)**	**(4,081.25)**	**(72.89)**	-	**(2,046.53)**	**(2,119.42)**	**(6,200.67)**
	Total net carrying Amount								
Current	143,651.57	1,613.20	7.82	**145,272.59**	259,916.54	-	**-**	**259,916.54**	**405,189.13**
1-30 days	2,124.84	-	-	**2,124.84**	7,024.23	-	**-**	**7,024.23**	**9,149.07**
31-60 days	-	43.71	-	**43.71**	-	-	**-**	**-**	**43.71**
61-90 days	-	369.83	-	**369.83**	-	-	**-**	**-**	**369.83**
91-180 days	-	-	-	**-**	-	-	-	**-**	**-**
181-360 days	-	-	1.85	**1.85**	-	-	-	**-**	**1.85**
>360 days	-	-	38.98	**38.98**	-	-	-	**-**	**38.98**
Total	**145,776.41**	**2,026.74**	**48.65**	**147,851.80**	**266,940.77**	-	**-**	**266,940.77**	**414,792.57**
Value of collaterals	**145,761.07**	**412.69**	**16.41**	**146,190.17**	**265,709.80**	-	**-**	**265,709.80**	**411,899.97**

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	27.6	6.27	6.54	**40.4**	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**	**278.6**	**167,472.31**	**348,624.38**	-	**-**	**348,624.38**	**516,096.69**

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 2020 and 2019:

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 1.1.2020	**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**
Transfers to Stage 1 from Stage 2 or 3	1.14	(0.6)	(0.54)	**-**	-	-	-	**-**	**-**
Transfers to Stage 2 from Stage 1 or 3	(369.83)	369.83	-	**-**	-	-	-	**-**	**-**
Transfers to Stage 3 from Stage 1 or 2	(1.03)	-	1.03	**-**	(1.03)	-	1.03	**-**	**-**
New loans originated or purchased	81,300.97	-	-	**81,300.97**	-	-	-	**-**	**81,300.97**
Repayments and other movements	- 184,164.31	(414.96)	(243.72)	**(184,822.99)**	-	-	-	**-**	**(184,822.99)**
Changes in risk parameters and re-measurement of expected credit losses	-	-	-	**-**	(71.8)	(5.93)	19.32	**(58.41)**	**58.41**
Closing balance as at 31.12.2020	**412,796.70**	**2,027.09**	**6,169.45**	**420,993.24**	**79.52**	**0.34**	**6,120.81**	**6,200.67**	**414,792.57**

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**	**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)	(229.4)	(95.26)	**(39,720.60)**	-	-	-	**-**	**(39,720.60)**
Changes in risk parameters 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**

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

31.12.2020									
Amounts in thousands of Euro	Greece				Rest of Europe				
	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	**Grant Total**
Exposure before impairment									
Manufacturing	270,571.32	1,613.54	2,781.61	274,966.47	-	-	-	-	274,966.47
Wholesale and retail trade	109,401.70	43.71	1,674.04	111,119.45	0.04	-	-	0.04	111,119.49
Transportation	3,006.99	-	-	3,006.99	-	-	-	-	3,006.99
Services	14,297.89	-	1,503.25	15,801.14	-	-	-	-	15,801.14
Financial institutions	74.98	-	-	74.98	-	-	-	-	74.98
Hotels/Tourism	-	369.83	-	369.83	-	-	-	-	369.83
Other sectors	15,443.78	-	210.56	15,654.34	-	-	-	-	15,654.34
Total	**412,796.66**	**2,027.08**	**6,169.46**	**420,993.20**	**0.04**	-	-	**0.04**	**420,993.24**
Accumulated provision for impairment losses									
Manufacturing	(49.56)	(0.34)	(2,781.61)	(2,831.51)	-	-	-	-	(2,831.51)
Wholesale and retail trade	(23.40)	-	(1,626.73)	(1,650.13)	(0.04)	-	-	**(0.04)**	(1,650.17)
Transportation	(0.01)	-	-	(0.01)	-	-	-	-	(0.01)
Services	(4.90)	-	(1,503.25)	(1,508.15)	-	-	-	-	(1,508.15)
Financial institutions	-	-	-	-	-	-	-	-	-
Hotels/Tourism	-	-	-	-	-	-	-	-	-
Other sectors	(1.61)	-	(209.22)	(210.83)	-	-	-	-	(210.83)
Total	**(79.48)**	**(0.34)**	**(6,120.81)**	**(6,200.63)**	**(0.04)**	-	-	**(0.04)**	**(6,200.67)**
Total net carrying Amount									
Manufacturing	270,521.76	1,613.20	-	272,134.96	-	-	-	-	272,134.96
Wholesale and retail trade	109,378.30	43.71	47.31	109,469.32	-	-	-	-	109,469.32
Transportation	3,006.98	-	-	3,006.98	-	-	-	-	3,006.98
Services	14,292.99	-	-	14,292.99	-	-	-	-	14,292.99
Financial institutions	74.98	-	-	74.98	-	-	-	-	74.98
Hotels/Tourism	-	369.83	-	369.83	-	-	-	-	369.83
Other sectors	15,442.17	-	1.34	15,443.51	-	-	-	-	15,443.51
Total	**412,717.18**	**2,026.74**	**48.65**	**414,792.57**	-	-	-	-	**414,792.57**

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	-	204.7	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	**(151.7)**	**(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**

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

Amounts in thousands of Euro	31.12.2020				31.12.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
SME's	6,206.72	55.28	-	**6,262.00**	8,229.81	58.86	49.84	**8,338.50**
Large Corporate	9,149.85	-	-	**9,149.85**	13,203.50	-	-	**13,203.50**
Total	**15,356.57**	**55.28**	**-**	**15,411.85**	**21,433.30**	**58.86**	**49.84**	**21,542.00**

B. Forborne advances to customers

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

Amounts in thousands of Euro	31.12.2020			31.12.2019		
	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	1,613.54	(0.34)	1,613.20	1,875.22	(4.14)	1,871.08
Loan term extension	663.7	(655.88)	7.82	645.65	(635.18)	10.47
Grace period	-	-	-	196.32	(2.13)	194.19
Past due settlement	401.61	(401.61)	-	401.61	(401.61)	-
Total	**2,678.85**	**(1,057.83)**	**1,621.02**	**3,118.80**	**(1,043.06)**	**2,075.74**
Large Corporates						
Decrease in interest rate	**-**	**-**		**-**	**-**	**-**
Loan term extension	**1,425.43**	**(1,425.43)**	**-**	**1,424.54**	**(1,424.54)**	**-**
Grace period	**-**	**-**	**-**	**-**	**-**	**-**
Past due settlement	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1,425.43**	**(1,425.43)**	**-**	**1,424.54**	**(1,424.54)**	**-**
Grand Total	**4,104.28**	**(2,483.26)**	**1,621.02**	**4,543.34**	**(2,467.60)**	**2,075.74**

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	31.12.2020			31.12.2019		
	Total advances to customers	Total forborne advances to customers	(%)	Total advances to customers	Total forborne advances to customers	(%)
Stage 1	412,796.70	-	0.00%	516,029.76	-	0.00%
Stage 2	2,027.09	1,613.54	79.60%	2,072.82	2,071.54	99.94%
Stage 3	6,169.45	2,490.74	40.37%	6,412.68	2,471.80	38.55%
Exposure (before impairment)	**420,993.24**	**4,104.28**	**0.97%**	**524,515.26**	**4,543.34**	**0.87%**
Stage 1 (Provision for impairment losses)	(79.52)	-	0.00%	(152.35)	-	0.00%
Stage 2 (Provision for impairment losses)	(0.34)	(0.34)	100.00%	(6.27)	(6.27)	100.00%
Stage 3 (Provision for impairment losses)	(6,120.80)	(2,482.92)	40.57%	(6,100.46)	(2,461.33)	40.35%
Total net carrying amount	**414,792.58**	**1,621.02**	**0.39%**	**518,256.18**	**2,075.74**	**0.40%**
Value of collaterals	411,899.96	-		516,096.69	10.46	

B.3 Reconciliation of forborne advances to customers

Forborne advances to customers (Net Value)		
Amounts in thousands of Euro	**1.1-31.12.2020**	**1.1-31.12.2019**
Opening balance (as at 1.1.2019 and 1.1.2018 respectively)	**2,075.74**	**3,198.91**
Forbearance measures during the year	-	-
Interest income	37.7	58.86
Repayments of advances (partial or full)	(507.51)	(562.01)
Advances that exited forbearance status during the period	-	(80.47)
Impairment (Losses)/Gains	6.04	(553.68)
Other	9.05	14.13
Closing balance (as at 31.12.2019 and 31.12.2018 respectively)	**1,621.02**	**2,075.74**
of which:		
Large corporate	-	-
SMEs	1,621.02	2,075.74

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 31.12.2020.

45.2 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 31.12.2020 and 31.12.2019.

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 31.12.2020				
Amounts in thousands of Euro	USD	GBP	OTHER FC	EURO	TOTAL
ASSETS					
Cash and cash equivalents	-	-	-	1.36	1.36
Due from banks	80.46	3.33	-	2,519.54	2,603.33
Due from customers	747.48	0.06	-	414,045.03	414,792.57
Property, plant and equipment	-	-	-	2,887.24	2,887.24
Intangible assets	-	-	-	501.07	501.07
Other assets	-	-	-	192.09	192.09
Total assets	**827.94**	**3.39**	**-**	**420,146.33**	**420,977.66**
LIABILITIES					
Due to banks	684.8	-	-	33,601.43	34,286.23
Due to customers	-	-	-	5,012.84	5,012.84
Debt securities in issue	-	-	-	235,035.10	235,035.10
Liabilities for current income tax and other taxes	-	-	-	1,202.32	1,202.32
Deferred tax liabilities	-	-	-	9,110.47	9,110.47
Employee defined benefit obligations	-	-	-	668.74	668.74
Other liabilities	10.6	-	-	3,708.08	3,718.68
Total liabilities	**695.4**	**-**	**-**	**288,338.98**	**289,034.38**
Total Foreign Exchange Position	**132.54**	**3.39**	**-**	**131,807.35**	**131,943.28**

Amounts in thousands of Euro	Foreign currency risk 31.12.2019				
	USD	GBP	OTHER FCY	EURO	TOTAL
ASSETS					
Cash and cash equivalents	-	-	-	0.2	0.2
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**

45.3 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) 31.12.2020							
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	-	-	-	-	-	-	1.36	1.36
Due from banks	2,603.33	-	-	-	-	-	-	2,603.33
Due from customers	3,514.96	411,179.41	-	-	-	-	98.2	414,792.57
Property, plant and equipment	-	-	-	-	-	-	2,887.24	2,887.24
Intangible assets	-	-	-	-	-	-	501.07	501.07
Other assets	-	-	-	-	-	-	192.09	192.09
Total Assets	**6,118.29**	**411,179.41**	**-**	**-**	**-**	**-**	**3,679.96**	**420,977.66**
LIABILITIES								
Due to banks	13,595.87	20,690.36	-	-	-	-	-	34,286.23
Due to customers	-	-	-	-	-	-	5,012.84	5,012.84
Debt securities in issue	235,035.10	-	-	-	-	-	-	235,035.10
Liabilities for current income tax and other taxes	-	-	-	-	-	-	1,202.32	1,202.32
Deferred tax liabilities	-	-	-	-	-	-	9,110.47	9,110.47
Employee defined benefit obligations	-	-	-	-	-	-	668.74	668.74
Other liabilities	-	-	-	-	-	-	3,718.68	3,718.68
Total Liabilities	**248,630.97**	**20,690.36**	**-**	**-**	**-**	**-**	**19,713.05**	**289,034.38**
EQUITY								
Share capital	-	-	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	-	-	8,780.31	8,780.31
Retained earnings	-	-	-	-	-	-	82,098.21	82,098.21
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**131,943.28**	**131,943.28**
Total Liabilities and Equity	**248,630.97**	**20,690.36**	**-**	**-**	**-**	**-**	**151,656.33**	**420,977.66**
OPEN EXPOSURE	**(242,512.68)**	**390,489.05**	**-**	**-**	**-**	**-**	**(147,976.37)**	**-**
CUMULATIVE EXPOSURE	**(242,512.68)**	**147,976.37**	**-**	**-**	**-**	**-**	**-**	**-**

Amounts in thousands of Euro	Interest Rate Risk (Gap Analysis) 31.12.2019							
	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	-	-	-	-	-	-	0.2	0.2
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	-	-	-	-	-	-	1005.31	1005.31
Total Assets	**8,219.01**	**512,629.73**	**-**	**-**	**-**	**-**	**1,967.86**	**522,816.60**
.	.	.	.	.	.	.	.	.
LIABILITIES	.	.	.	.	.	.	.	.
Due to banks	57,985.73	793.07	-	-	-	-	-	58778.8
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**	**-**	**-**	**-**	**-**	**-**	**-**

45.4 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) 31.12.2020					
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	1.36	-	-	-	-	1.36
Due from banks	2,603.33	-	-	-	-	2,603.33
Due from customers	80,129.28	108,974.36	186,506.68	37,825.23	1,357.02	414,792.57
Property, plant and equipment	-	-	-	-	2,887.24	2,887.24
Intangible assets	-	-	-	-	501.07	501.07
Other assets	93.05	0.63	-	30.38	68.03	192.09
Total Assets	**82,827.02**	**108,974.99**	**186,506.68**	**37,855.61**	**4,813.36**	**420,977.66**
LIABILITIES						
Due to banks	14,286.23	20,000.00	-	-	-	34,286.23
Due to customers	3,421.12	1,591.72	-	-	-	5,012.84
Debt securities in issue	35.10		85,000.00	100,000.00	50,000.00	235,035.10
Liabilities for current income tax and other taxes	324.24	82.03	-	796.05	-	1,202.32
Deferred tax liabilities	-	-	-	-	9,110.47	9,110.47
Employee defined benefit obligations	-	-	-	-	668.74	668.74
Other liabilities	959.60	117.35	45.46	138.83	2,457.44	3,718.68
Total Liabilities	**19,026.29**	**21,791.10**	**85,045.46**	**100,934.88**	**62,236.65**	**289,034.38**
EQUITY						
Share capital	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	8,780.31	8,780.31
Retained earnings	-	-	-	-	82,098.21	82,098.21
Total Equity	-	-	-	-	131,943.28	131,943.28
Total Liabilities and Equity	**35,605.17**	**5212.22**	**85045.46**	**100934.88**	**194,179.93**	**420,977.66**
Open Liquidity Gap	**47,221.85**	**103,762.77**	**101,461.22**	**(63,079.27)**	**(189,366.57)**	**-**
Cumulative Liquidity Gap	**47,221.85**	**150,984.62**	**252,445.84**	**189,366.57**	**-**	**-**

Amounts in thousands of Euro	**Liquidity Risk (Liquidity Gap Analysis) 31.12.2019**					
	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	0.2	-	-	-	-	0.2
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	-	612.7	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	-	87.8	-	-	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	**64,811.74**	**77.13**	**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	**64,811.74**	**77.13**	**228.29**	**12.79**	**457,686.65**	**522,816.60**
Open Liquidity Gap	**(26,454.66)**	**157,713.37**	**212,314.64**	**112,493.57**	**(456,066.92)**	**-**
Cumulative Liquidity Gap	**(26,454.66)**	**131,258.71**	**343,573.35**	**456,066.92**	**-**	**-**

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 31.12.2020					
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	14,311.01	20,040.97	-	-	-	34,351.98
Due to customers	3,421.12	1,591.72	-	-	-	5,012.84
Debt securities in issue	381.90	726.85	86,083.29	101,212.92	51,312.57	239,717.53
Lease Liabilities	25.92	77.77	55.05	157.29	2,611.82	2,927.85
Total	**18,139.95**	**22,437.31**	**86,138.34**	**101,370.21**	**53,924.39**	**282,010.20**

	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**

45.5 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.

Regarding the operational risk and emergency response plans, the Company within the Alpha Bank Group, has developed and adopted a Business Recovery Plan which describes in detail the necessary human resources, equipment, information (data) as well as actions required in case of interruption of work-critical systems

46. Capital adequacy

The capital adequacy ratio as at 31.12.2020 stands at 30.19%, 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.

	31.12.2020	31.12.2019
Tier I	30.19%	24.97%
Tier I+Tier II	30.19%	24.97%

47. Related party transactions

The Company, as a subsidiary of ALPHA BANK GROUP (direct participation percentage 100% ALPHA HOLDINGS S.M.S.A.), 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:

	31.12.2020	31.12.2019
Expenses		
Fees paid to key management personnel and members of the Board of Directors	329,327.08	335,492.74
Total	**329,327.08**	**335,492.74**

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

		31.12.2020	31.12.2019
Assets			
A)	**Due from banks**		
1.	ALPHA BANK S.A.	920,227.17	102,776.50
2.	ALPHA BANK CYPRUS LTD	325,895.64	359,323.61
B)	**Property, Plant & Equipment Right-of-Use on Buildings**		
1.	ALPHA BANK S.A.	72,579.66	30,573.99

	2. ALPHA INVESTMENT PROPERTY I S.A.	-	159,516.71
C)	**Right-of-Use on Buildings - Depreciation**		
	1. ALPHA BANK S.A.	42,660.67	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	25,018.42
	Software Expenses- Depreciation		
	1. ALPHA SUPPORTING SERVICES S.A.	7,505,52	2,501,84
E)	**Accrued income**		
	1. ALPHA BANK A.E.	266,60	-
	2. ALPHALIFE A.A.E.Z.	2,811,96	-
	Total	**1,396,965,64**	**753,265,97**

			31.12.2020	31.12.2019
Liabilities				
A)		**Due to banks**		
	1.	ALPHA BANK S.A.	14,280,678.49	58,778,798.12
B)		**Debt securities in issue**		
	1.	ALPHA BANK S.A.	235,035,097.00	325,039,139.00
	2.	ALPHA BANK LONDON LTD	-	1,000.00
C)		**Other liabilities**		
	1.	ALPHA BANK S.A.	476,773.32	626,816.88
	2.	ALPHA SUPPORTING SERVICES S.A.	42,384.92	37,479.57
		ALPHA INVESTMENT PROPERTY I S.A.	-	106,565.10
		Total	**249,834,933.73**	**384,589,798.67**

Income statement			**31.12.2020**	**31.12.2019**
		INCOME		
A)		**Interest and similar income**		
	1.	ALPHA BANK S.A.	21,467.91	42,044.40
B)		**Staff costs**		
	1.	ALPHALIFE A.A.E.Z.	8,370.75	5,489.98
		Legal fees		
	1.	ALPHA BANK A.E.	4,090.00	
		Total income	**33,928.66**	**47,534.38**
		EXPENSES		
A)		**Interest and similar charges**		
	1.	ALPHA BANK S.A.	5,722,455.96	8,129,208.79
	2.	ALPHA BANK LONDON LTD	-	40.34
	3.	ALPHA BANK CYPRUS LTD	2,924.48	8,962.33
B)		**Commission expense**		
	1.	ALPHA BANK S.A.	1,708,600.53	2,232,888.78
C)		**Staff costs**		
	1.	ALPHA BANK S.A.	35,454.22	22,748.62
D)		**General administrative expense**		
	1.	ALPHA BANK S.A.	40,060.71	48,068.41
	2.	ALPHA INVESTMENT PROPERTY I S.A.		
	3.	ALPHA SUPPORTING SERVICES S.A.	70,909.27	60,024.67
E)		**Insurance**		
	1.	ALPHA BANK S.A.	48,574.98	56,527.91
F)		**Interest Expense from Lease Liability**		
	1.	1.ALPHA BANK A.E.	111.25	169.84
	2.	2.ΑΛΦΑ ΕΠΕΝΔΥΤΙΚΗΣ ΠΕΡΙΟΥΣΙΑΣ Ι. Α.Ε.	-	538.98
G)		**Right-of-Use on Lease - Depreciation Charge**		

1.	ALPHA BANK A.E.	22,278.01	20,382.66
2.	ALPHA ΕΠΕΝΔΥΤΙΚΗΣ ΠΕΡΙΟΥΣΙΑΣ Ι. Α.Ε.	-	53,172.24
	Total Expenses	**7,651,369.41**	**10,632,733.57**

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.-31.12.2020, the Company did not have any transactions with related parties of the HFSF.

48. 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:

	1.1-31.12.2020	**1.1-31.12.2019**
Fees for the statutory audit of financial statements	29,937.00	29,498.40
Fees for the issuance of tax certificate in accordance with article 65A of L.4174/2013	16,809.60	16,564.80
Fees for non-audit services	3,000.00	3,000.00
Total	**49,746.60**	**49,063.20**

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

49. Events after the balance sheet date

a. Following the decisions of the Extraordinary General Meeting of the indirect, for 100%, parent Company on 02.04.2021, and after obtaining the necessary supervisory approvals, the approval of the demerger of the Alpha Bank S.A. (named as the "Divided Company") by way of hive-down of the banking business sector with the incorporation of a new company- banking institution by the name "Alpha Bank S.A." pursuant to no. 45,089/16.04.2021 decision of the Company's Division of the Ministry of Development and Investment, which was registered in the General Electronic Commercial Registry's (GEMI) with Registration Code 2528634 announced as at 16.4.2021. After the publication of the approval of the division in GEMI, the Beneficiary automatically entered on 16.04.2021, as the universal successor of the Divided Company, obtaining the assets and liabilities of the banking sector, as well as every right, obligation, legal relationship and activity, as reflected at the Transformation Balance Sheet at 31.12.2020. The Divided Company becomes the shareholder of the Beneficiary, receiving all the shares issued by the Beneficiary. Subsequently, the amendment off the Articles of Association was announced at 19.04.2021 and the change of the name to Alpha Holdings and Services S.A., pursuant to no. 45898/19.4.2021 of the decision of the Ministry of Development and Investment, that was registered in the General Electronic Commercial Registry (GEMI) with Registration Code 2530998 at 19.04.2021. The operating license as a credit institution of the Divided Company was revoked, which maintains activities and assets not related to the banking sector and the company's shares remain listed at the market of the Athens Stock Exchange.

b. With amendment of the Ministry of Finance submitted in May 2021 on "Incorporation of the Directive (EU) 2019/1978 of the European Parliament and the Council of 20 May 2019, amending Directive 2013/36/ EU regarding the excluded entities, financial holding companies, mixed-activity financial holding companies, remuneration, supervisory measures and maintenance of capital (L150), incorporation of the Directive (EU) 2019/879 of the European Parliament and the Council of 20 May 2019 for the amendment of the Directive 2014/59/EU regarding the ability of the credit institutions and investment companies to recapitalize and absorb losses and the Directive 98/26/EK (L 150), through the amendment of article 2 of L. 4335/2015, and other clauses", the tax rate for profits from operating activities is reduced at 22% for legal entities in Greece, for taxable income that will be earned in 2021 and onwards.

With explicit reference to the law, this reduction does not apply to credit institutions for which the tax rate remains at 29%.

The above mentioned reduction of the income tax rate is expected to affect the deferred tax of the Company that had been recognized as of 31.12.2020 by an amount of Euro 770,000.

c.On July 22, 2004, the Company entered into a contractual agreement with the indirect parent Bank, Alpha Bank, to cover a five-year debenture loan, under the provisions of Law 3156/2003 and Law 2190/1920. The loan, of principal Euro 300,000,000, consists of 60 bonds, with a nominal value of 5,000,000 Euro. Following a relevant amendment of the agreement, the remaining capital after the use of the right to repay the loan at any time, paying all or part of the capital and the corresponding accrued, is divided into bonds with a nominal value of 1,000 Euro. 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:

Balance at 1.1.2021	**100,000,000**
Repayment at 28.05.2021	(25,000,000)
Balance at 30.06.2021	**75,000,000**

On April 23, 2019, the Company entered into a contractual agreement with the indirect parent bank, Alpha Bank, to cover a debenture loan, under the provisions of Law 3156/2003 and Law 4548/2018. The loan, of principal Euro 100,000,000, consists of 100,000,000 bonds, with a nominal value of one Euro (1€). The repayment of the capital will take place on June 30, 2024, however the Company may make a repayment of the nominal value of the bonds along with the accrued, at any expiration date of the Interest Period, until the prepayment date, as well as within the deadline of Redistribution of acquired company's own bonds, according to article 62 par.1 Law 4548/2018. The Company, by exercising its right, made the following prepayments and redeployment of Acquired Company's Bonds as follows:

Balance at 1.1.2021	**85,000,000**
Repayment 26.02.2021	15,000,000
Balance at 30.06.2021	**100,000,000**

On April 7, 2020, the Company entered into a contractual agreement with the indirect parent Bank, Alpha Bank, to cover a 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 repayment of the capital will take place on April 7, 2023, however the Company may make a repayment of the nominal value of the bonds along with the accrued, at any expiration date of the Interest Period, until the prepayment date, as well as within the deadline of Redistribution of acquired Company's own bonds, according to article 62 par. 1 Law 4548/2018. The Company, by exercising its right, made the following prepayments and redeployment of Acquired Company's Bonds as follows:

Balance at 1.1.2021	**50,000,000**
Prepayment 25.01.2021	(50,000,000)
Redisposal 31.03.2021	20,000,000
Prepayment 29.04.2021	(20,000,000)
Redisposal 28.06.2021	70,000,000
Balance at 30.06.2021	**70,000,000**

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

Athens, July 13, 2021

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