ABC FACTORS

FINANCIAL STATEMENTS AS AT 31.12.2018

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

Athens,
June 11, 2019

ABC FACTORS

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

FINANCIAL INFORMATION FOR THE YEAR FROM JANUARY 1st, 2018 to December 31st, 2018

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

(Amounts in Euro)

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

Competent Authority - Prefecture	: Bank of Greece – Athens Prefecture
Website address	: www.abcfactors.gr
Board of Directors	: Chairman (Executive member): Georgios K. Aronis Vice-Chairman (Non-Executive member): Alexios A. Pilavios Managing Director & General Manager (Executive member): Maria M. Raikou Tilemachos D. Georgakis (Non-Executive member), Ioannis G. Mourgelas (Non-Executive Independent member), Christos A. Economou (Non-Executive member), Antonios K. Chronis (Executive member)
Date of approval of the Financial Statements by the Board of Directors (from which the financial information were derived)	: 11 June 2019
Certified Auditor	: Alexandra V. Kostara (Reg. No. SOEL 19981)
Audit Firm	: Deloitte Certified Public Accountants S.A. (Reg. No. SOEL: E120)
Type of Auditors' Report	: Unqualified opinion

BALANCE SHEET

	31.12.2018	31.12.2017
ASSETS		
Cash and balances	796,45	505,16
Due from banks	1.795.944,28	1.715.271,29
Due from customers	540.891.284,63	454.219.797,93
Property,plant and equipment	185.549,81	106.565,72
Intangible assets	520.683,25	498.970,83
Other assets	268.358,18	902.203,38
TOTAL ASSETS	**543.662.616,60**	**457.443.314,31**
LIABILITIES		
Due to banks	24.165.503,71	23.619.443,81
Due to customers	5.128.287,45	10.682.164,38
Debt securities in issue	380.123.715,00	300.088.368,00
Liabilities for current income tax and other taxes	1.133.172,07	489.341,42
Deferred tax liabilities	8.223.121,96	8.821.964,66
Employee defined benefit obligations	493.359,00	451.316,21
Other liabilities	1.607.249,59	1.494.550,92
Total liabilities (a)	**420.874.408,78**	**345.647.149,40**
EQUITY		
Share capital (1.366.667 shares of Euro 30 each)	41.000.010,00	41.000.010,00
Share premium	64.746,88	64.746,88
Statutory reserve	7.679.795,34	7.246.833,25
Retained earnings	74.043.655,60	63.484.574,78
Total Equity (b)	**122.788.207,82**	**111.796.164,91**
TOTAL LIABILITIES AND EQUITY (a)+(b)	**543.662.616,60**	**457.443.314,31**

STATEMENT OF COMPREHENSIVE INCOME

	1.1-31.12.2018	1.1-31.12.2017
Interest and similar income	21.024.392,23	22.970.727,44
Interest expense and similar charges	(9.238.541,25)	(13.522.055,82)
Net interest income	11.785.850,98	9.448.671,62
Commission income	10.127.640,74	10.269.399,24
Commission expense	(3.311.815,59)	(3.258.496,50)
Net commission income	6.815.825,15	7.010.902,74
Gains less losses on financial transactions	2.365,61	(618,92)
Other income	88.652,39	1.614,04
	91.018,00	995,12
Total income	**18.692.694,13**	**16.460.569,48**
Staff costs	(3.222.475,22)	(3.006.302,06)
General administrative expenses	(1.008.589,15)	(1.040.933,02)
Depreciation and amortization expenses	(92.561,56)	(82.640,78)
Total expenses	**(4.323.625,93)**	**(4.129.875,86)**
Impairment losses on customer receivables	(293.330,68)	19.453,81
Provision for litigations	(6.100,00)	(88.428,62)
Profit before income tax	**14.069.637,52**	**12.261.718,81**
Income tax	(2.835.503,24)	(3.602.477,03)
Profit after income tax	**11.234.134,28**	**8.659.241,78**
Other comprehensive income recognized directly in equity :		
Change in actuarial gains / (losses) on employee defined benefit obligations	(14.880,00)	(33.496,00)
Income tax	1.213,38	9.713,84
Total comprehensive income for the period, after income tax	**11.220.467,66**	**8.635.459,62**
Earnings per share :		
Basic and diluted (Euro per share)	8,2201	6,3360
Proposed dividend (Euro per share)	-	-
Proposed dividend under article 72, Law 4172 (Euro per share)	-	-

STATEMENT OF CASH FLOWS

	1.1-31.12.2018	1.1-31.12.2017
Net cash inflows / (outflows) from operating activities (a)	(70,743,729.13)	12.581.975,44
Net cash inflows/ (outflows) from investing activities (b)	(193,258.07)	(94.485,70)
Net cash inflows / (outflows) from financing activities (c)	71.017.951,48	(11.531.666,58)
Net increase / (decrease) in cash and cash equivalents during the period (a)+(b)+(c)	80.964,28	955.823,16
Effect of exchange rate differences on cash and cash equivalents	,00	,00
Net cash inflows / (outflows) for the period	**80,964.28**	**955,823.16**
Cash and cash equivalents at the beginning of the period	**1,715,776.45**	**759,953.29**
Cash and cash equivalents at the end of the period	**1,796,740.73**	**1,715,776.45**

STATEMENT OF CHANGES IN EQUITY

	31.12.2018	31.12.2017
Equity at the beginning of the period (1.1.2018 and 1.1.2017 respectively)	111,796,164.91	103,160,705.29
Total comprehensive income for the period, after income tax	11,220,467.66	8,635,459.62
Impact of the 1 implementation of IFRS 9	(228,424.75)	,00
Equity at the end of the period (31.12.2018 and 31.12.2017 respectively)	**122,788,207.82**	**111,796,164.91**

ADDITIONAL DATA AND INFORMATION

1. The unaudited tax years for the Company are listed in note 43b of the financial statements as at 31.12.2018.
2. There are no liens or encumbrances on the Company's property, plant and equipment.
3. There are neither pending legal cases or issues in progress, nor decisions of legal or arbitrary authorities, which may have a material impact on the financial position or operations of the Company.
4. The number of employees as at 31.12.2018 and 31.12.2017 were 83.
5. The monetary value and nature of amounts recognized directly in equity are listed in detail under the Statement of Comprehensive Income.
6. The results arising from related party transactions, during the period from 1.1.2018 until 31.12.2018, are as follows:
   - With members of the Board of Directors and other key management personnel: expenses of Euro 305,952.33.
   - With other related parties: a) income of Euro 71,181.25 and b) expenses of Euro 11,991,412.57.

   The balances, as at 31.12.2018, of receivables and liabilities arising from the above transactions are as follows:
   - With other related parties: a) Receivables of Euro 469,290.53 and b) Liabilities of Euro 405,225,659.34.
7. The financial statements of ABC FACTORS are included in the consolidated financial statements of ALPHA BANK S.A., under the method of full consolidation. ALPHA BANK S.A. is established in Greece and holds 100% of equity of ABC FACTORS.

Athens, June 11, 2019

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR AND GENERAL MANAGER	THE FINANCE AND ADMINISTRATION MANAGER
GEORGE C. ARONIS I.D. No AB 003911	MARIA M. RAÏKOU I.D. No AK 199121	ANTONIOS K. CHRONIS I.D. No AZ 007940

ABC FACTORS

BOARD OF DIRECTORS' MANAGEMENT REPORT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE FISCAL YEAR 2018

(From 1st January to 31st December 2018)

Athens,
June 11, 2019

To the Shareholders,

According to Article 136 of C.L. 2190/20, 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 2018 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 2018.

1. Economic Environment

2018 is considered a milestone year for the Greek economy. The conclusion of the third Economic Adjustment Program - which was accompanied by specific measures in order to cover the country's financing needs over the medium-term -contributed to the improvement of economic sentiment, as well as the prospects of the Greek economy.

In particular, Euro 61.9 billion out of the Euro 86.0 billion totally available amount through the third economic adjustment program, were disbursed, of which Euro 11.0 billion were used for the built-up of the cash buffer, with the aim to cover the country's financing needs at least over the next two years.

After the conclusion of the third economic adjustment program an "enhanced surveillance framework" was agreed with the European partners, in order to ensure that the implementation of the structural reforms will continue at unabated pace and to closely monitor the economic and fiscal developments in the country.

In 2018, markets' confidence was gradually strengthened, whereas the position of the country as an investors' destination was improved, due to the following: (i) the strengthening of the economic activity, (ii) the achievement of a primary general government surplus, above the fiscal target for the fourth consecutive year, (iii) the upgrading of the country's credit rating by the international rating agencies, (iv) the successful completion of the EU-wide stress testing exercise for the four systemic Greek banks and (v) the further easing of capital controls. In addition, in February 2018, a new seven-year bond was successfully issued, allowing the Greek State to raise Euro 3 billion.

GDP at constant prices increased by 1.9% on an annual basis in 2018 from 1.5% in 2017. The main driving forces of economic expansion were the significant positive contribution of export performance of goods and services and private consumption. Additionally, all sub-indices of business expectations and mainly the consumer confidence indicator improved in 2018 compared to 2017.

Inflation based on the Consumer Price Index (CPI) remained in positive territory in 2018 for the second consecutive year after four years of deflation. CPI increased by 0.6% in 2018, from 1.1% in 2017.

The unemployment rate followed a downward trend in 2018 and stood at 18.5% in November 2018 (according to seasonally adjusted data), lower by 2.6 percentage points compared to November 2017.The main sectors that contributed to the creation of new jobs were the export-oriented sectors of the Greek economy such as tourism, trade and manufacturing.

The current account balance recorded a deficit of Euro 5.3 billion in 2018, widened by Euro 2.1 billion compared to 2017.

The execution of the state budget in 2018 showed that the primary surplus of the state budget stood at Euro 3.2 billion, lower by Euro 367 million compared to the target (Euro 3.6 billion), and higher by Euro 1.3 billion compared to the respective surplus in 2017 (Euro 1.9 billion).

The capital adequacy of the banking system remained satisfactory, as the Common Equity Tier 1 (CET1) ratio on a consolidated level stood at 15.6%[i] in September 2018, while the Capital Adequacy ratio at 16.2%[1]. In addition, according to the EU-wide stress testing exercise conducted at the beginning of 2018, there was no capital shortfall identified for the four systemic Greek banks.

Liquidity conditions continued to improve in the banking system, as private sector's deposits amounted to Euro 134.5 billion in December 2018, from Euro 126.3 billion in December 2017[1].

The progress made in 2018, regarding the non-performing exposures (NPEs) management was significant, with the NPEs amounting to Euro 84.7 billion at the end of September 2018, reduced by Euro 9.7 billion compared to December 2017.The decrease of NPEs stock in 2018, is mostly due to write-offs and loans sales (Euro 4.4 billion and Euro 5.2 billion respectively)[2].

Within this economic environment, in 2018, the turnover (volume of factored receivables) of the factoring services market in Greece increased by 11,29% in 2018 compared to 2017. More, specifically the domestic Factoring services increased by 11.69% in 2018 compared to 2017 in contrast with the international Factoring services which increased by 9% compared to 2017[3].

2. Risk Management

The Company has established a framework of thorough and discreet management of all kinds of risks, based on best practices, the supervisory requirements. This framework 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 within and across the borders making effective the corporate governance of the Company.

During 2018, 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 2018 was to maintain the high quality internal corporate governance and compliance within the regulatory and supervisory provisions for risk management.

The new accounting standard IFRS 9 which replaced IAS 39 for annual periods on or after 1 January 2018, imposed fundamental changes in the way financial instruments are classified and measured.

For the application of the new standard, the Company with the cooperation of the parent Bank and a consulting company has completed an Implementation Program, which was organized around two main work streams, the classification and measurement work stream and the impairment work stream.

On the completion of the Implementation Program, new policies have been developed in a Company and Group level for the classification, measurement and impairment of financial instruments. Moreover, new methodologies and procedures have also been implemented to support these new policies.

Under this perspective and with main scope to further strengthen and improve the risk management framework in 2018, the following actions have been performed:

- Update of the Regulation for Past Due Exposures, in accordance with the technical specifications of the «Final Draft on the materiality threshold for Credit obligations past due» that was issued by EBA on 28.09.2016.
- Update of the Loan Impairment Policy, in compliance with the new evolving institutional and supervisory requirements for prudential supervision.
- Implementation of Impairment Calculation system based on the requirements of the new International Financial Reporting Standard 9 (IFRS 9).
- Development of the necessary policies, procedures and models for the adoption of the International Financial Reporting Standard 9 (IFRS 9).
- Design and implementation of initiatives in order to enhance the level of automation, accuracy, comprehensiveness, quality, reconciliation and validation of data.
- Continuous upgrade of databases.

---

[1] Source: Bank of Greece: Monetary Policy Interim Report, December 2018.
[2] Refer to relevant footnote 1
[3] Source: Hellenic Factors Association

- In line with the Group's established Operational Risk framework, the Risk and Control Self-Assessment (RCSA) procedure was implemented during the year. The RCSA procedure aims to identify and assess risks that may affect the operations of the Company, as well as design and implement action plans for their remediation..
- Completion of the risk assessment of the Company's outsourcing contracts which included the update of questionnaires in order to accommodate new emerging risk areas.

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.

3. 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 31.12.2018 stands at 28.94%, well above the minimum threshold (8%), as provided for by the supervisory framework for factoring companies.

4. Business Development for the Company

Within this economic environment the Company's turnover (volume of factored receivables) increased by 12.11% in 2018 compared to 2017 and stood at Euro 4,596,641,473.52 sustaining the Company's leading position in the Greek factoring services market.

During 2018 the average balance of discounted receivables was maintained in the same levels as of 2017, while the total balance of advances to customers before impairment as at 31.12.2018 stood at Euro 546,930,974.01 increased by 19% compared to 2017.

The Company maintained its profitability in 2018 with earnings before tax standing at Euro 14,069,637,52 ,increased by 14.7% compared to 2017.

Non-performing receivables from customers on 31.12.2018 decreased by 21.61%, compared to 2017 and stood at Euro 8,482,973.30.

Following the implementation of the Company's "Impairment Policy for Receivables from Customers" and the implementation of new International Financial Reporting Standard (IFRS) 9 "Financial Instruments" (Regulation 2016/2067/22/22.11.2016) the percentage of impaired advances to customers stood at 1.10%, of the total balance of advances to customers through receivables discounting as at 31.12.2018 .

ABC Factors has been a member of the Factors Chain International (FCI) since 1995 and of the International Trade & Forfaiting Association (I.T.F.A.) since 2006, regarding forfaiting services. In addition, in 2009 it became a founding member of the Hellenic Factors Association (H.F.A.).

The main developments that had a major impact on the Company's activities during 2018 were the following:

1. Expansion of the customer base in terms of products and geographical areas as well as the maintenance of a high quality portfolio.
2. Introduction of new derivative products for the services of reverse factoring και forfaiting in the context of supply chain financing.
3. Development in synergies with the parent Bank along with enhancing collaboration with Business Centres, Corporate Banking Division and Small Business banking Division of the parent Bank.

4. The research of the market and the regulatory and legal framework aiming the expansion of international Factoring services, with direct operational activity in foreign markets.
5. The application of the new IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1.1.2018).
6. Incorporation of further quality improvements and additions in the IT application for factoring services with the aim both of increasing workplace productivity and the reduction of operational risk as well as of the improvement of regulatory and supervisory compliance of the Company.

5. Prospects for the Company

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

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

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

1. Retaining its leadership position in the market in terms of both market share and high profitability, by exploiting the stressed liquidity conditions prevailing in the Greek economy as well as opportunities presented in those individual sectors which constitute its pillars of support and growth in anticipation of a recovery for the economy in 2019.
2. Continuing supporting the Company's customers and their development plans through the continuous improvement in services provided.
3. Emphasis on further development of International Factoring services either with direct operational activity in foreign markets or through two-factor factoring in cooperation with the members of the organization of Factors Chain International (FCI).
4. Promotion of the derivative products (Forfaiting – Reverse Factoring) through the network of I.T.F.A. (International Trade & Forfaiting Association) and also through that of the parent Bank.
5. Maintaining a low percentage of non - performing exposures in the long term.
6. Exploitation and improvement (through new modules) of the full potential offered by the IT application of factoring services and with the procurement of new applications, aiming at:

   -The digitization of services in order to add value in customer service,

   -The broadening of intelligent services in connection with the supply chain and financing services with the use of advanced systems (continuous investment in new technology

   -Increasing workforce productivity

   -The upgrade of existing modules and procedures for risk management with the use of best 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 parent Bank 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

No significant events, which should be disclosed in this report, have occurred since 31 December 2018 and up to the date this report has been prepared and the Company carries out its normal course of business.

Athens, 11 June 2019

The Chairman of the Board of Directors	The Managing Director and General Manager
George C. Aronis I.D. No AB 003911	Maria M. Raikou I.D. No AK 199121

ABC FACTORS

FINANCIAL STATEMENTS AS AT 31.12.2018

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

Athens,
June 11, 2019

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT **1**

FINANCIAL STATEMENTS AS AT 31.12.2018 ..... **3**

- **INCOME STATEMENT** **3**
- **BALANCE SHEET** **4**
- **STATEMENT OF COMPREHENSIVE INCOME** **5**
- **STATEMENT OF CHANGES IN EQUITY** **6**
- **STATEMENT OF CASH FLOWS** **7**

NOTES TO THE FINANCIAL STATEMENTS **8**

GENERAL INFORMATION 8

ACCOUNTING POLICIES APPLIED 9

1. BASIS OF PRESENTATION 9
2. TRANSACTIONS IN FOREIGN CURRENCY 16
3. CASH AND CASH EQUIVALENTS 16
4. FINANCIAL INSTRUMENTS 16
5. PROPERTY, PLANT AND EQUIPMENT 17
6. INTANGIBLE ASSETS 17
7. IMPAIRMENT ALLOWANCE ON CUSTOMER RECEIVABLES 18
8. INCOME TAX 19
9. EMPLOYEE DEFINED BENEFIT OBLIGATIONS 20
10. PROVISIONS 20
11. INTEREST INCOME – INTEREST EXPENSE 20
12. COMMISSION INCOME AND EXPENSE 21
13. RELATED PARTIES DEFINITION 21
14. OPERATING LEASES 21
15. FAIR VALUE MEASUREMENT 21
16. OPERATING SEGMENTS 22
17. ESTIMATES, DECISION MAKING CRITERIA AND SIGNIFICANT SOURCES OF UNCERTAINTY 22
18. COMPARATIVES 23

INCOME STATEMENT 23

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

ASSETS 27

27. CASH AND CASH EQUIVALENTS 27
27.1 CASH AND BALANCES 27
27.2 DUE FROM BANKS 27
28. DUE FROM CUSTOMERS 27
29. PROPERTY, PLANT AND EQUIPMENT 28
30. INTANGIBLE ASSETS 28
31. DEFERRED TAX ASSETS AND LIABILITIES 29
32. OTHER ASSETS 29
LIABILITIES 30
33. DUE TO BANKS 30
34. DUE TO CUSTOMERS 30
35. DEBT SECURITIES IN ISSUE 30
36. LIABILITIES FOR CURRENT INCOME TAX AND OTHER TAXES 31
37. EMPLOYEE DEFINED BENEFIT OBLIGATIONS 31
38. OTHER LIABILITIES 33
EQUITY 34
39. SHARE CAPITAL 34
40. STATUTORY RESERVE 34
41. RETAINED EARNINGS 34
ADDITIONAL INFORMATION 35
42. FAIR VALUE OF FINANCIAL INSTRUMENTS 35
43. CONTINGENT LIABILITIES AND COMMITMENTS 35
44. RISK MANAGEMENT 36
44.1 CREDIT RISK 36
44.2 FOREIGN CURRENCY RISK 51
44.3 INTEREST RATE RISK 53
44.4 LIQUIDITY RISK 55
44.5 OPERATIONAL RISK 57
44.6 IMPACT FROM THE IMPLEMENTATION OF IFRS 9 57
45. CAPITAL ADEQUACY 59
46. RELATED PARTY TRANSACTIONS 60
47. AUDITORS' FEES 61
48. RESTATEMENT OF FINANCIAL STATEMENTS 62
49. EVENTS AFTER THE BALANCE SHEET DATE 62

Deloitte.

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 S.A.

Report on the Audit of Financial Statements

Opinion
We have audited the accompanying financial statements of ABC Factors S.A. (the Company), which comprise the balance sheet as at 31 December 2018, the statement of income and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018 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 and are in compliance with the regulatory requirements of Greek Codified Law 2190/1920.

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 (IESBA code) 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 and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as endorsed by the European Union, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern accounting basis unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as these has been transposed 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.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

As part of an audit in accordance with ISAs, as these have been transposed 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Taking into consideration that Management is responsible for the preparation of the Board of Director's report, according to the provisions of paragraph 5 of the article 2 (part B) of the 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 43a of Greek Codified Law 2190/1920 and its content is consistent with the accompanying financial statements for the year ended 31 December 2018.

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

Athens, June 12 2019

The Certified Public Accountant

Alexandra V. Kostara
Reg. No. SOEL: 19981
Deloitte Certified Public Accountants S.A.
3a Fragoklissias & Granikou Str.
151 25 Maroussi
Reg. No. SOEL: E120

Deloitte Certified Public Accountants Societe Anonyme, a Greek company, registered in Greece with registered number 0001223601000 and its registered office at Athens, 3a Fragkokklisias & Granikou str., 152 25, is an affiliate of Deloitte Central Mediterranean S.r.l., a company limited by guarantee registered in Italy with registered number 001223601000 and its registered office at Via Tortona no. 25, 20144, Milan, Italy.
Deloitte Central Mediterranean S.r.l. is the affiliate for the territories of Italy, Greece and Malta of Deloitte NSE LLP, a UK limited liability partnership and member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL, Deloitte NSE LLP and Deloitte Central Mediterranean S.r.l. do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

© 2019 Deloitte Central Mediterranean. All rights reserved

INCOME STATEMENT

	Note	*Amounts in Euro* **From 1 January to** **31.12.2018**	**31.12.2017**
Interest and similar income	19	21,024,392.23	22,970,727.44
Interest expense and similar charges	19	(9,238,541.25)	(13,522,055.82)
Net interest income	19	11,785,85.98	9,448,671.62
Commission income	20	10,127,640.74	10,269,399.24
Commission expense	20	(3,311,815.59)	(3,258,496.50)
Net commission income	20	6,815,825.15	7,010,902.74
Gains less losses on financial transactions		(2,365.61)	(618.92)
Other income	21	88,652.39	1,614.04
		91,018.00	995.12
Total income		**18,692,694.13**	**16,460,569.48**
Staff costs	22	(3,222,475.22)	(3,006,302.06)
General administrative expenses	23	(1,008,589.15)	(1,040,933.02)
Depreciation and amortization expenses	29-30	(92,561.56)	(82,640.78)
Total expenses		**(4,323,625.93)**	**(4,129,875.86)**
Impairment (losses) / releases and provisions to cover credit risk	24	(293,330.68)	19,453.81
Provision for litigations		(6,100.00)	(88,428.62)
		(299,430.68)	**(68,974.81)**
Profit before income tax		**14,069,637.52**	**12,261,718.81**
Income tax	25	(2,835,503.24)	(3,602,477.03)
Profit after income tax		**11,234,134.28**	**8,659,241.78**
Earnings per share:			
Basic and diluted (Euro per share)	26	8.22	6.34

The attached notes (pages 8 to 63) form an integral part of the financial statements.

BALANCE SHEET

	Note	*Amounts in Euro* 31.12.2018	31.12.2017*
ASSETS			
Cash and balances	27.1	796.45	505.16
Due from banks	27.2	1,795,944.28	1,715,271.29
Due from customers	28	540,891,284.63	454,219,797.93
Property, plant and equipment	29	185,549.81	106,565.72
Intangible assets	30	520,683.25	498,970.83
Other assets	32	268,358.18	902,203.38
Total Assets		**543,662,616.60**	**457,443,314.31**
LIABILITIES			
Due to banks	33	24,165,503.71	23,619,443.81
Due to customers	34	5,128,287.45	10,682,164.38
Debt securities in issue	35	380,123,715.00	300,088,368.00
Liabilities for current income tax and other taxes	36	1,133,172.07	489,341.42
Deferred tax liabilities	31	8,223,121.96	8,821,964.66
Employee defined benefit obligations	37	493,359.00	451,316.21
Other liabilities	38	1,607,249.59	1,494,550.92
Total Liabilities		**420,874,408.78**	**345,647,149.40**
EQUITY			
Share capital	39	41,000,010.00	41,000,010.00
Share premium		64,746.88	64,746.88
Statutory reserve	40	7,679,795.34	7,246,833.25
Retained earnings	41	74,043,655.60	63,484,574.78
Total Equity		**122,788,207.82**	**111,796,164.91**
Total Liabilities and Equity		**543,662,616.60**	**457,443,314.31**

* Certain figures of the previous year have been restated for comparability reasons.

The attached notes (pages 8 to 63) form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	*Amounts in Euro* From 1 January to 31.12.2018	31.12.2017
Profit, after income tax, recognized in the Income Statement		**11,234,134.28**	**8,659,241.78**
Amounts that will not be reclassified in the Income Statement			
Change in actuarial gains/(losses) on employee defined benefit obligations	37	(14,880.00)	(33,496.00)
Income tax		1,213.38	9,713.84
Total of other comprehensive income recognized directly in equity, after income tax		**(13,666.62)**	**(23,782.16)**
Total comprehensive income for the period, after income tax		**11,220,467.66**	**8,635,459.62**

The attached notes (pages 8 to 63) 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 1.1.2017		**41,000,010.00**	**64,746.88**	**6,745,452.14**	**55,350,496.27**	**103,160,705.29**
Changes in equity for the period 1.1 - 31.12.2017		-	-	-	-	-
Total comprehensive income for the period, after income tax		-	-	-	8,635,459.62	**8,635,459.62**
Appropriation of retained earnings to statutory reserve	40	-	-	501,381.11	(501,381.11)	**-**
Balance 31.12.2017		**41,000,010.00**	**64,746.88**	**7,246,833.25**	**63,484,574.78**	**111,796,164.91**

Amounts in Euro	Note	Share capital	Share premium	Statutory reserve	Retained earnings	Total
Balance 31.12.2017		**41,000,010.00**	**64,746.88**	**7,246,833.25**	**63,484,574.78**	**111,796,164.91**
Impact from the implementation of IFRS 9 as at 1.1.2018					(228,424.75)	**(228,424.75)**
Balance 1.1.2018		**41,000,010.00**	**64,746.88**	**7,246,833.25**	**63,256,150.03**	**111,567,740.16**
Changes in equity for the period 1.1-31.12.2018						
Total comprehensive income for the period, after income tax		-	-	-	11,220,467.66	**11,220,467.66**
Appropriation of retained earnings to statutory reserve	40	-	-	432,962.09	(432,962.09)	**-**
Balance 31.12.2018		**41,000,010.00**	**64,746.88**	**7,679,795.34**	**74,043,655.6**	**122,788,207.82**

The attached notes (pages 8 to 63) form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Note	*Amounts in Euro* From 1 January to 31.12.2018	31.12.2017
Cash flows from operating activities			
Profit before income tax		**14,069,637.52**	**12,261,718.81**
Adjustments to profit before income tax for:			
Depreciation of property, plant and equipment	29	24,579.98	22,870.17
Amortization of intangible assets	30	67,981.58	59,770.61
Expense / (income) on pension plans	37	27,162.79	77,312.00
Impairment losses / (releases) for receivables	24	293,330.68	(4,475.90)
Provision for litigations		6,100.00	88,428.62
Interest on debt securities in issue	19	9,017,395.52	11,533,159.58
Other income		(88,652.39)	-
		23,417,535.68	**24,038,783.89**
increase / decrease:			
Due from customers		(87,352,437.26)	67,780,816.44
Other assets		4,583.36	(9,566.06)
Due to banks		546,059.90	(82,157,924.76)
Due to customers		(5,553,876.93)	5,875,560.54
Other liabilities		187,338.86	(157,031.47)
Other taxes		64,046.17	(124,313.96)
Net cash flows from operating activities before taxes		**(68,686,750.22)**	**15,246,324.62**
Income tax paid		(2,056,978.91)	(2,664,349.18)
Net cash flows from operating activities		**(70,743,729.13)**	**12,581,975.44**
Cash flows from investing activities			
Acquisitions of fixed assets	29-30	(193,258.07)	(97,405.17)
Disposals of fixed assets	29	-	2,919.47
Net cash flows from investing activities		**(193,258.07)**	**(94,485.70)**
Cash flows from financing activities			
Receipts of debt securities in issue		100,000,000.00	-
Repayments of interest of debt securities in issue		(28,982,048.52)	(11,531,666.58)
Net cash flows from financing activities		**(71,017,951.48)**	**(11,531,666.58)**
Net increase/(decrease) in cash flows		**80,964.28**	**955,823.16**
Cash and cash equivalents at the beginning of the year	27	**1,715,776.45**	**759,953.29**
Cash and cash equivalents at the end of the year	27	**1,796,740.73**	**1,715,776.45**

The attached notes (pages 8 to 63) form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

ABC Factors 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 be fifty years and may be extended by resolution of its Shareholders' General Assembly.

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

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

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

CHAIRMAN (Executive Member)

George C. Aronis
Deputy CEO, Retail, Wholesale Banking and International Network, Alpha Bank

VICE CHAIRMAN (Non-Executive Member)

Alexios A. Pilavios

MANAGING DIRECTOR & GENERAL MANAGER (Executive Member)

Maria M. Raikou

MEMBERS

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

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

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

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

The auditor of the annual financial statements is Mrs. Alexandra Kostara with A.M. SOEL 19981, who is partner at Deloitte Certified Public Accountants S.A.(A.M. E120).

These financial statements have been approved by the Board of Directors on 11.06.2019.

ACCOUNTING POLICIES APPLIED

1. Basis of presentation

These financial statements relate to the fiscal year 1.1 -31.12.2018 and they have been prepared:

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

b) on the historical cost basis:

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

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

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

The accounting policies for the preparation of the financial statements have been consistently applied by the Company to the years 2017. However, the adoption of IFRS 9 resulted in significant modifications to the accounting policies for financial assets and liabilities. Accounting policies applied from 01.01.2018 are presented in accounting policies. Comparative information for 2017 was not restated, as permitted by IFRS 9. In addition, the accounting policies applied in the current reporting period took into account the following new standards and amendments to standards as well as IFRIC 22 which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2018:

- **Amendment to International Financial Reporting Standard 2** "Share-based Payment": Classification and Measurement of Share-based Payment Transactions (Regulation 2018/289/26.2.2018).

Effective for annual periods beginning on or after 1.1.2018.
On 20.6.2016 the International Accounting Standards Board issued an amendment to IFRS 2 with which the following were clarified:

- in estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and nonvesting conditions shall follow the same approach as for equity-settled share-based payments,
- where tax law requires an entity to withhold a specified amount of tax (that constitutes a tax obligation of the employee) that relates to share-based payments and shall be remitted to the tax authority, such an arrangement shall be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature,
- if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification.

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

- **Amendment to International Financial Reporting Standard 4** "Insurance Contracts": applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Regulation 2017/1988/3.11.2017).

On 12.9.2016 the International Accounting Standards Board issued an amendment to IFRS 4 with which:

- It provides insurers, whose activities are predominantly connected with insurance, with a temporary exemption from application of IFRS 9 until 1.1.2021 and
- following full adoption of IFRS 9 and until applying IFRS 17, it gives all entities with insurance contracts the option to present changes in fair value on qualifying designated financial assets in other comprehensive income instead of profit or loss.

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

- **International Financial Reporting Standard 9** "Financial Instruments" (Regulation 2016/2067/22.11.2016).

On 24.7.2014, the International Accounting Standards Board completed the issuance of the final text of IFRS 9: Financial Instruments, which replaces the existing IAS 39. The new standard provides for significant differentiations in the classification and measurement of financial instruments as well as in hedge accounting. An indication of the new requirements is presented below:

Classification and measurement

Financial instruments shall be classified, at initial recognition, at either amortized cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

i. The entity's business model for managing the financial assets. Three categories of Business Models are defined:
  - Hold to collect contractual cash flows
  - Hold to collect and sell
  - Other business models

ii. The contractual cash flow characteristics of the financial assets.

A financial asset shall be measured at amortized cost if both of the following conditions are met:
  - the instrument is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
  - the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

If an instrument meets the above criteria but is held with the objective of both selling and collecting contractual cash flows it shall be classified as measured at fair value through other comprehensive income.
Financial assets that are not included in any of the above two categories are mandatorily measured at fair value though profit or loss.

In addition, IFRS 9 permits, at initial recognition, equity instruments to be classified at fair value through other comprehensive income. The option precludes equity instruments held for trading. Moreover, with regards to embedded derivatives, if the hybrid contact contains a host that is within the scope of IFRS 9, the embedded derivative shall not be separated and the accounting treatment of the hybrid contact should be based on the above requirements for the classification of the financial instruments.
With regards to the financial liabilities, the main difference is that the change in the fair value of a financial liability initially designated at fair value through profit or loss shall be recognised in profit or loss with the exception of the effect of change in the liability's credit risk which shall be recognised directly in other comprehensive income.

Impairment

Contrary to the existing IAS 39, under which an entity recognizes only incurred credit losses, the new standard requires the recognition of expected credit losses. In particular, on initial recognition of an asset, 12-month expected credit losses are recognized. However, in case the credit risk of the issuers has increased significantly since initial recognition as well as in cases of purchased or originated credit impaired assets lifetime expected credit losses are recognized.

Hedging

The new requirements for hedge accounting are more aligned with the entity's risk management. The main changes in relation to the current requirements of IAS 39 are summarized below:

- More items become eligible for participating in a hedging relationship either as hedging instruments or as hedged items,
- The requirement for hedge effectiveness tests to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,

- In case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria.

It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging, since they have not been finalized yet.

It is noted that IFRS 9 allows a company to choose, as an accounting policy, to continue to apply the requirements of IAS 39 for hedge accounting. The Company has made use of this right.

Except for the aforementioned modifications, the issuance of IFRS 9 has resulted in the amendment to other standards and mainly to IFRS 7 where new disclosures were added.

The impact from the application of IFRS 9 to the financial statements of the Company is presented in note 44.6.

- **International Financial Reporting Standard 15** "Revenue from Contracts with Customers" (Regulation 2016/1905/22.9.2016) and **Amendment to International Financial Reporting Standard 15** "Revenue from Contracts with Customers": Clarifications to IFRS 15 Revenue from Contracts with Customers (Regulation 2017/1987/31.10.2017).

IFRS 15 "Revenue from Contracts with Customers" was issued on 28.5.2014 by the International Accounting Standards Board. The new standard is the outcome of a joint project by the IASB and the Financial Accounting Standards Board (FASB) to develop common requirements as far as the revenue recognition principles are concerned.

The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial leases, insurance contracts and financial instruments. According to the new standard, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A new revenue recognition model is introduced, by applying the following five steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The performance obligation notion is new and in effect represents a promise in a contract with a customer to transfer to the customer either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The new IFRS 15 supersedes:

- IAS 11 "Construction Contracts"
- IAS 18 "Revenue"
- IFRIC 13 "Customer Loyalty Programmes"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 18 "Transfers of Assets from Customers" and
- SIC-31 "Revenue—Barter Transactions Involving Advertising Services".

On 12.4.2016 the International Accounting Standards Board issued an amendment to IFRS 15 with which it provided clarifications on its application.

The Company applies the new standard from 1.1.2018 without restating comparative information for 2017.
It is noted that the main part of the Company's income is net interest income which has not been affected by the application of IFRS 15.

Commission income relates to commissions from factored receivables, which are mainly short term, and the respective revenue is recognized while the respective service is rendered to customer. As a result, the adoption of the new standard did not result in a change in the accounting treatment for their recognition.

- **Amendment to International Accounting Standard 40** "Investment Property": Transfers of Investment Property (Regulation 2018/400/14.3.2018).

On 8.12.2016 the International Accounting Standards Board issued an amendment to IAS 40 with which it clarified that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. In addition, the examples of evidence of a change in use were expanded to include assets under construction and not only transfers of completed properties.

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

- **Improvements to International Accounting Standards** – cycle 2014-2016 (Regulation 2018/182/7.2.2018).

As part of the annual improvements project, the International Accounting Standards Board issued, on 8.12.2016, non-urgent but necessary amendments to IFRS 1 and IAS 28.

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

- **IFRIC Interpretation 22** "Foreign Currency Transactions and Advance Consideration". (Regulation 2018/519/28.3.2018)

On 8.12.2016 the International Accounting Standards Board issued IFRIC 22. The Interpretation covers foreign currency transactions when an entity recognizes a non monetary asset or liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation clarified that the date of the transaction, for the purpose of determination of exchange rate to use on initial recognition of the asset, the income or expense, is the date of initial recognition of the non monetary asset or liability (i.e. advance consideration). Additionally, if there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The adoption of the above Interpretation had no impact on the Company's financial statements.

Except for the standards mentioned above, the European Union has adopted the following new standard and amendments to standards as well as IFRIC 23 which are effective for annual periods beginning after 1.1.2018 and have not been early adopted by the Company.

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

Effective for annual periods beginning on or after 1.1.2019
On 12.10.2017 the International Accounting Standards Board issued an amendment to IFRS 9 that permits some prepayable financial assets with negative compensation features, that would otherwise been measured at fair value through profit or loss, to be measured at amortised cost or at fair value through other comprehensive income. The amendment to IFRS 9 clarifies that a financial asset passes the SPPI criterion regardless of the event or circumstance that cause the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.
The Company is examining the impact from the adoption of the above amendment on its financial statements.

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

Effective for annual periods beginning on or after 1.1.2019.
On 13.1.2016 the International Accounting Standards Board issued IFRS 16 "Leases" which supersedes:

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

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

Estimated impact from IFRS 16 Implementation

The Company will apply the standard retrospectively with the cumulative effect of initially applying the standard recognized directly in equity as at 1.1.2019 and will not restate comparative information.

The Company has decided to apply the practical expedient and not to reassess on initial application whether a contract is, or contains, a lease and will apply the standard to contracts that were identified as leases in accordance with IAS 17.

Additionally, the Company will make use of the following practical expedients on transition:

- apply a single discount rate to all leases,
- exclude initial direct costs from the measurement of the right-of-use asset,
- use hindsight to determine the lease term if the contract contains options to extend or terminate the lease.

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

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

The Company in order to determine the incremental borrowing rate (IBR) will use as reference rate the secured funding rate of the parent company Alpha Bank taking into consideration the duration of the lease. To determine the incremental borrowing rate (IBR) the secured funding rate of the parent company Alpha Bank will be used as reference rate taking into consideration government yield curves.

The Company estimates that on 1.1.2019 right-of-use assets and lease liabilities of Euro 273,037.68 respectively will be recognized. The recognition of the aforementioned amount is not expected to have an impact on Capital Adequacy Ratio.

- **Amendments to IAS 19** “Employee Benefits”:- Plan Amendment, Curtailment or Settlement.

Effective for annual periods beginning on or after 1.1.2019.

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

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

- **Amendment to International Accounting Standard 28** “Investments in Associates”: Long-term Interests in Associates and Joint Ventures.

Effective for annual periods beginning on or after 1.1.2019.

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

applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28.

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

- **Improvements to International Accounting Standards** – cycle 2015-2017.

Effective for annual periods beginning on or after 1.1.2019.
As part of the annual improvements project, the International Accounting Standards Board issued, on 12.12.2017, non-urgent but necessary amendments to various standards.

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

- **IFRIC Interpretation 23** "Uncertainty over Income Tax Treatments".

Effective for annual periods beginning on or after 1.1.2019.
On 7.6.2017 the International Accounting Standards Board issued IFRIC 23. The Interpretation clarifies application of recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The Interpretation specifically clarifies the following:

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

Effective for annual periods beginning on or after 1.1.2020

On 22.10.2018 the International Accounting Standards Board issued an amendment to IFRS 3 aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, narrow the definition of outputs, add guidance to assess whether an acquired process is substantive, introduce an optional fair value concentration test and add illustrative examples.

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

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

Effective date: To be determined.
On 11.9.2014 the International Accounting Standards Board issued an amendment to IFRS 10 and IAS 28 in order to clarify the accounting treatment of a transaction of sale or contribution of assets between an investor and its associate or joint venture. In particular, IFRS 10 was amended in order to be clarified that in case that as a result of a transaction with an associate or joint venture, a parent loses control of a subsidiary, which does not contain a business, as defined in IFRS 3, it shall recognise 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 recognises 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.

- **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.

- **International Financial Reporting Standard 17** "Insurance Contracts".

Effective for annual periods beginning on or after 1.1.2021.
On 18.5.2017 the International Accounting Standards Board issued IFRS 17 which replaces IFRS 4 "Insurance Contracts". In contrast to IFRS 4, the new standard introduces a consistent methodology for the measurement of insurance contracts. The key principles in IFRS 17 are the following:
An entity:

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

It is also noted that in November 2018 the International Accounting Standards Board proposed to defer the IFRS 17 effective date to 1.1.2022.

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

- **Amendments to International Accounting Standard 1** "Presentation of Financial Statements" and **International Accounting Standard 8** "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of material

Effective for annual periods beginning on or after 1.1.2020

On 31.10.2018 the International Accounting Standards Board issued, as part of the Disclosure Initiative, 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 Company is examining the impact from the adoption of the above amendment on its financial statements.

2. Transactions in foreign currency

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

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

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

3. Cash and cash equivalents

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

a Cash on hand and balances

b Short-term balances due from banks

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

4. Financial instruments

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, 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.

The Company classifies its financial assets as financial assets measured at amortised 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 amortised cost using the effective interest method and is periodically assessed for expected credit losses, as it is further described in note 7.

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.

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

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.

Respectively, the Company derecognizes a financial liability (or part thereof) when its contractual obligations are discharged or cancelled or expire.

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.

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.

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 Customer Receivables

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.

a) Default definition

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

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

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

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

• Stage 2: Stage 2 includes performing exposures for which there has been a significant increase in credit risk since initial recognition. Stage 2 also includes exposures for which credit risk has been improved and the exposure has been reclassified from stage 3. In this stage, lifetime expected credit losses are recognized.

• Stage 3: Stage 3 includes non performing/impaired exposures. In this stage, lifetime expected credit losses are recognized.

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

− Exposures that at the time of acquisition meet the criteria to be classified as non- performing exposures.

- Exposures for which there has been a change in repayment terms, either due to financial difficulty or not, which resulted in derecognition and recognition of a new impaired asset (POCI) expect when derecognition is due to the change of debtor of a corporate loan in which case the creditworthiness of the new debtor is reassessed.

c) Significant increase in credit risk

In determining significant increase in credit risk of an exposure since initial recognition and the recognition of lifetime expected credit losses instead of 12 months expected credit losses, the Bank 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, an exposure can be considered to have a significant increase in credit risk or not. Especially for special lending portfolio, additional qualitative indicators are captured through slotting category.

• 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 order to assess the impact of the contamination effect on a Group level, customers who meet the criteria for individual assessment in the Bank are also examined and send to the Company.

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 company and the credit risk rating models assess a series of parameters (financial analysis, competitors' analysis, current and historical debtor's behavioral factors and quality characteristics).
- Exposure at default (EAD): Exposure at Default is an estimate of the amount of the exposure at the time of the default.
- Loss given default (LGD): Loss given default is an estimate of the loss that will occur if the default occurs at a given time. The data used are based on historically collected data and include a broad set of transactional characteristics (for example product type and type of collateral) as well as debtor's characteristics.

e) Measurement of expected credit losses on receivables from customers

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

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

f) Presentation of expected credit losses in financial statements

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

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

g) Write-offs

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

8. Income Tax

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

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

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

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

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

9. Employee Defined Benefit Obligations

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

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

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

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

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

10. Provisions

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

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

11. Interest Income – Interest Expense

Interest income and expense are recognized in the income statement for all financial instruments carried at amortized cost, on an accrual basis.

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.

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

The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts of a financial instrument through its expected life or until the next re-pricing date, so that the discounted value of future cash flows is equal to the carrying value of the financial instrument.

12. Commission Income and Expense

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

13. Related Parties Definition

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

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

   i) a subsidiary,

   ii) a joint venture,

   iii) an associate and

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

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

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

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

14. Operating leases

The Company enters into lease agreements as a lessee. The lessor transfers the right of use for the asset, while the risks and rewards incident to ownership of the asset are not transferred and therefore these agreements are classified as operating leases. For operating leases, the Company as a lessee, does not recognize the leased asset but charges in "General Administrative Expenses" the lease payments on an accrual basis.

15. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of financial instruments that are not traded in an active market is determined by the use of valuation techniques, appropriate in the circumstances, and for which sufficient data to measure fair value are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. If observable inputs

are not available, other model inputs are used which are based on estimations and assumptions such as the determination of expected future cash flows, discount rates, probability of counterparty default and prepayments. In all cases, the Company uses the assumptions that 'market participants' would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

16. Operating Segments

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

17. Estimates, Decision Making Criteria and Significant Sources of Uncertainty

The Company, in the context of applying accounting policies and preparing financial statements in accordance with the International Financial Reporting Standards, makes estimates and assumptions that affect the amounts that are recognized as income, expenses, assets or liabilities. The use of estimates and assumptions is an integral part of recognizing amounts in the financial statements that mostly relating to the following:

- Fair value of assets and liabilities
- Business Model Assessment
- Expected credit losses of financial assets
- Income tax
- Employee defined benefit obligations
- Provisions and contingent liabilities

The Company applied the going concern principle for the preparation of its financial statements as at 31.12.2018.

For the application of this principle, the Company takes into consideration current economic developments in order to make projections for future economic conditions of the environment in which it operates.

The main factors that cause uncertainties regarding the application of this principle relate to the economic environment in Greece and abroad and to the liquidity levels of the Hellenic Republic and the banking system.

The prolonged recession that the Greek economy has experienced in recent years led to the significant deterioration in the creditworthiness of corporate and individuals and, consequently, to the rapid increase in non performing loans, resulting in the recognition of significant impairment losses by the Bank and by the Greek banking system in general.

In addition, as a result of the Greek sovereign debt crisis and the measures taken to deal with it, combined with the uncertainties created during the negotiations of the Hellenic Republic with the European Commission, the European Central Bank and the International Monetary Fund for the financing of the Hellenic Republic during the first half of 2015, there was a significant outflow of deposits and the imposition of capital controls and of a bank holiday which was announced on 28.6.2015 and lasted until 19.7.2015. Capital controls have been removed to a significant extent while the detailed provisions for their application are amended where appropriate by the adoption of a legislative act. As at the date of the financial statements, the liquidity needs of Greek credit institutions continue to be partially met by the Eurosystem's mechanisms, and the total amount of borrowing is gradually being reduced.

Within the year, in particularly in August 2018, the third financial support program of the Hellenic Republic was successfully completed, while providing the possibility of forming a cash buffer of Euro 24.1 billion, which is estimated to be able to cover the needs of the Hellenic Republic for a period of around 22 months, beginning from August 2018,

a fact which significantly reduces potential financial risks after the completion of the program. It is also noted that the Hellenic Republic is taking steps to gradually recover its access to the financial markets to meet its financing needs.

In addition, the parent Bank successfully completed the European stress testing exercise by the ECB in accordance with the methodology of the European Banking Authority. Based on the exercise, under the adverse scenario, 2020 CET1 ratio stood at 9.7% while under the baseline scenario 2020 CET1 ratio reached 20.4%. Based on feedback received from the Single Supervisory Mechanism (SSM) no capital plan is required.

Based on the above and taking into account the Company's high capital adequacy ratio, which also covers the impact from the implementation of IFRS 9 (notes 44.6 and 45), the Company estimates that, at least for the next 12 months, the conditions for the application of the going concern principle for the preparation of its financial statements are met.

18. Comparatives

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

It is noted, however, that the adoption of IFRS 9 resulted in significant changes in the accounting policies. The Company, making use of the exception provided by IFRS 9, did not adjust comparative information. The main accounting policies that were applied until 31.12.2017, in accordance with IAS 39, are presented in the annual financial statements as at 31.12.2017.

INCOME STATEMENT

19. Net interest income

	From 1 January to	
	31.12.2018	**31.12.2017**
Interest and similar income		
Due from Banks	66,873.56	9,068.70
Due from Customers	20,957,518.67	22,961,658.74
Total	**21,024,392.23**	**22,970,727.44**
Interest expense and similar charges		
Due to Banks	221,145.73	1,988,896.24
Debt securities in issue	9,017,395.52	11,533,159.58
Total	**9,238,541.25**	**13,522,055.82**
Net interest income	**11,785,850.98**	**9,448,671.62**

20. Net commission income

	From 1 January to	
	31.12.2018	**31.12.2017**
Commission income		
Factoring services	10,127,640.74	10,269,399.24
Total	**10,127,640.74**	**10,269,399.24**
Commission expense		
Domestic factoring	573,731.45	578,596.66
To parent bank Alpha Bank	2,269,225.63	2,114,766.80
Other	468,858.51	565,133.04
Total	**3,311,815.59**	**3,258,496.50**
Net commission income	**6,815,825.15**	**7,010,902.74**

21. Other income

	From 1 January to	
	31.12.2018	31.12.2017
Other (reversed provisions from prior years)	88,652.39	1,614.04
Total	**88,652.39**	**1,614.04**

22. Staff costs

	From 1 January to	
	31.12.2018	31.12.2017
Wages and salaries	2,487,602.05	2,283,409.64
Social security contributions	553,673.90	518,991.45
Expense for pension plans (note 37)	27,162.79	77,312.00
Other charges	154,036.48	155,751.96
Revenue from seconded staff	-	(29,162.99)
Total	**3,222,475.22**	**3,006,302.06**

The total number of employees of the Company on 31.12.2018 and 31.12.2017, remained the same at 83 employees , out 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 for employees as well as hospital and outpatient care for accident / illness. The cost for the above provision amounted to Euro 121,079.64 for the period from 1.1.2018 to 31.12.2018 and Euro 117,491.20 for the period from 1.1.2017 to 31.12.2017 and is classified under caption “Other charges”.

23. General administrative expenses

	From 1 January to	
	31.12.2018	31.12.2017
Rent for buildings	110,570.58	103,249.68
Rent and maintenance of EDP equipment	193,584.10	193,507.55
EDP expenses	1,669.12	1,955.47
Marketing and advertisement expenses	13,422.41	15,756.98
Telecommunications and postage	63,994.66	65,198.04
Third party fees	226,167.91	235,378.62
Consultants fees	44,069.64	37,559.95
Insurance	71,614.46	88,421.80
Consumables	20,696.80	19,815.96
Electricity	49,504.38	50,138.46
Donations	4,526.00	-
Building and equipment maintenance	92,827.53	103,997.64
Security services for buildings and cash in transit	30,992.46	31,366.97
Taxes	9,386.80	9,530.63
Other	75,562.30	85,055.27
Total	**1,008,589.15**	**1,040,933.02**

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

	From 1 January to	
	31.12.2018	**31.12.2017**
Impairment losses/(gains) on customer receivables (note 28)	293,330.68	(4,475.91)
Recoveries	-	(14,977.90)
Total	**293,330.68**	**(19,453.81)**

25. Income tax

	From 1 January to	
	31.12.2018	**31.12.2017**
Current tax	3,339,832.31	2,692,995.27
Deferred tax	(504,329.07)	909,481.76
Total	**2,835,503.24**	**3,602,477.03**

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	
	31.12.2018	**31.12.2017**
Employee defined benefit obligations	8,755.33	(5,020.48)
Amortization of intangible assets	(23,514.27)	(4,841.03)
Due from customers	(489,570.13)	919,343.27
Total	**(504,329.07)**	**909,481.76**

In accordance with Article 1 par. 4 of Law 4334/2015 “Urgent prerequisites for the negotiation and conclusion of an agreement with the European Stability Mechanism (ESM)” the corporate income tax rate for legal entities has been set to 29% from 26%. The increased rate applies for profits arising in fiscal years commencing on or after January 1, 2015.

Based on Article 23 of Law 4579/2018 “Obligations of air carriers concerning passenger records-adaptation of legislation to Directive (EU) 2016/681 and other provisions” which amends article 58 of the Income Tax Code, the corporate income tax rate for legal entities will be gradually reduced from 29% effective today, to 25% for income earned in the tax year 2022 and onwards. The tax rate will be reduced by one percent each year, effective from the tax year 2019, for which the tax rate is set at 28%. With explicit reference to the law, this reduction does not apply to credit institutions, for which the tax rate remains at 29%.

Based on Article 65A of Law 4174/2013, from 2011, the statutory auditors and audit firms conducting statutory audits to a Societe Anonyme (SA), are obliged to issue an Annual Tax Certificate on the compliance on tax issues. This tax certificate is submitted to the entity 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 Group and its companies intended to continue to obtain the tax certificate.

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

For the fiscal years 2011 up to 2017, the tax audit based on article 65A of L. 4174/2013 has been completed for both the Bank and the Group companies in Greece, and they have received the relevant tax certificates without any qualifications on the tax issues covered. The tax audit for the fiscal year 2018 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 1,213.38 (2017: Euro 9,713.84), has been recognized in equity and concerns deferred tax on actuarial gains/losses on defined benefit obligations and an amount of Euro 93,300.25, which concerns the impact from the implementation of IFRS 9.

Reconciliation between the effective and nominal tax rate

	From 1 January to			
	31.12.2018		31.12.2017	
Profit before income tax		**14,069,637.52**		**12,261,718.81**
Income tax	29.00%	4,080,194.88	29.00%	3,555,898.45
Increase / (decrease) due to:				
Non-deductible expenses	0.14%	20,324.97	0.14%	16,615.96
Non taxable income	(0.18%)	(25,644.30)	-	-
Other temporary differences	0.55%	77,091.04	0.24%	29,962.62
Adjustment in tax rates for the estimation of deferred tax	(9.36%)	(1,316,463.35)		
Income Tax	**20.15%**	**2,835,503.24**	**29.38%**	**3,602,477.03**

26. 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	
	31.12.2018	**31.12.2017**
Profit attributable to equity owners	11,234,134.28	8,659,241.78
Weighted average number of outstanding ordinary shares	1,366,667.00	1,366,667.00
Basic earnings (Euro per share)	8.22	6.34

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

27. Cash and cash equivalents

27.1 Cash and balances

	31.12.2018	31.12.2017
Cash on hand	796.45	505.16
Total	**796.45**	**505.16**

27.2 Due from banks

	31.12.2018	31.12.2017
Sight deposits	1,795,944.28	1,715,271.29
Total	**1,795,944.28**	**1,715,271.29**

	31.12.2018	31.12.2017
Total cash and cash equivalents	**1,796,740.73**	**1,715,776.45**

28. Due from customers

	31.12.2018	31.12.2017
Domestic factoring with recourse	292,143,081.52	267,536,732.56
Domestic factoring without recourse	218,221,650.40	145,471,600.08
International factoring	36,566,242.09	46,636,098.98
Forfaiting of receivables	-	0.01
Total	**546,930,974.01**	**459,644,431.63**
Less: Impairment allowance on customer receivables	(6,039,689.38)	(5,424,633.70)
Total due from customers	**540,891,284.63**	**454,219,797.93**

Impairment allowance on customer receivables

Balance 1.1.2017	**5,429,109.61**
Impairment losses for the year	(4,475.91)
Balance 31.12.2017	**5,424,633.70**

Balance 31.12.2017	**5,424,633.70**
Impact from the implementation of IFRS 9	321,725.00
Balance 1.1.2018	**5,746,358.70**
Impairment losses for the year	293,330.68
Balance 31.12.2018	**6,039,689.38**

29. Property, plant and equipment

	Leasehold improvements	Other equipment	Total
Cost, January 1, 2017	**70,296.23**	**569,919.29**	**640,215.52**
Additions	-	50,455.17	50,455.17
Disposals/Write-offs	-	(4,229.50)	(4,229.50)
December 31, 2017	**70,296.23**	**616,144.96**	**686,441.19**
Cost, January 1, 2018	**70,296.23**	**616,144.96**	**686,441.19**
Additions	79,014.37	24,549.70	103,564.07
December 31, 2018	**149,310.60**	**640,694.66**	**790,005.26**
Accumulated depreciation, January 1, 2017	**56,536.09**	**501,779.24**	**558,315.33**
Depreciation charge for the year	1,325.86	21,544.31	22,870.17
Reversal of depreciation upon disposal/write-off	-	(1,310.03)	(1,310.03)
December 31, 2017	**57,861.95**	**522,013.52**	**579,875.47**
Accumulated depreciation, January 1, 2018	**57,861.95**	**522,013.52**	**579,875.47**
Depreciation charge for the year	2,470.94	22,109.04	24,579.98
December 31, 2018	**60,332.89**	**544,122.56**	**604,455.45**
Net book value			
December 31, 2017	**12,434.28**	**94,131.44**	**106,565.72**
December 31, 2018	**88,977.71**	**96,572.10**	**185,549.81**

30. Intangible assets

	Software
Cost, January 1, 2017	**1,240,935.66**
Additions	46,950.00
December 31, 2017	**1,287,885.66**
Cost, January 1, 2018	**1,287,885.66**
Additions	89,694.00
December 31, 2018	**1,377,579.66**
Accumulated amortization, January 1, 2017	**729,144.22**
Amortization charge for the year	59,770.61
December 31, 2017	**788,914.83**
Accumulated amortization, January 1, 2018	**788,914.83**
Amortization charge for the year	67,981.58
December 31, 2018	**856,896.41**
Net book value	
December 31, 2017	**498,970.83**
December 31, 2018	**520,683.25**

31. Deferred tax assets and liabilities

	1.1.2018 - 31.12.2018			
	Balance 1.1.2017	Recognized in Income Statement	Recognized in Equity	Balance 31.12.2017
Deferred tax assets				
Employee defined benefit obligations	130,881.70	(8,755.33)	1,213.38	123,339.75
Total	**130,881.70**	**(8,755.33)**	**1,213.38**	**123,339.75**
Amortization of intangible assets	(124,204.82)	23,514.27	-	(100,690.55)
Due from customers	(8,828,641.54)	489,570.13	93,300.25	(8,245,771.16)
Total	**(8,952,846.36)**	**513,084.40**	**93,300.25**	**(8,346,461.71)**
Deferred tax liability, net	**(8,821,964.66)**	**504,329.07**	**94,513.63**	**(8,223,121.96)**

	1.1.2017 - 31.12.2017			
	Balance 1.1.2017	Recognized in Income Statement	Recognized in Equity	Balance 31.12.2017
Deferred tax assets				
Employee defined benefit obligations	116,147.38	5,020.48	9,713.84	130,881.70
Total	**116,147.38**	**5,020.48**	**9,713.84**	**130,881.70**
Deferred tax liabilities				
Amortization of intangible assets	(129,045.85)	4,841.03	-	(124,204.82)
Due from customers	(7,909,298.27)	(919,343.27)	-	(8,828,641.54)
Total	**(8,038,344.12)**	**(914,502.24)**	**-**	**(8,952,846.36)**
Deferred tax liability, net	**(7,922,196.74)**	**(909,481.76)**	**9,713.84**	**(8,821,964.66)**

32. Other assets

	31.12.2018	31.12.2017*
Prepaid expenses	117,272.80	97,513.38
Accrued income	83,926.81	87,605.15
Tax advances and withholding taxes	48,082.95	678,705.10
Other	19,075.62	38,379.75
Total	**268,358.18**	**902,203.38**

*Figures of the comparative period have been restated, as descripted in detail in note 48.

LIABILITIES

33. Due to banks

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

34. Due to customers

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

35. Debt securities in issue

i. Senior debt securities

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

   The initial loan of a Euro 300,000,000 nominal value consisted of 60 bond notes with a face value of Euro 5,000,000 each.

   The Company, on December 29, 2005 repaid a capital amount of Euro 45,000,000 (9 notes of Euro 5,000,000) and the corresponding interest accrued 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.

   Following an amendment to the initial contract, the remaining capital of Euro 255,000,000 consists of 255,000 bonds with a face value of Euro 1,000 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 bond loan is fully payable at maturity on 30.10.2021 in accordance with the amended contractual terms of the issue (maturity of the issued bonds was extended to 30.10.2021).

2. On December 15, 2006 the Company signed a contract with the parent bank Alpha Bank for a five year bond loan issuance, under the provisions of Law 3156/2003 and 2190/1920.

   The initial loan of a Euro 100,000,000 nominal value consisted of 20 bond notes with a face value of Euro 5,000,000 each.

   The issuer may issue up to five tranches of bonds within a period of one year from the date the contract was signed.

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

   Furthermore, the Company, on February 29, 2012 repaid a capital amount of Euro 40,000,000 (8 notes of Euro 5,000,000) and the corresponding interest accrued 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.

   Following an amendment to the initial contract, the remaining capital of Euro 20,000,000 consists of 20,000 bonds with a face value of Euro 1,000 each.

   The Company, on August 2018, repaid the remaining capital amount of Euro 20,000,000 and the corresponding interest accrued 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.

3. On June 21, 2018 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 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 issuer may issue up to five tranches of bonds within a period of one year from the date the contract was signed. The total amount of each tranche of bonds is determined to be at least at the amount of 20,000,000.

   Pursuant to this right, 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 bond loan is fully payable at maturity on 21.06.2021.

ii. Subordinated debt

1. On June 26, 2009 the Company signed a contract with the parent bank Alpha Bank for a subordinated 10 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 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 30.06.2025 in accordance with the amended contractual terms of the issue (maturity of the issued bonds was extended to 30.06.2025).

The movement of Bond Loans for the period 1.1-31.12.2018 is presented on the following table:

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

36. Liabilities for current income tax and other taxes

	31.12.2018	**31.12.2017***
Current income tax liability	579,784.48	-
Liabilities for other taxes	553,387.59	489,341.42
Total	**1,133,172.07**	**489,341.42**

*Figures of the comparative period have been restated, as descripted in detail in note 48.

37. Employee defined benefit obligations

Under Greek labor law (Law 2112/1920 as amended by Law 4093/2012), employees are entitled to compensation, in case of redundancy or retirement, the amount of which depends on the level of remuneration, the years of service in the Company and the reason for exiting the service (dismissal or retirement). The retirement compensation is determined at 40% of the amount paid in case of redundancy, and is calculated based on the regular salary of the

final month of service, before the termination of employment under full time contract (Interpretative circular of Ministry of Labor, Social Security and Welfare, article 26352/839 28.11.2012).

Retirement benefit obligations have been determined through an actuarial study.

The amounts recognized in the income statement are analyzed below:

	From 1 January to	
	31.12.2018	**31.12.2017**
Current service cost	19,580.00	17,863.92
Interest cost	7,582.79	7,209.15
(Gains) / losses on settlement	-	52,239.39
Total expense / (income) recognized in the income statement	**27,162.79**	**77,312.46**

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

	31.12.2018	**31.12.2017**
Defined benefit obligation at the beginning of the year	**451,316.79**	**400,508.19**
Current service cost	19,580.00	17,863.92
Interest cost	7,582.79	7,209.15
Benefits paid	-	(60,000.00)
(Gains) / losses on settlement	-	52,239.39
Actuarial (gains) / losses	14,880.00	33,496.14
Other adjustments	(0.58)	-
Defined benefit obligation at the end of the year	**493,359.00**	**451,316.79**

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

	31.12.2018	31.12.2017
Actuarial gains / (losses) at the beginning of the year	**(62,665.60)**	**(29,169.60)**
Change in the period	(14,880.00)	(33,496.00)
Actuarial gains / (losses) at the end of the year	**(77,545.60)**	**(62,665.60)**

The principal actuarial assumptions used are the following:

	31.12.2018	31.12.2017
Discount rate	1.72%	1.68%
Future salary growth	1.80%	1.80%
Inflation rate	1.50%	1.50%

	31.12.2018	31.12.2017
Average remaining years in service	22.06	22.96

The discount rate was based on the iBoxx Euro Corporate AA Corporate Overall 10+ EUR indices which was 1.36% on 31/12/2018 and 31/12/2017 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 9% while a counter movement, that is, a decrease in the discount rate by 0.5% would raise the defined benefit obligation by 10%.

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%.

38. Other liabilities

	31.12.2018	31.12.2017
Suppliers	1,131,544.05	1,213,138.83
Accrued expenses	328,218.78	51,126.61
Liabilities to third parties	127,230.06	128,108.96
Other	20,256.70	102,176.52
Total	**1,607,249.59**	**1,494,550.92**

EQUITY

39. Share capital

The share capital of the Company as at 31 December 2018 amounted to Euro 41,000,010.00, divided into 1,366,667 ordinary shares with a nominal value of Euro 30.00 per share and presenting no changes compared to 2017.

40. Statutory reserve

According to Greek corporate law, 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 2017 the statutory reserve of the Company amounted to Euro 7,246,833.25.

On September 10, 2018, the General Assembly Meeting of Shareholders, in accordance with the provisions of Article 44 of C.L. 2190/1920, decided the appropriation of the amount of Euro 432,962.09 as a statutory reserve, arising from the profit after tax for the period 1.1-31.12.2017.

Following the aforementioned decision, the statutory reserve of the Company as at 31 December 2018 amounted to Euro 7,679,795.34.

41. Retained earnings

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

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

For the year ended 31.12.2018, the Board of Directors will propose to the General Assembly of Shareholders no dividends to be distributed for the profits of the period 1.1.-31.12.2018.

ADDITIONAL INFORMATION

42. Fair value of financial instruments

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

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

With regards to the Company's debt securities in issue whose carrying amount is Euro 380,123,715.00, their fair value was estimated at Euro 340,447,000.00.

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

43. Contingent liabilities and commitments

a) Legal issues

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

An amount of Euro 6,100.00 has been recognized in Income Statement caption "Provisions for litigations" in respect to number 298952/29.08.2018 Act imposing a fine by the Labour Inspectorate. An appeal has been filed by the Company.

For cases where according to their progress and the evaluation of the Legal department on December 31, 2018, 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 31.12.2018 the legal claims against the Company for the above cases amount to Euro 4,401,090.55 (31.12.2017: Euro 0).

b) Tax issues

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

Years 2010 up to and including 2012 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 within 10 days of submission of the company's corporate income tax return and, electronically to the Ministry of Finance no later than 10 days from the date of approval of the Financial Statements by the General Assembly. 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 2017 the tax audit has been concluded and the Company has received a Tax Compliance Report without qualifications, while for 2018 the tax audit is in progress and it is estimated that no material tax issues will arise.

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

c) Operating leases

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

The minimum future lease payments are as follows:

	31.12.2018	31.12.2017
Less than one year	127,139.79	84,739.08
Between one and five years	63,569.90	113,709.67
Over five years	-	-
Total	**190,709.69**	**198,448.75**

The main differences between the minimum future lease payments and the estimated impact of the new IFRS 16 "Leases" are attributed to the following reasons:

- Future rentals are discounted,
- The following assumptions are used:
  - exclusion of leased properties for which the lease contract expires in 2019 and will not be renewed (short-term exemption),
  - assumption relating to the extension of the duration of leases for which although the lease contract expires within 2019, the Group will renew the contract,
  - where there is a clause in the lease contract regarding increases in lease, future leases are adjusted on the date the respective increase becomes effective.

44. Risk management

The Company, following the policy of the parent bank, has established a systematic and rigorous risk management framework which is developed over time, in order to reliably measure financial risks.

Given the continuity and stability in its operations, its targets are to effectively implement and continuously improve this framework in order to minimize the potential adverse effects of financial risks.

This framework is reviewed and re-assessed for its effectiveness at regular time intervals in order to achieve consistency with international best practices and regulatory requirements.

44.1 Credit risk

Credit risk is defined as the potential risk of a loss for the Company, which may arise from a failure of the counterparty (seller) to meet its contractual obligations as these arise from the factoring contract agreement.

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 services between different factoring products offered (domestic factoring with recourse, domestic factoring without recourse, exporting/importing factoring, receivables forfaiting), also reflects the degree of credit risk inherent for each product. An important distinction in factoring services, in terms of credit risk, is factoring with recourse, factoring without recourse and forfaiting. In the first case, credit risk is retained by the seller (borrower) while in the second and third cases credit risk is assumed by the factor. As a result, in factoring without recourse and forfaiting, credit risk assessment focuses on the debtor (buyer). With respect to this risk, a provision is recognized for receivables, whose original value has been impaired as of the reporting date.

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

Mitigation of credit risk is achieved by establishing appropriate credit limits, after carrying out a comprehensive assessment of creditworthiness and a risk analysis/assessment for borrowers and debtors, in order to more

accurately identify business risks through a combined analysis of parameters such as relationships of borrowers and debtors, factoring product diversity, reinsurance against risk, market segment risk etc. and therefore determine whether the Company will proceed with financing the seller through an advance payment on the value of factored receivables before they become due.

These limits are continuously reviewed and re-assessed and are regularly adjusted by the competent (based on the limit levels) approval bodies.

Credit risk assessment is carried out by analyzing the ability of each borrower to meet their obligations. Following that analysis, credit limits are adjusted as necessary. Furthermore, interest rate margins are determined based on the above analysis which takes into account the collateral received.

The risk rating system adopted by the Company for advances to customers, is consistent with the methodology of the parent bank and is applied on both a borrower/seller and a debtor/buyer basis by also taking into account quantitative and qualitative criteria (transactional behavior) through a combined analysis of parameters applying in each case such as the customer-debtor mix, factoring product diversity and the collateral assigned. The rating system includes the following categories:

1. Regular risk
   Borrowers presenting a strong financial performance, showing consistency in their repayments and not directly affected by adverse changes in their industry of activity.

2. Medium risk
   Borrowers whose financial performance does not allow for unconditional funding. Strongly affected by any adverse developments in their industry of activity.

3. High risk
   Borrowers presenting serious problems in their transactional behavior.

4. Default
   Borrowers presenting serious problems unable to meet their contractual obligations.

Additionally to credit risk relating to advances to customers, the Company also manages the credit risk arising from amounts due from banks (Note 27.2). As at 31.12.2018, the relevant amount was Euro 1,795,944.28, which is given a credit rating of CCC+ by FITCH and STANDARD & POOR'S, out of which an amount of was Euro 468,820.14 concerns amounts due from the Group subsidiary companies.

It is noted that all collateral values presented in the tables below, concern receivables factored with the Company and values are capped at 100% of the outstanding amount due from each customers.

FINANCIAL INSTRUMENTS CREDIT RISK

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

FINANCIAL INSTRUMENTS CREDIT RISK, ANALYSIS PER INDUSTRY

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

A. Advances to customers

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

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

A.2 Loans by credit quality and IFRS 9 Stage

	31.12.2018						
Amounts in thousands of Euro	SME's			Large Corporate			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	**Total**
Regular Risk	26,418.86	-	-	118,670.34	-	-	**145,089.20**
Medium Risk	146,240.36	427.00	-	226,618.06	-	-	**373,285.42**
High Risk	5,896.15	-	-	14,177.22	-	-	**20,073.38**
Default	-	-	6,397.98	-	-	(2,085.00)	**8,482.97**
Total	**178,555.37**	**427.00**	**6,397.98**	**359,465.63**	**-**	**2,085.00**	**546,930.98**
Provision for impairment losses	(47.11)	(2.85)	(3,552.09)	(391.14)	-	(2.046.50)	**(6,039.69)**
Net carrying amount	**178,508.26**	**424.15**	**2,845.89**	**359,074.49**	**-**	**38.49**	**540,891.29**
Value of collateral	**178,505.81**	**1.63**	**792.48**	**355,250.43**	**-**	**6.52**	**534,556.88**

A.3 Ageing analysis by IFRS 9 Stage

31.12.2018									
	SME's				Large corporate				
Amounts in thousands of Euro	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Grand Total
Exposure before impairment									
Current	177,865.14	423.31	2,966.54	**181,254.99**	359,454.08	-	**-**	**359,454.08**	**540,709.07**
1-30 days	690.23	-	-	**690.23**	11.54	-	**-**	**11.54**	**701.78**
31-60 days	-	3.01	-	**3.01**	-	-	**-**	**-**	**3.01**
61-90 days	-	0.68	6.51	**7.19**	-	-	**-**	**-**	**7.19**
91-180 days	-	-	3.89	**3.89**	-	-	6.97	**6.97**	**10.85**
181-360 days	-	-	23.45	**23.45**	-	-	**-**	**-**	**23.45**
>360 days	-	-	3,397.59	**3,397.59**	-	-	2,078.03	**2,078.03**	**5,475.63**
Total	**178,555.37**	**427.00**	**6,397.97**	**185,380.35**	**359,465.63**	-	**2,085.00**	**361,550.62**	**546,930.97**
Accumulated provision for impairment losses									
Current	45.04	2.85	194.18	**242.07**	391.13	-	-	**391.13**	**633.20**
1-30 days	2.07	-	-	**2.07**	-	-	-	**-**	**2.07**
31-60 days	-	-	-	**-**	-	-	-	**-**	**-**
61-90 days	-	-	0.41	**0.41**	-	-	-	**-**	**0.41**
91-180 days	-	-	0.45	**0.45**	-	-	0.44	**0.44**	**0.89**
181-360 days	-	-	7.45	**7.45**	-	-	-	**-**	**7.45**
>360 days	-	-	3,349.59	**3,349.59**	-	-	2,046.06	**2,046.06**	**5,395.65**
Total	**47.11**	**2.85**	**3,552.09**	**3,602.05**	**391.14**	-	**2,046.50**	**2,437.64**	**6,039.69**
Total net carrying amount									
Current	177,820.10	420.46	2,772.36	**181,012.92**	359,062.95	-	**-**	**359,062.95**	**540,075.87**
1-30 days	688.16	-	-	**688.16**	11.54	-	**-**	**11.54**	**699.70**
31-60 days	-	3.01	-	**3.01**	-	-	**-**	**-**	**3.01**
61-90 days	-	0.68	6.09	**6.77**	-	-	**-**	**-**	**6.77**
91-180 days	-	-	3.44	**3.44**	-	-	6.52	**6.52**	**9.96**
181-360 days	-	-	15.99	**15.99**	-	-	-	**-**	**15.99**
>360 days	-	-	48.00	**48.00**	-	-	31.97	**31.97**	**79.97**
Total	**178,508.26**	**424.15**	**2,845.89**	**181,778.30**	**359,074.49**	-	**38.49**	**359,112.98**	**540,891.28**
Value of collateral	**178,505.81**	**1.63**	**792.48**	**179,299.92**	**355,250.43**	-	**6.52**	**355,256.96**	**534,556.88**

A.4 Reconciliation of advances to customers by category

	31.12.2018								
Amounts in thousands of Euro	Exposure before impairment				Accumulated provision for impairment losses				Net Carrying Amount
	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	
Opening balance as at 1.1.2018	**448,217.94**	**605.48**	**10,821.01**	**459,644.43**	**616.93**	**8.86**	**5,120.57**	**5,746.36**	**453,898.07**
Transfers to Stage 1 from Stage 2 or 3	-	-	-	**-**	-	-	-	**-**	**-**
Transfers to Stage 2 from Stage 1 or 3	(2.07)	2.07	-	**-**	-	-	-	**-**	**-**
Transfers to Stage 3 from Stage 1 or 2	(13.73)	-	13.73	**-**	(3.80)	-	3.80	**-**	**-**
New loans originated or purchased	128,073.31	1.63	20.80	**128,095.74**	-	-	-	**-**	**128,095.74**
Repayments and other movements	(38,254.46)	(182.17)	(2,372.57)	**(40,809.17)**	-	-	-	**-**	**(40,809.17)**
Changes in risk parameters	-	-	-	**-**	(174.88)	(6.00)	474.22	**293.33**	**(293.33)**
Closing balance as at 31.12.2018	**538,021.00**	**427.00**	**8,482.97**	**546,930.97**	**438.25**	**2.85**	**5,598.59**	**6,039.69**	**540,891.28**

A.5 Advances to customers by IFRS 9 Stage, industry and geographical region

31.12.2018									
Amounts in thousands of Euro	Greece				Rest of Europe				
	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	**Grand Total**
Exposure before impairment									
Manufacturing	276,160.35	424.25	4,896.78	281,481.38	8,332.14	-	-	8,332.14	**289,813.53**
Wholesale and retail trade	117,384.44	0.68	1,869.77	119,254.89	0.22	-	-	0.22	**119,255.11**
Transportation	6,864.18	-	-	6,864.18	-	-	-	-	**6,864.18**
Services	110,329.72	2.07	1,511.05	111,842.83	-	-	-	-	**111,842.83**
Financial institutions	207.87	-	-	207.87	-	-	-	-	**207.87**
Hotels/Tourism	223.55	-	-	223.55	-	-	-	-	**223.55**
Other sectors	18,518.54	-	205.37	18,723.91	-	-	-	-	**18,723.91**
Total	**529,688.64**	**427.00**	**8,482.97**	**538,598.62**	**8,332.36**	-	-	**8,332.36**	**546,930.97**
Accumulated provision for impairment losses									
Manufacturing	(296.45)	(2.85)	(2,892.16)	(3,191.46)	(2.24)	-	-	**(2.24)**	**(3,193.7)**
Wholesale and retail trade	(43.07)	-	(1,003.49)	(1,046.56)	-	-	-	-	**(1,046.56)**
Transportation	(7.32)	-	-	(7.32)	-	-	-	-	**(7.32)**
Services	(81.19)	-	(1,500.89)	(1,582.08)	-	-	-	-	**(1,582.08)**
Financial institutions	-	-	-	-	-	-	-	-	**-**
Hotels/Tourism	(0.01)	-	-	(0.01)	-	-	-	-	**(0.01)**
Other sectors	(7.98)	-	(202.06)	(210.04)	-	-	-	-	**(210.04)**
Total	**(436.00)**	**(2.85)**	**(5,598.59)**	**(6,037.45)**	**(2.24)**	-	-	**(2.24)**	**(6,039.69)**
Total net carrying amount									
Manufacturing	275,863.90	421.40	2,004.63	278,289.93	8,329.90	-	-	**8,329.90**	**286,619.82**
Wholesale and retail trade	117,341.37	0.68	866.28	118,208.34	0.22	-	-	**0.22**	**118,208.55**
Transportation	6,856.86	-	-	6,856.86	-	-	-	-	**6,856.86**
Services	110,248.53	2.07	10.16	110,260.76	-	-	-	-	**110,260.76**
Financial institutions	207.87	-	-	207.87	-	-	-	-	**207.87**
Hotels/Tourism	223.54	-	-	223.54	-	-	-	-	**223.54**
Other sectors	18,510.56	-	3.31	18,513.87	-	-	-	-	**18,513.87**
Total	**529,252.64**	**424.15**	**2,884.38**	**532,561.17**	**8,330.11**	-	-	**8,330.11**	**540,891.28**

B. Forborne advances to customers

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

Amounts in thousands of Euro	31.12.2018		
	Total forborne advances to customers	Accumulated provision for impairment losses	Net carrying amount of advances to customers
Decrease in interest rate	2,134.50	(135.97)	1,998.53
Loan term extension	2,171.08	(1,471.63)	699.45
Grace period	423.31	(2.85)	420.46
Past due settlement	459.59	(379.13)	80.47
Total	**5,188.49**	**(1,989.57)**	**3,198.91**

B.2 Analysis of forborne advances to customers by category

Amounts in thousands of Euro	31.12.2018	
	Total advances to customers	Total forborne advances to customers
Stage 1	538,021.00	-
Stage 2	427.00	423.31
Stage 3	8,482,97	4,765,18
Exposure (before impairment)	**546,930.97**	**5,188.49**
Stage 1 (Provision for impairment losses)	(438.25)	-
Stage 2 (Provision for impairment losses)	(2.85)	(2.85)
Stage 3 (Provision for impairment losses)	(5,598.59)	(1,986.72)
Total net carrying amount	**540,891.28**	**3,198,91**
Value of collateral	534,556.88	773.05

B.3 Reconciliation of forborne advances to customers

Forborne advances to customers (Net Value)	
	1.1-31.12.2018
Opening balance as at 1.1.2018	**3,487.39**
Forbearance measures during the period	0.92
Interest income	85.34
Repayments of advances (partial or full)	(584.07)
Advances that exited forbearance status during the period	-
Impairment gain	188.9
Other	20.43
Closing balance as at 31.12.2018	**3,198.91**
Out of which:	
Large corporate	-
SME's	3,198.91

Forborne exposures as 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 31.12.2018.

COMPARATIVES

Credit risk disclosures as at 31.12.2017 and for the year 2017 have been prepared using exposures measured in accordance with IAS 39.

The main differences between IAS 39 and IFRS 9 relate to the following:

- the definition of impaired exposures and
- the calculation of impairments which according to IAS 39, was based on incurred credit losses, while the IFRS 9 requires the recognition of Expected Credit Losses.

Specifically, the steps performed are the following:

a. The criteria of assessment on an individual or collective basis

The Company assesses whether there is objective evidence of impairment for the assessment on an individual basis. The process for the identification of impaired receivables and the estimation of the respective impairment allowance involves the following steps:

1. Identification of receivables which will be individually assessed and for which events exist which constitute objective evidence that an impairment loss has occurred;
2. Impairment calculation for receivables identified in the previous step and assessed individually as the difference between the estimated recoverable amount and the carrying amount of the receivable;
3. Receivables which are individually assessed and found not impaired are assessed for impairment collectively.

The Company has accumulated a significant amount of historical data, which includes the loss given default (LGD) rates for receivables after the completion of forced recovery actions, or other measures taken to secure the collection of receivables.

b. Establishment of the trigger events for impairment purposes

Impairment Assessment on an Individual Basis

Customer receivables are individually assessed for impairment when one of the following trigger events exists:

1. Customers with amounts past due more than 90 days;
2. Customers under litigation;
3. Customers under forbearance status (extension of forbearance measures, FNPL);
4. Customers assessed as unlikely to pay;
5. Customers with detrimentals (e.g. payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts to Social Security or employees – employment retention);
6. Significant deterioration in the future outlook for the industry sector in which the customer operates;
7. Occurrence of unexpected, extreme events such as fraud, natural disasters, etc.;
8. Interventions and actions taken by regulatory bodies / local authorities against the debtor (e.g. Athens Stock Exchange, Hellenic Capital Market Commission);
9. Breach of contract or credit terms and conditions;

10. Adverse changes in the shareholding structure or the management of the company or serious management issues/problems;
11. Significant adverse changes in cash flows arising from the loss of a key/major customer, a significant fall in demand for the primary product or service, the loss of a key/major supplier or suppliers not extending credit etc.

When trigger events occur the Company performs impairment testing on an individual basis regardless of the amount of the unpaid balance of any advances to customers.

Impairment Assessment on a Collective Basis

Customer receivables are collectively assessed for impairment when the trigger events detailed above are not met and therefore are not individually assessed.

Additionally, receivables which are individually assessed and found not impaired are also assessed on a collective basis.

The need for the existence of objective evidence in order for the impairment loss to be measured and recognized on individually assessed receivables, may lead to a delay in the recognition of an impairment loss for a receivable which is already incurred. Within this context and in accordance with IAS 39, it is appropriate to recognize impairment losses for those losses "which have been incurred but have not yet been reported" (Incurred But Not Reported - IBNR).

Provisions for loss events that have been incurred but not yet reported are estimated on a collective basis. For purposes of IBNR provisions, receivables are classified in groups sharing similar credit risk characteristics. These characteristics relate to estimates of future cash flows applying for each group of receivables, indicating the ability of the debtors to repay the amounts due according to the contractual terms of the assets under assessment.

FINANCIAL INSTRUMENTS CREDIT RISK

Amounts in thousands of Euro	31.12.2017*		
	Exposure before impairment	Impairment	Net exposure to credit risk
Due from banks	1,715.27	-	1,715.27
Due from customers	459,644.43	(5,424.63)	454,219.80
Total amount of balance sheet items exposed to credit risk	**461,359.70**	**(5,424.63)**	**455,935.07**
Other balance sheet items not exposed to credit risk	1,508.24	-	1,508.24
Total assets	**462,867.94**	**(5,424.63)**	**457,443.31**

FINANCIAL INSTRUMENTS CREDIT RISK, ANALYSIS PER INDUSTRY

Amounts in thousands of Euro	31.12.2017						
	Financial institutions	Industry and manufacturing	Services	Wholesale and retail trade	Hotels/Tourism	Other sectors	Total
Due from banks	1,715.27	-	-	-	-	-	**1,715.27**
Due from customers	-	304,640.52	21,758.16	110,595.98	514.05	22,135.73	**459,644.43**
Total amount of balance sheet items exposed to credit risk	**1,715.27**	**304,640.52**	**21,758.16**	**110,595.98**	**514.05**	**22,135.73**	**461,359.70**

* Certain figures of the previous year have been restated.

A. Advances to customers

A.1. Advances to customers by asset quality (impaired or not impaired – impairment allowance – value of collateral)

31.12.2017									
Amounts in thousands of Euro	Not impaired advances		Impaired advances		Total gross amount	Impairment allowance		Total net amount	Value of collateral
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed		Individually assessed	Collectively assessed		
Large corporate	267,486.22	-	1,464.59	648.56	269,599.37	1,464.59	520.47	267,614.31	268,949.28
SME's	181,337.20	-	2,943.78	5,764.08	190,045.06	2,941.61	497.96	186,605.48	186,153.53
Total	**448,823.42**	**-**	**4,408.37**	**6,412.64**	**459,644.43**	**4,406.20**	**1,018.43**	**454,219.79**	**455,102.81**

The accumulated impairment allowance for collectively assessed advances to customers as at 31.12.2017 includes an amount of Euro 699,509.00 concerning IBNR provisions.

A.2. Analysis of neither past due nor impaired advances to customers

31.12.2017					
Amounts in thousands of Euro	Regular risk	Medium risk	High risk	Total neither past due not impaired	Value of collateral
Large corporate	254,243.37	13,242.73	0.11	**267,486.22**	267,481.80
SME's	171,037.75	9,870.74	428.71	**181,337.20**	180,970.32
Total	**425,281.12**	**23,113.47**	**428.82**	**448,823.42**	**448,452.12**

A.3. Ageing analysis of impaired advances to customers by category (net amount after impairment)

Amounts in thousands of Euro		31.12.2017		
		Large corporate	SME's	Total impaired advances
A. Total gross amount	Current	-	3,229.64	**3,229.64**
	1-30 days	-	21.08	**21.08**
	31-60 days	-	-	**-**
	61-90 days	-	-	**-**
	91-180 days	-	2,022.36	**2,022.36**
	181-360 days	1,460.52	3.85	**1,464.37**
	>360 days	652.63	3,430.93	**4,083.55**
	Total	**2,113.15**	**8,707.86**	**10,821.01**
B. Accumulated impairment allowance (Individual and Collective)	Current	-	(184.38)	**(184.38)**
	1-30 days	-	(0.49)	**(0.49)**
	31-60 days	-	-	**-**
	61-90 days	-	-	**-**
	91-180 days	-	(9.46)	**(9.46)**
	181-360 days	(1,460.52)	(1.54)	**(1,462.06)**
	>360 days	(76.32)	(2,992.41)	**(3,068.72)**
	Total	**(1,536.84)**	**(3,188.29)**	**(4,725.12)**
C. Total net amounts	Current	-	3,045.26	**3,045.26**
	1-30 days	-	20.59	**20.59**
	31-60 days	-	-	**-**
	61-90 days	-	-	**-**
	91-180 days	-	2,012.90	**2,012.90**
	181-360 days	-	2.31	**2.31**
	>360 days	576.31	438.51	**1,014.82**
	Total	**576.31**	**5,519.57**	**6,095.88**
Value of collateral		**1,467.48**	**5,183.21**	**6,650.69**

Impaired advances to customers include performing forborne exposures which have not been impaired via individual assessment with the relevant impairment allowance whereas, regarding collective assessment out of Euro 3,250,724.98, there has been impaired an amount of Euro 184,873.00.

A4. Reconciliation of impaired advances to customers by category

1.1-31.12.2017			
Amounts in thousands of Euro	Large corporate	SME's	Total
Opening balance as at 1.1.2017	**43,545.60**	**8,435.81**	**51,981.41**
New impaired advances	-	4,252.37	**4,252.37**
Transfer to non-impaired advances	(40,584.75)	(35.79)	**(40,620.54)**
Repayments of impaired advances	(920.31)	(4,533.28)	**(5,453.59)**
Other charges	72.61	588.75	**661.36**
Balance as at 31.12.2017	**2,113.15**	**8,707.86**	**10,821.01**
Accumulated impaired allowance	(1,536.84)	(3,188.29)	**(4,725.12)**
Net value of impaired advances as at 31.12.2017	**576.31**	**5,519.57**	**6,095.89**

A.5. Advances to customers, Impaired advances and Impairment allowance by category, industry and geographical region

	31.12.2017					
Amounts in thousands of Euro	Greece			Rest of Europe		
Medium and large corporate lending	**Gross amount**	**Impaired amount**	**Accumulated impairment allowance**	**Gross amount**	**Impaired amount**	**Accumulated impairment allowance**
Financial institutions	-	-	-	-	-	-
Industry and manufacturing	294,505.03	4,999.86	2,513.61	10,135.48	-	8.13
Real estate	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Wholesale and retail trade	110,567.37	4,072.42	1,118.15	28.60	6.81	0.04
Transportation	7,583.89	-	17.76	-	-	-
Shipping	-	-	-	-	-	-
Hotels / Tourism	514.05	-	0.25	-	-	-
Services	21,758.16	1,536.51	1,544.05	-	-	-
Other sectors	14,551.85	205.42	222.64	-	-	-
Total	**449,480.34**	**10,814.20**	**5,416.46**	**10,164.09**	**6.81**	**8.17**

A.6. Interest and similar income by credit quality and type of advances to customers

	31.12.2017		
Amounts in thousands of Euro	**Interest income on non-impaired advances**	**Interest income on impaired advances**	**Total interest income**
Corporate lending	22,489.17	472.49	**22,961.66**
Total	**22,489.17**	**472.49**	**22,961.66**

B. Forborne advances to customers

B.1.Analysis of forborne advances to customers by credit quality

	31.12.2017	
Amounts in thousands of Euro	**Total advances to customers**	**Forborne advances to customers**
Neither past due nor impaired	448,823.42	605.48
Past due but not impaired	-	-
Impaired	10,821.01	5,060.40
Total gross amount	**459,644.43**	**5,665.87**
Individual impairment allowance	(4,406.20)	(1,807.50)
Collective impairment allowance	(1,018.43)	(198.97)
Total net amount	**454,219.78**	**3,659.40**
Value of collateral	455,102.81	2,812.27

B.2. Reconciliation of forborne advances to customers

Forborne advances to customers (Net Value)	
Amounts in thousands of Euro	**1.1-31.12.2017**
Opening balance as at 1.1.2017	**42,497.08**
Forbearance measures extended during the period	39.51
Interest income	287.90
Repayments of advances (partial or full)	(38,978.06)
Advances that exited forbearance status during the period	-
Impairment loss	(276.97)
Other	89.94
Closing balance as at 31.12.2017	**3,659.40**
Out of which:	
Large corporate	-
SME's	3,659.40

Forborne exposures as 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 31.12.2017.

44.2 Foreign currency risk

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

The Company undertakes exposure to risks arising from changes in foreign exchange rates which do not materially affect its financial position and cash flows. The following tables depict the Company's exposure to foreign currency risk as at 31.12.2018 and 31.12.2017.

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 31.12.2018				
Amounts in thousands of Euro	USD	GBP	OTHER FCY	EURO	TOTAL
ASSETS					
Cash and cash equivalents	-	-	-	0.8	0.8
Due from banks	0.31	5.63	-	1,790.00	1,795.94
Due from customers	703.96	-	-	540,187.33	540,891.29
Property, plant and equipment	-	-	-	185.55	185.55
Intangible assets	-	-	-	520.68	520.68
Other assets	-	-	-	268.36	268.36
Total assets	**704.27**	**5.63**	**0**	**542,952.72**	**543,662.62**
LIABILITIES					
Due to banks	629.84	-	-	23,535.66	24,165.50
Due to customers	-	-	-	5,128.29	5,128.29
Debt securities in issue	-	-	-	380,123.72	380,123.72
Liabilities for current income tax and other taxes	-	-	-	1,133.17	1,133.17
Deferred tax liabilities	-	-	-	8,223.12	8,223.12
Employee defined benefit obligations	-	-	-	493.36	493.36
Other liabilities	11.35	-	-	1,595.90	1,607.25
Total liabilities	**641.19**	**-**	**-**	**420,233.22**	**420,874.41**
Total Foreign Exchange Position	**63.08**	**5.63**	**-**	**122,719.50**	**122,788.21**

	Foreign currency risk 31.12.2017*				
Amounts in thousands of Euro	**USD**	**GBP**	**OTHER FCY**	**EURO**	**TOTAL**
ASSETS					
Cash and cash equivalents	-	-	-	0.51	0.51
Due from banks	0.17	4.71	-	1,710.39	1,715.27
Due from customers	369.89	0.24	-	453,849.67	454,219.80
Property, plant and equipment	-	-	-	106.57	106.57
Intangible assets	-	-	-	498.97	498.97
Other assets	-	-	-	902.19	902.19
Total assets	**370.06**	**4.95**	**-**	**457,068.30**	**457,443.31**
LIABILITIES					
Due to banks	281.25	-	-	23,338.19	23,619.44
Due to customers	-	-	-	10,682.16	10,682.16
Debt securities in issue	-	-	-	300,088.37	300,088.37
Liabilities for current income tax and other taxes	-	-	-	489.33	489.33
Deferred tax liabilities	-	-	-	8,821.97	8,821.97
Employee defined benefit obligations	-	-	-	451.32	451.32
Other liabilities	68.98	-	-	1,425.57	1,494.55
Total liabilities	**350.23**	**-**	**-**	**345,296.91**	**345,647.14**
Total Foreign Exchange Position	**19.83**	**4.95**	**-**	**111,771.39**	**111,796.17**

* Certain figures of the previous year have been restated.

44.3 Interest rate risk

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

	Interest Rate Risk (Gap Analysis) 31.12.2018							
Amounts in thousands of Euro	**Less than 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**TOTAL**
ASSETS								
Cash and cash equivalents	-	-	-	-	-	-	0.8	0.8
Due from banks	1,795.94	-	-	-	-	-	-	1,795.94
Due from customers	8,357.30	531,707.57		-	-	-	826.41	540,891.28
Property, plant and equipment	-	-	-	-	-	-	185.55	185.55
Intangible assets	-	-	-	-	-	-	520.68	520.68
Other assets	-	-	-	-	-	-	268.38	268.38
Total Assets	**10,153.24**	**531,707.57**	**-**	**-**	**-**	**-**	**1,801.82**	**543,662.63**
LIABILITIES								
Due to banks	23,535.66	629.84	-	-	-	-	-	24165.5
Due to customers	-	-	-	-	-	-	5,128.29	5,128.29
Debt securities in issue	380,123.72	-	-	-	-	-	-	380,123.72
Liabilities for current income tax and other taxes	-	-	-	-	-	-	1,133.17	1,133.17
Deferred tax liabilities	-	-	-	-	-	-	8,223.12	8,223.12
Employee defined benefit obligations	-	-	-	-	-	-	493.36	493.36
Other liabilities	-	-	-	-	-	-	1,607.25	1,607.25
Total Liabilities	**403,659.38**	**629.84**	**-**	**-**	**-**	**-**	**16,585.19**	**420,874.41**
EQUITY								
Share capital	-	-	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	-	-	7,679.80	7,679.80
Retained earnings	-	-	-	-	-	-	74,043.66	74,043.66
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**122,788.22**	**122,788.22**
Total Liabilities and Equity	**403,659.38**	**629.84**	**-**	**-**	**-**	**-**	**139,373.41**	**543,662.63**
OPEN EXPOSURE	**(393,506.14)**	**531,077.73**	**-**	**-**	**-**	**-**	**(137,571.59)**	**-**
CUMULATIVE EXPOSURE	**(393,506.14)**	**137,571.59**	**-**	**-**	**-**		**-**	**-**

	Interest Rate Risk (Gap Analysis) 31.12.2017*							
Amounts in thousands of Euro	**Less than 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**TOTAL**
ASSETS								
Cash and cash equivalents	-	-	-	-	-	-	0.51	0.51
Due from banks	1,715.27	-	-	-	-	-	-	1,715.27
Due from customers	15,746.30	435,436.56	-	-	-	-	3,036.94	454,219.80
Property, plant and equipment	-	-	-	-	-	-	106.57	106.57
Intangible assets	-	-	-	-	-	-	498.97	498.97
Other assets	-	-	-	-	-	-	902.19	902.19
Total Assets	**17,461.57**	**435,436.56**	**-**	**-**	**-**	**-**	**4,545.18**	**457,443.31**
LIABILITIES								
Due to banks	23,338.19	281.25	-	-	-	-	-	23,619.44
Due to customers	-	-	-	-	-	-	10,682.16	10,682.16
Debt securities in issue	300,088.37	-	-	-	-	-	-	300,088.37
Liabilities for current income tax and other taxes	-	-	-	-	-	-	489.33	489.33
Deferred tax liabilities	-	-	-	-	-	-	8,821.97	8,821.97
Employee defined benefit obligations	-	-	-	-	-	-	451.32	451.32
Other liabilities	-	-	-	-	-	-	1,494.55	1,494.55
Total Liabilities	**323,426.56**	**281.25**	**-**	**-**	**-**	**-**	**21,939.33**	**345,647.14**
EQUITY								
Share capital	-	-	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	-	-	7,246.83	7,246.83
Retained earnings	-	-	-	-	-	-	63,484.58	63,484.58
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**111,796.17**	**111,796.17**
Total Liabilities and Equity	**323,426.56**	**281.25**	**-**	**-**	**-**	**-**	**133,735.50**	**457,443.31**
OPEN EXPOSURE	**(305,964.99)**	**435,155.31**	**-**	**-**	**-**	**-**	**(129,190.32)**	**-**
CUMULATIVE EXPOSURE	**(305,964.99)**	**129,190.32**	**129,190.32**	**129,190.32**	**129,190.32**	**129,190.32**	**-**	**-**

* Certain figures of the previous year have been restated.

44.4 Liquidity risk

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

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

	Liquidity Risk (Liquidity Gap Analysis) 31.12.2018					
Amounts in thousands of Euro	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	TOTAL
ASSETS						
Cash and cash equivalents	0.8	-	-	-	-	0.8
Due from banks	1,795.94	-	-	-	-	1,795.94
Due from customers	11,573.84	162,923.02	249,244.64	114,562.60	2,587.18	540,891.28
Property, plant and equipment	-	-	-	-	185.55	185.55
Intangible assets	-	-	-	-	520.68	520.68
Other assets	118.84	37.76		42.79	68.99	268.38
Total Assets	**13,489.42**	**162,960.78**	**249,244.64**	**114,605.39**	**3,362.40**	**543,662.63**
LIABILITIES						
Due to banks	24,165.50	-	-	-	-	24,165.50
Due to customers	5,128.29	-	-	-	-	5,128.29
Debt securities in issue	123.72	-	-	-	380,000.00	380,123.72
Liabilities for current income tax and other taxes	467.57	85.82	-	579.78	-	1,133.17
Deferred tax liabilities	-	-	-	-	8,223.12	8,223.12
Employee defined benefit obligations	-	-	-	-	493.36	493.36
Other liabilities	1,406.33	44.82	150	-	6.1	1,607.25
Total Liabilities	**31,291.41**	**130.64**	**150**	**579.78**	**388,722.58**	**420,874.41**
EQUITY						
Share capital	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	7,679.80	7,679.80
Retained earnings	-	-	-	-	74,043.66	74,043.66
Total Equity	**-**	**-**	**-**	**-**	**122,788.22**	**122,788.22**
Total Liabilities and Equity	**31,291.41**	**130.64**	**150**	**579.78**	**511,510.80**	**543,662.63**
Open Liquidity Gap	**(17,801.99)**	**162,830.14**	**249,094.64**	**114,025.61**	**(508,148.40)**	**-**
Cumulative Liquidity Gap	**(17,801.99)**	**145,028.15**	**394,122.79**	**508,148.40**	**-**	**-**

Amounts in thousands of Euro	Liquidity Risk (Liquidity Gap Analysis) 31.12.2017*					
	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	0.51	-	-	-	-	0.51
Due from banks	1,715.27	-	-	-	-	1,715.27
Due from customers	71,316.77	143,291.60	185,662.05	48,980.97	4,968.41	454,219.80
Property, plant and equipment	-	-	-	-	106.57	106.57
Intangible assets	-	-	-	-	498.97	498.97
Other assets	138.88	-	-	676.65	86.66	902.19
Total Assets	**73,171.43**	**143,291.60**	**185,662.05**	**49,657.62**	**5,660.61**	**457,443.31**
LIABILITIES						
Due to banks	23,619.44	-	-	-	-	23,619.44
Due to customers	10,682.16	-	-	-	-	10,682.16
Debt securities in issue	88.37	-	-	-	300,000.00	300,088.37
Liabilities for current income tax and other taxes	403.35	85.98	-	-	-	489.33
Deferred tax liabilities	-	-	-	-	8,821.97	8,821.97
Employee defined benefit obligations	-	-	-	-	451.32	451.32
Other liabilities	1,354.99	51.13	-	-	88.43	1,494.55
Total Liabilities	**36,148.31**	**137.11**	**-**	**-**	**309,361.72**	**345,647.14**
EQUITY						
Share capital	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	64.75	64.75
Statutory reserve	-	-	--	-	7,246.83	7,246.83
Retained earnings	-	-	-	-	63,484.58	63,484.58
Total Equity	**-**	**-**	**-**	**-**	**111,796.17**	**111,796.17**
Total Liabilities and Equity	**36,148.31**	**137.11**	**-**	**-**	**421,157.89**	**457,443.31**
Open Liquidity Gap	**37,023.12**	**143,154.49**	**185,662.05**	**49,657.62**	**(415,497.28)**	**-**
Cumulative Liquidity Gap	**37,023.12**	**180,177.61**	**365,839.66**	**415,497.28**	**-**	**-**

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.

* Certain figures of the previous year have been restated.

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

	Nominal inflows / outflows 31.12.2017					
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	23,624.36	-	-	-	-	23,624.36
Due to customers	10,682.16	-	-	-	-	10,682.16
Debt securities in issue	715.8	1,362.33	2,101.22	4,248.61	329,272.57	337,700.53
Total	**35,022.32**	**1,362.33**	**2,101.22**	**4,248.61**	**329,272.57**	**372,007.05**

44.5 Operational risk

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

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

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

44.6 Impact from the implementation of IFRS 9

The new accounting standard IFRS 9 replaced IAS 39 from 1 January 2018, which imposing fundamental changes in the way financial instruments are classified and measured.

For the application of the new standard, the Company in cooperation with the Bank along with a Consultancy firm have launched an Implementation Program, which was organized around two main work streams, the classification and measurement work stream and the impairment work stream.

On the completion of the Implementation Program, new policies have been developed at Group and Company level for the classification, measurement and impairment of financial instruments. New methodologies and procedures have also been implemented to support these new policies.

The following table presents reconciliation of the transition from IAS 39 to IFRS 9 as at 1.1.2018.

Amounts in thousands of Euro	IFRS 9 Transition*			
	Balance 31.12.2017	**Reclassification**	**Valuation Impact**	**Balance IFRS 9 01.01.2018**
ASSETS				
Cash and cash equivalents	0.51	-	-	0.51
Due from banks	1,715.27	-	-	1,715.27
Due from customers	454,219.80	-	(321.73)	453,898.07
Property, plant and equipment	106.57	-	-	106.57
Intangible assets	498.97	-	-	498.97
Other assets	902.19	-	-	902.19
Total Assets	**457,443.31**	**-**	**(321.73)**	**457,121.58**
LIABILITIES				
Due to banks	23,619.44	-	-	23,619.44
Due to customers	10,682.16	-	-	10,682.16
Debt securities in issue	300,088.37	-	-	300,088.37
Liabilities for current income tax and other taxes	489.33	-	-	489.33
Deferred tax liabilities	8,821.97	-	(93.30)	8,728.67
Employee defined benefit obligations	451.32	-	-	451.32
Other liabilities	1,494.55	-	-	1,494.55
Total liabilities	**345,647.14**	**-**	**(93.30)**	**345,553.84**
EQUITY				
Share capital	41,000.01	-	-	41,000.01
Share premium	64.75	-	-	64.75
Statutory reserve	7,246.83	-	-	7,246.83
Retained earnings	63,484.58	-	(228.43)	63,256.15
Total Equity	**111,796.17**	**-**	**(228.43)**	**111,567.74**
Total Liabilities and Equity	**457,443.31**	**-**	**(321.73)**	**457,121.58**

* Certain figures of the previous year have been restated.

The existing portfolio on 1.1.2018, was classified as follows:

- Loans and advances to customers and due from banks will be included in business models that permit the classification of instruments at amortized cost (hold to collect), to the extent that from the assessment of their contractual terms it is concluded that their contractual cash flows meet the definition of principal and interest as defined by the new Standard (SPPI test). Upon transition, both existing receivables against customers and against financial institutions succeeded in the SPPI test, therefore measured at amortized cost.

- Financial liabilities are measured at amortized cost, thus they are not affected by the implementation of IFRS 9 and there was no need to separately measure or present changes in fair value due to credit risk.

It is noted that the Company in cooperation with the parent Bank will reassess the business models at each reporting date and these will be approved from a representative Board of Directors Committee of the Company.

The following table presents the advances to customers measured at amortised cost by IFRS 9 (stages) as of 1.1.2018 after the estimated impact of IFRS 9.

Amounts in thousands of Euro	Stage 1		Stage 2		Stage 3		Total	
	Gross amount	Expected credit losses	Gross amount	Expected credit losses	Gross amount	Expected credit losses	**Gross amount**	**Expected credit losses**
	Due to customers - Performing							
SME's	180,731.72	(198.28)	605.48	(8.86)	-	-	**181,337.20**	**(207.14)**
Large corporate	267,486.22	(418.65)	-	-	-	-	**267,486.22**	**(418.65)**
Total	**448,217.94**	**(616.93)**	**605.48**	**(8.86)**	-	-	**448,823.42**	**(625.79)**
	Due to customers - Non-Performing							
SME's	-	-	-	-	8,707.86	(3,583.73)	**8,707.86**	**(3,583.73)**
Large corporate	-	-	-	-	2,113.15	(1,536.84)	**2,113.15**	**(1,536.84)**
Total	-	-	-	-	**10,821.01**	**(5,120.57)**	**10,821.01**	**(5,120.57)**
	Total due to customers							
SME's	180,731.72	(198.28)	605.48	(8.86)	8,707.86	(3,583.73)	**190,045.06**	**(3,790.87)**
Large corporate	267,486.22	(418.65)	-	-	2,113.15	(1,536.84)	**269,599.37**	**(1,955.49)**
Total	**448,217.94**	**(616.93)**	**605.48**	**(8.86)**	**10,821.01**	**(5,120.57)**	**459,644.43**	**(5,746.36)**
Grand Total	**448,217.94**	**(616.93)**	**605.48**	**(8.86)**	**10,821.01**	**(5,120.57)**	**459,644.43**	**(5,746.36)**

45. Capital adequacy

The capital adequacy ratio as at 31.12.2018 stands at 28.94%, 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.

The Company employs modern methods for the management of its capital adequacy and towards this purpose has proceeded with the issuance of subordinated debt which forms part of regulatory capital (note 35).

	31.12.2018	**31.12.2017**
Tier I	24.03%	22.58%
Tier I+Tier II	28.94%	27.65%

46. Related party transactions

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

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

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

	31.12.2018	31.12.2017
Expenses		
Fees paid to key management personnel and members of the Board of Directors	305,952.33	275,873.61
Total	**305,952.33**	**275,873.61**

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

			31.12.2018	31.12.2017
Assets				
A)		**Due from banks**		
	1.	ALPHA BANK S.A.	241,144.55	99,767.19
	2.	ALPHA BANK CYPRUS LTD	228,675.59	152,002.78
	3.	ALPHALIFE A.A.E.Z.	(529.61)	1,538.73
		Total	**469,290.53**	**253,308.70**

			31.12.2018	31.12.2017
Liabilities				
A)		**Due to banks**		
	1.	ALPHA BANK S.A.	24,165,503.71	23,619,443.81
B)		**Debt securities in issue**		
	1.	ALPHA BANK S.A.	380,120,715.00	300,085,368.00
	2.	ALPHA BANK LONDON LTD	3,000.00	3,000.00
C)		**Other liabilities**		
	1.	ALPHA BANK S.A.	849,967.66	798,481.74
	2.	ALPHA SUPPORTING SERVICES S.A.	86,472.97	-
		Total	**405,225,659.34**	**324,506,293.55**

Income statement		1.1.-31.12.2018	1.1.-31.12.2017
	INCOME		
A)	**Interest and similar income**		
1.	ALPHA BANK S.A.	66,399.94	8,477.81
B)	**Staff costs**		
1.	ALPHALIFE A.A.E.Z.	4,781.31	2,361.59
2.	ALPHA BANK S.A.	-	29,162.99
	Total income	**71,181.25**	**40,002.39**
	EXPENSES		
A)	**Interest and similar charges**		
1.	ALPHA BANK S.A.	9,224,066.84	13,513,000.94
2.	ALPHA BANK LONDON LTD	108.89	132.13
3.	ALPHA BANK CYPRUS LTD	10,524.16	5,496.80
B)	**Commission expense**		
1.	ALPHA BANK S.A.	2,270,725.63	2,114,766.80
C)	**Staff costs**		
1.	ALPHA BANK S.A.	196,551.23	211,291.51
D)	**General administrative expense**		
1.	ALPHA BANK S.A.	73,060.83	74,098.14
2.	OCEANOS A.T.O.E.E.	82,784.52	82,372.68
3.	ALPHA SUPPORTING SERVICES S.A.	69,736.27	75,000.00
E)	**Insurance Premium**		
1.	ALPHA BANK A.E.	63,854.20	-
	Total expenses	**11,991,412.57**	**16,076,159.00**

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.-31.12.2018, the Company did not transact with related parties to the HFSF.

47. Auditors' fees

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

	1.1-31.12.2018	1.1-31.12.2017
Fees for statutory audit	29,070.00	29,070.00
Fees under article 65A of L. 4174/2013 for the issuance of the tax certificate	16,320.00	16,320.00
Fees for non-audit services	3,100.00	-
Total	**48,490.00**	**45,390.00**

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

48. Restatement of financial statements

The Company restated the Balance Sheet of December 31 2017, as presented on the following table in order to present similar and comparable amounts to current year.

In particular, tax advances amounting to Euro 2,664,690.97 presented at "Other Assets" restated at "Liabilities for current income tax and other taxes".

BALANCE SHEET 31.12.2017

Amounts in Euro	Published amounts	Restatements	Restated amounts
ASSETS			
Other assets	3,566,894.35	(2,664,690.97)	902,203.38
LIABILITIES			
Liabilities for current income tax and other taxes	3,154,032.39	(2,664,690.97)	489,341.42

49. Events after the balance sheet date

No significant events occurred since 31 December 2018 and up to the date of approval of these financial statements.

Athens, June 11, 2019

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR AND GENERAL MANAGER	THE FINANCE AND ADMINISTRATION MANAGER
GEORGE C. ARONIS I.D. No AB 003911	MARIA M. RAIKOU I.D. No AK 199121	ANTONIOS K. CHRONIS I.D. No AZ 007940