ABC FACTORS

FINANCIAL STATEMENTS AS AT 31.12.2017

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

Athens,
May 31, 2018

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, 2017 to December 31st, 2017

(according to C.L. 2190/20, article 135 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): George C. 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)	: 31 May 2018
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

	31.12.2017	31.12.2016
ASSETS		
Cash and balances	505,16	1.493,91
Due from banks	1.715.271,29	758.459,38
Due from customers	454.219.797,93	522.000.614,37
Property,plant and equipment	106.565,72	81.900,19
Intangible assets	498.970,83	511.791,44
Other assets	3.566.894,35	4.188.590,24
TOTAL ASSETS	**460.108.005,28**	**527.542.849,53**
LIABILITIES		
Due to banks	23.619.443,81	105.777.368,57
Due to customers	10.682.164,38	4.806.603,84
Debt securities in issue	300.088.368,00	300.086.875,00
Liabilities for current income tax and other taxes	3.154.032,39	3.915.024,99
Deferred tax liabilities	8.821.964,66	7.922.196,74
Employee defined benefit obligations	451.316,21	400.508,21
Other liabilities	1.494.550,92	1.473.566,89
Total liabilities (a)	**348.311.840,37**	**424.382.144,24**
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	7.246.833,25	6.745.452,14
Retained earnings	63.484.574,78	55.350.496,27
Total Equity (b)	**111.796.164,91**	**103.160.705,29**
TOTAL LIABILITIES AND EQUITY (a)+(b)	**460.108.005,28**	**527.542.849,53**

STATEMENT OF COMPREHENSIVE INCOME

	1.1-31.12.2017	1.1-31.12.2016
Interest and similar income	22.970.727,44	29.973.787,59
Interest expense and similar charges	(13.522.055,82)	(18.890.775,13)
Net interest income	9.448.671,62	11.083.012,46
Commission income	10.269.399,24	11.588.398,50
Commission expense	(3.258.496,50)	(3.560.061,61)
Net commission income	7.010.902,74	8.028.336,89
Gains less losses on financial transactions	(618,92)	(2.178,24)
Other income	1.614,04	1.250,32
	995,12	(927,92)
Total income	**16.460.569,48**	**19.110.421,43**
Staff costs	(3.006.302,06)	(2.910.873,80)
General administrative expenses	(1.040.933,02)	(1.002.238,27)
Depreciation and amortization expenses	(82.640,78)	(82.761,24)
Total expenses	**(4.129.875,86)**	**(3.995.873,31)**
Impairment losses on customer receivables	19.453,81	(927.434,68)
Provision for litigations	(88.428,62)	-
Profit before income tax	**12.261.718,81**	**14.187.113,44**
Income tax	(3.602.477,03)	(4.159.491,17)
Profit after income tax	**8.659.241,78**	**10.027.622,27**
Other comprehensive income recognized directly in equity :		
Change in actuarial gains / (losses) on employee defined benefit obligations	(33.496,00)	(44.404,29)
Income tax	9.713,84	12.877,24
Total comprehensive income for the period, after income tax	**8.635.459,62**	**9.996.095,22**
Earnings per share :		
Basic and diluted (Euro per share)	6,3186	7,3373
Proposed dividend (Euro per share)	-	-
Proposed dividend under article 72, Law 4172 (Euro per share)	-	-

STATEMENT OF CASH FLOWS

	1.1-31.12.2017	1.1-31.12.2016
Net cash inflows / (outflows) from operating activities (a)	12.581.975,44	42.491.438,57
Net cash inflows/ (outflows) from investing activities (b)	(94.485,70)	(22.012,18)
Net cash inflows / (outflows) from financing activities (c)	(11.531.666,58)	(44.349.722,62)
Net increase / (decrease) in cash and cash equivalents during the period (a)+(b)+(c)	955.823,16	(1.880.296,23)
Effect of exchange rate differences on cash and cash equivalents	,00	,00
Net cash inflows / (outflows) for the period	**955.823,16**	**(1.880.296,23)**
Cash and cash equivalents at the beginning of the period	**759.953,29**	**2.640.249,52**
Cash and cash equivalents at the end of the period	**1.715.776,45**	**759.953,29**

STATEMENT OF CHANGES IN EQUITY

	31.12.2017	31.12.2016
Equity at the beginning of the period (1.1.2017 and 1.1.2016 respectively)	103.160.705,29	123.164.610,07
Total comprehensive income for the period, after income tax	8.635.459,62	9.996.095,22
Dividends paid	,00	(30.000.000,00)
Equity at the end of the period (31.12.2017 and 31.12.2016 respectively)	**111.796.164,91**	**103.160.705,29**

ADDITIONAL DATA AND INFORMATION

1. The unaudited tax years for the Company are listed in note 42b of the financial statements as at 31.12.2017.
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 31.12.2017 and 31.12.2016 were 83 and 81 respectively.
5. The monetary value and nature of amounts recognized directly in equity are listed in detail under the Statement of Comprehensive Income.
6. The results arising from related party transactions, during the period from 1.1.2017 until 31.12.2017, are as follows:
   - With members of the Board of Directors and other key management personnel: expenses of Euro 275,873.61.
   - With other related parties: a) income of Euro 40,002.39 and b) expenses of Euro 16,076,159.00.

   The balances of receivables and liabilities arising from the above transactions as at 31.12.2017 are as follows:
   - With other related parties: a) Receivables of Euro 253,308.70 and b) Liabilities of Euro 324,506,293.55
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, May 31, 2018

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

BOARD OF DIRECTORS' MANAGEMENT REPORT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE FISCAL YEAR 2017

(From 1st January to 31st December 2017)

Athens,
May 31, 2018

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 2017 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 2017.

1. Financial Position and Business Development for the Company

The progress in implementing the economic adjustment program in Greece, has had a positive effect on the restoration of confidence in the economy and the banking system during 2017; this was reflected respectively in the deceleration in Greek government bond yields on international markets and in the reduction of Greek banks dependency on Eurosystem financing facility (ESF and ELA) for emergency liquidity.

The enabling international economic environment had a positive influence at the evolution of the Greek economy, especially in terms of revenue from Tourism and from the manufacturing sector.

During 2017, the growth rate of exported goods and non-fuel services amounted to 7.1%, compared to 1.6% in 2016, with the largest contribution being from the industry of raw materials (+26.5%), of industrial goods (+13.7%) and chemicals (+12%). A slight change (+2%) was recorded in the food industry, while the industry of olive oil (-15.3%) and beverages and tobacco industry (-2.9%) showed a negative change. However, the robust fiscal adjustment led to a primary surplus much higher than the target set for 2017, and as a result domestic demand remained sluggish and especially the private consumption, as increased taxation had a negative effect on the disposable income of households.

The significant developments that took place during 2016 in the competitive landscape of the domestic retail market sector (MARINOPOULOS GENERAL TRADE S.A./SKLAVENITIS), also affected 2017, as key market participants had to rebalance their position and adjust to the new environment.

Within this economic environment, in 2017, the Company's turnover (volume of factored receivables) declined by 0.47% compared to 2016 and stood at Euro 4,100,175,240.04. This, however, did not affect the Company's leading position in the Greek factoring services market.

In 2017, the Company continued the successful restructuring of its portfolio, with the average balances of advances to customers through receivables discounting during the year showing a decrease of 14.5% compared to 2016, mostly because of the repayment of MARINOPOULOS GENERAL TRADE S.A. liabilities by SKAVENITIS, and reaching Euro 459,644,431.63 as at 31.12.2017.

The Company maintained its profitability with earnings before tax standing at Euro 12,261,718.81 (2016 Euro 14,187,113.44).

Non-performing receivables from customers decreased by 79.2% on 31.12.2017, compared to 2016 and stood at Euro 10,821,009.61.

Following the implementation of the Company's "Impairment Policy for Receivables from Customers", the percentage of impaired advances to customers stood at 1.18%, of the total balance of advances to customers through receivables discounting as at 31.12.2017 .

For the application of the new standard IFRS 9 "Financial Instruments" (Regulation 2016/2067/22.11.2016), the Company in cooperation with the Parent Bank along with a Consultancy firm has launched an Implementation Program from the first quarter of 2017.

The Implementation Program was organized around two main work streams, the impairment work stream and the classification and measurement work stream. Upon completion, new policies have been developed at a Group level for the classification, valuation and impairment of financial instruments. New methodologies and procedures have also been formulated to support these new policies.

The Company continues to evaluate, inspect and improve the new accounting policies, internal controls and governance framework required by the adoption of IFRS 9. It should be noted though that the application of the new standard IFRS 9 "Financial Instruments" from 1.1.2018, did not result in a significant change in the existing Policy and consequently in the Company's financial statements.

The Company has introduced a rigorous and prudent management framework for all types of risks, in line with the best supervisory practices. In accordance with the common European legislation and the applicable system of common banking rules, principles and standards, this framework evolves continuously over time, to ensure that it is applied consistently and effectively in the Company's day-to-day activities, thus ensuring the effectiveness of corporate governance. During 2017, the Company took all necessary and appropriate measures in order to protect itself against all types of financial risks.

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.

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 2640/18.01.2011".

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

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 2017 were the following:

1. Significant developments that took place in the competitive landscape for the domestic retail market sector (MARINOPOULOS GENERAL TRADE S.A./SKLAVENITIS) during 2016 and also affected 2017, as the market tried to stabilize at the new environment.
2. Expansion of the customer base in terms of products and geographical areas as well as the maintenance of a high quality portfolio.
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. Preparation for the application of the new IFRS 9 "Financial Instruments" (effective for fiscal terms beginning on or after 1.1.2018).
5. 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 regulatory and supervisory compliance of the Company.

2. 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 the second half of 2018.

2. Continuous improvement of the services provided to support the Company's clients and their development plans (development of web-factoring services).
3. Exploitation and improvement (through new modules) of the full potential offered by the IT application of factoring services (Proxima+), aiming at:
    - Achieving economies of scale in reducing general administration expenses,
    - Prudent risk management,
    - Increasing workforce productivity,
    - Serving customers' custom needs
4. Incorporation of further quality improvements and additions to the application of factoring services (Proxima+) to cover any new supervisory/regulatory obligations (IFRS 9).

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 clients to create value by providing services and products customized to meet their needs.

3. Securities held by the Company

None.

4. Available foreign exchange reserves

None.

5. Real estate property owned by the Company

None.

6. 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.

7. Other significant issues

No significant events, which should be disclosed in this report, have occurred since 31 December 2017 and up to the date this report has been prepared and the Company carries out its normal course of business.

Athens, May 31 2018

The Chairman of the Board of Directors,

George C. Aronis

I.D. No AB 003911

FINANCIAL STATEMENTS AS AT 31.12.2017

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

Athens,
May 31, 2018

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Deloitte.

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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 2017, 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 2017 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 "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.

Other Matter
The financial statements of the Company for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 18 May 2017.

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 basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but 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.

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 basis of accounting 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 and 107a and paragraph 1 (cases c and d) of article 43bb of Greek Codified Law 2190/1920 and its content is consistent with the accompanying separate and consolidated financial statements for the year ended 31 December 2017.
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 1 2018

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

INCOME STATEMENT

	Note	*Amounts in Euro* From 1 January to 31.12.2017	31.12.2016
Interest and similar income	18	22,970,727.44	29,973,787.59
Interest expense and similar charges	18	(13,522,055.82)	(18,890,775.13)
Net interest income	18	9,448,671.62	11,083,012.46
Commission income	19	10,269,399.24	11,588,398.50
Commission expense	19	(3,258,496.50)	(3,560,061.60)
Net commission income	19	7,010,902.74	8,028,336.89
Gains less losses on financial transactions		(618.92)	(2,178.24)
Other income	20	1,614.04	1,250.32
		995.12	(927.92)
Total income		**16,460,569.48**	**19,110,421.43**
Staff costs	21	(3,006,302.06)	(2,910,873.80)
General administrative expenses	22	(1,040,933.02)	(1,002,238.27)
Depreciation and amortization expenses	28-29	(82,640.78)	(82,761.24)
Total expenses		**(4,129,875.86)**	**(3,995,873.31)**
Impairment losses on customer receivables	23	19,453.81	(927,434.68)
Provision for litigations	42a	(88,428.62)	0.00
Profit before income tax		**12,261,718.81**	**14,187,113.44**
Income tax	24	(3,602,477.03)	(4,159,491.17)
Profit after income tax		**8,659,241.78**	**10,027,622.27**
Earnings per share:			
Basic and diluted (Euro per share)	25	6.34	7.34

The attached notes (pages 8 to 61) form an integral part of the financial statements.

BALANCE SHEET

	Note	31.12.2017	31.12.2016
		Amounts in Euro	
ASSETS			
Cash and balances	26.1	505.16	1,493.91
Due from banks	26.2	1,715,271.29	758,459.38
Due from customers	27	454,219,797.93	522,000,614.37
Property, plant and equipment	28	106,565.72	81,990.19
Intangible assets	29	498,970.83	511,791.44
Other assets	31	3,566,894.35	4,188,590.24
Total Assets		**460,108,005.28**	**527,542,849.53**
LIABILITIES			
Due to banks	32	23,619,443.81	105,777,368.57
Due to customers	33	10,682,164.38	4,806,603.84
Debt securities in issue	34	300,088,368.00	300,086,875.00
Liabilities for current income tax and other taxes	35	3,154,032.39	3,915,024.99
Deferred tax liabilities	30	8,821,964.66	7,922,196.74
Employee defined benefit obligations	36	451,316.21	400,508.21
Other liabilities	37	1,494,550.92	1,473,566.89
Total Liabilities		**348,311,840.37**	**424,382,144.24**
EQUITY			
Share capital	38	41,000,010.00	41,000,010.00
Share premium		64,746.88	64,746.88
Statutory reserve	39	7,246,833.25	6,745,452.14
Retained earnings	40	63,484,574.78	55,350,496.27
Total Equity		**111,796,164.91**	**103,160,705.29**
Total Liabilities and Equity		**460,108,005.28**	**527,542,849.53**

The attached notes (pages 8 to 61) form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	*Amounts in Euro* From 1 January to 31.12.2017	31.12.2016
Profit, after income tax, recognized in the Income Statement		**8,659,241.78**	**10,027,622.27**
Amounts that will not be reclassified in the Income Statement			
Change in actuarial gains/(losses) on employee defined benefit obligations	36	(33,496.00)	(44,404.29)
Income tax		9,713.84	12,877.24
Total of other comprehensive income recognized directly in equity, after income tax		**(23,782.16)**	**(31,527.05)**
Total comprehensive income for the period, after income tax		**8,635,459.62**	**9,996,095.22**

The attached notes (pages 8 to 61) 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 1.1.2016		**41,000,010.00**	**64,746.88**	**6,194,547.36**	**75,905,305.83**	**123,164,610.07**
Changes in equity for the period 1.1 - 31.12.2016		-	-	-	-	-
Total comprehensive income for the period, after income tax		-	-	-	9,996,095.22	9,996,095.22
Appropriation of retained earnings to statutory reserve	39	-	-	550,904.78	(550,904.78)	-
Dividends		-	-	-	(30,000,000.00)	(30,000,000.00)
Balance 31.12.2016		**41,000,010.00**	**64,746.88**	**6,745,452.14**	**55,350,496.27**	**103,160,705.29**
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	39	-	-	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**

The attached notes (pages 8 to 61) form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Note	*Amounts in Euro* From 1 January to 31.12.2017	31.12.2016
Cash flows from operating activities			
Profit before income tax		**12,261,718.81**	**14,187,113.44**
Adjustments to profit before income tax for:			
Depreciation of property, plant and equipment	28	22,870.17	25,672.56
Amortization of intangible assets	29	59,770.61	57,088.68
Expense / (income) on pension plans	36	77,312.00	92,854.62
Impairment losses on customer receivables	23	(4,475.90)	927,434.68
Provision for litigations		88,428.62	-
Interest on debt securities in issue	18	11,533,159.58	14,355,764.62
		24,038,783.89	**29,645,928.60**
increase / decrease:			
Due from customers		67,780,816.44	58,225,563.43
Other assets		(9,566.06)	30,557.66
Due to banks		(82,157,924.76)	(40,246,461.20)
Due to customers		5,875,560.54	(589,008.61)
Other liabilities		(157,031.47)	(14,600.27)
Other taxes		(124,313.96)	(152,555.53)
Net cash flows from operating activities before taxes		**15,246,324.62**	**46,899,424.08**
Income tax paid		(2,664,349.18)	(4,407,985.51)
Net cash flows from operating activities		**12,581,975.44**	**42,491,438.57**
Cash flows from investing activities			
Acquisitions of fixed assets	28-29	(97,405.17)	(22,012.18)
Disposals of fixed assets	28	2,919.47	-
Net cash flows from investing activities		**(94,485.70)**	**(22,012.18)**
Cash flows from financing activities			
Repayments of interest of debt securities in issue		(11,531,666.58)	(14,349,722.62)
Dividends paid		-	(30,000,000.00)
Net cash flows from financing activities		**(11,531,666.58)**	**(44,349,722.62)**
Net increase/(decrease) in cash flows		**955,823.16**	**(1,880,296.23)**
Cash and cash equivalents at the beginning of the year	26	**759,953.29**	**2,640,249.52**
Cash and cash equivalents at the end of the year	26	**1,715,776.45**	**759,953.29**

The attached notes (pages 8 to 61) 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

SECRETARY

Antonios K. Chronis

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 31 May 2018.

ACCOUNTING POLICIES APPLIED

1. Basis of presentation

These financial statements relate to the fiscal year 1.1 -31.12.2017 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 2016 and 2017, after taking into account the following amendments to standards which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2017:

- **Amendment to International Accounting Standard 7** "Statement of Cash Flows": Disclosure Initiative (Regulation 2017/1990/6.11.2017).

On 29.1.2016 the International Accounting Standards Board issued an amendment to IAS 7 according to which an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities for which cash flows are classified in the statement of cash flows as cash flows from financing activities. The changes that shall be disclosed, which may arise both from cash flows and non-cash changes, include:

- changes from financing cash flows,

- changes arising from obtaining or losing control of subsidiaries or other businesses,

- the effect of changes in foreign exchange rates,

- changes in fair values and

- other changes.

As a result of the above amendment, the aforementioned disclosure has been added to the note 34.

- **Amendment to International Accounting Standard 12** "Income Taxes": Recognition of Deferred Tax Assets for Unrealised Losses (Regulation 2017/1989/6.11.2017)

On 19.1.2016 the International Accounting Standards Board issued an amendment to IAS 12 with which the following were clarified:

- Unrealised losses on debt instruments measured at fair value for accounting purposes and at cost for tax purposes may give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the asset by sale or by use.
- The recoverability of a deferred tax asset is assessed in combination with other deferred tax assets. However, if tax law offsets specific types of losses only against a particular type of income, the relative deferred tax asset shall be assessed in combination with other deferred tax assets of the same type.

- During the deferred tax asset recoverability assessment, an entity compares the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences.
- The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

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

- **Annual Improvements to IFRS 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, amendments to IFRS 12 with which it clarified that entities are not exempt from all of the disclosure requirements in IFRS 12 with respect to interests in entries classified as held for sale (or included in a disposal group) or as discontinued operations but only from specific disclosures. The adoption of the above amendment by the Company had no impact on its financial statements.

Except for the standards mentioned above, the European Union has adopted the following new standards and amendments to standards as well as IFRIC Interpretation 22 (effective from 1.1.2018) which are effective for annual periods beginning after 1.1.2017 and have not been early adopted by the Company.

- **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 is not expected to have any 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).

Effective for annual periods beginning on or after 1.1.2018.
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).

Effective for annual periods beginning on or after 1.1.2018.
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.

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 43.6.

- **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 15** “Revenue from Contracts with Customers” (Regulation 2016/1905/22.9.2016).

Effective for annual periods beginning on or after 1.1.2018.
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”.

Impact from the application of IFRS 15
The Company will apply the new standard from 1.1.2018 without reforming comparative information for 2017. The differences that will arise from the adoption of IFRS 15 will be recognized directly in equity as at 1.1.2018. It is noted that the main part of the Company’s income is net interest income which will not be 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 is not expected to have significant impact in Company’s financial statements.

- **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).

Effective for annual periods beginning on or after 1.1.2018.
On 12.4.2016 the International Accounting Standards Board issued an amendment to IFRS 15 with which it clarified mainly the following:

- when a promised good or service is separately identifiable from other promises in a contract, which is part of an entity’s assessment of whether a promised good or service is a performance obligation,
- how to apply the principal versus agent application guidance to determine whether the nature of an entity’s promise is to provide a promised good or service itself (i.e., the entity is a principal) or to arrange for goods or services to be provided by another party (i.e., the entity is an agent),
- for a licence of intellectual property, which is a factor in determining whether the entity recognises revenue over time or at a point in time.

Finally, two practical expedients to the transition requirements of IFRS 15 were added for completed contracts under full retrospective transition approach as well as for contract modifications at transition.

The impact from the application of IFRS 15 to the financial statements of the Company is mentioned above.

- **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.

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

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

Effective for annual periods beginning on or after 1.1.2018.
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 above amendment is not expected to have any impact on the financial statements of the Company.

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

Effective for annual periods beginning on or after 1.1.2018.
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 above amendments are not expected to have any impact on the financial statements of the Company.

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

Effective for annual periods beginning on or after 1.1.2018.
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 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 as well as IFRIC 23 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 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.

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

- **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.

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

- **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 Bank is examining the impact from the adoption of the above Interpretation 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

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

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. Subsequently, they are measured at amortized cost using the effective interest rate method.

Debt securities in issue are initially recognized at fair value, which is determined by the funds raised, including transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method.

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

A financial asset is derecognized by the Company when the cash flows from the financial asset expire. 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

In order to determine the impairment allowance on customer receivables, an impairment test is carried out by the Company at each reporting date in accordance with the general principles and methodology set out in IAS 39 and the relevant implementation guidance.

Specifically, this process involves the following steps:

a. Establishment of *criteria for 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

<u>Impairment Assessment on an Individual Basis</u>

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.

c. Impairment Testing

The level of the impairment allowance for customer receivables is equal to the difference between the carrying amount of the receivable and the estimated recoverable amount which is defined as the present value of expected future cash inflows for bad debt amounts, including the value of any collateral, discounted with the effective interest rate of the contract.

d. Impairment recognition

Amounts of impaired receivables are monitored using reserve allowance accounts.

A receivable which is assessed as non-collectible is written-off against the recorded allowance account.

e. Recoveries on impaired receivables

If in a subsequent period, after the recognition of the impairment loss, events occur which require the impairment loss to be reduced, or there has been a collection of receivable amounts previously written-off, the recoveries are recognized in the income statement.

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
- Impairment losses of financial assets
- Impairment losses of non-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 31.12.2017.

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

The financing needs of the Hellenic Republic are covered by a medium-term financial support program launched under the European Stability Mechanism (ESM) framework following the relevant agreement signed on 19.8.2015 and conditional upon the implementation of economic reforms which are expected to contribute to the stability and sustainable growth of the Greek economy.

As regards the banking system, credit institutions are mainly supported in their liquidity needs through the emergency liquidity mechanisms of the Bank of Greece. In addition, capital controls imposed in 2015, continue to remain in place until the date of approval of these financial statements, in accordance with the respective legislative acts in effect.

The Company, taking into account:

- the first three evaluations have already been completed, while the negotiations regarding the fourth evaluation is in progress;
- during 2017, the Hellenic Republic successfully completed the exchange of its bonds with new bonds, aiming to normalize the Republic’s yield;
- the Greek government successfully issued a five-year bond in July 2017 and a seven-year bond in February 2018;
- the positive course of the economic support program as well as the gradual return to the markets are expected to contribute to the decrease of uncertainty and to the enhancement of business community and investors’ confidence;
- the limited effect that the capital controls, under the provisions in effect as of the date of approval of the financial statements for the year ended December 31, 2017, have on the Company’s operation
- The company's capital adequacy exceeds minimum regulatory thresholds.

estimates that the conditions for the application of the going concern principle for the preparation of its financial statements are met.

INCOME STATEMENT

18. Net interest income

	From 1 January to	
	31.12.2017	**31.12.2016**
Interest and similar income		
Due from Banks	9,068.70	2,013.42
Due from Customers	22,961,658.74	29,971,774.17
Total	**22,970,727.44**	**29,973,787.59**
Interest expense and similar charges		
Due to Banks	1,988,896.24	4,535,010.51
Debt securities in issue	11,533,159.58	14,355,764.62
Total	**13,522,055.82**	**18,890,775.13**
Net interest income	**9,448,671.62**	**11,083,012.46**

19. Net commission income

	From 1 January to	
	31.12.2017	**31.12.2016**
Commission income		
Factoring services	10,269,399.24	11,588,398.50
Total	**10,269,399.24**	**11,588,398.50**
Commission expense		
Domestic factoring	578,596.66	603,990.55
To parent bank Alpha Bank	2,114,766.80	2,356,199.09
Other	565,133.04	599,871.97
Total	**3,258,496.50**	**3,560,061.61**
Net commission income	**7,010,902.74**	**8,028,336.89**

20. Other income

	From 1 January to	
	31.12.2017	**31.12.2016**
Other	1,614.04	1,250.32
Total	**1,614.04**	**1,250.32**

21. Staff costs

	From 1 January to	
	31.12.2017	**31.12.2016**
Wages and salaries	2,283,409.64	2,196,055.40
Social security contributions	518,991.45	492,386.96
Expense for pension plans (note 36)	77,312.00	92,854.62
Other charges	155,751.96	129,576.82
Revenue from seconded staff	(29,162.99)	-
Total	**3,006,302.06**	**2,910,873.80**

The total number of employees of the Company on 31.12.2017 and 31.12.2016, were 83 and 81 respectively, out of which 4 are working at the Thessaloniki branch.

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 117,491.20 for the period from 1.1.2017 to 31.12.2017 and Euro 110,921.93 for the period from 1.1.2016 to 31.12.2016 and is classified under caption "Other charges".

22. General administrative expenses

	From 1 January to 31.12.2017	31.12.2016
Rent for buildings	103,249.68	103,249.68
Rent and maintenance of EDP equipment	193,507.55	191,926.61
EDP expenses	1,955.47	1,702.27
Marketing and advertisement expenses	15,756.98	18,541.04
Telecommunications and postage	65,198.04	68,876.10
Third party fees	235,378.62	223,435.65
Consultants fees	37,559.95	36,147.23
Insurance	88,421.80	73,426.49
Consumables	19,815.96	17,717.22
Electricity	50,138.46	46,384.85
Donations	-	3,000.00
Building and equipment maintenance	103,997.64	67,218.19
Security services for buildings and cash in transit	31,366.97	33,016.37
Taxes	9,530.63	8,535.71
Other	85,055.27	109,060.86
Total	**1,040,933.02**	**1,002,238.27**

23. Impairment losses on customer receivables

	From 1 January to 31.12.2017	31.12.2016
Impairment losses/(gains) on customer receivables (note 27)	(4,475.91)	927,434.68
Recoveries	(14,977.90)	-
Total	**(19,453.81)**	**927,434.68**

24. Income tax

	From 1 January to 31.12.2017	31.12.2016
Current tax	2,692,995.27	3,323,484.77
Deferred tax	909,481.76	836,006.40
Total	**3,602,477.03**	**4,159,491.17**

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 31.12.2017	31.12.2016
Employee defined benefit obligations	(5,020.48)	(5,177.84)
Amortization of intangible assets	(4,841.03)	9,812.04
Due from customers	919,343.27	831,372.20
Total	**909,481.76**	**836,006.40**

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.

According to article 14 of Law 4472/19.5.2017 “Public Pension Provisions and amendment of provisions of Law 4387/2016, measures for the implementation of budgetary targets and reforms, social support measures and labor regulations, Medium-term Fiscal Strategy Framework 2018-2021 and other provisions” a reduction is provided in the tax rate, from 29% currently in force, to 26%, implied to profits from business activity acquired by legal entities keeping double-entry books. This reduction refers to income earned in the tax year beginning on 1.1.2019, provided that according to the estimation of the International Monetary Fund and the European Commission there is no divergence from the medium-term budgetary targets.

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 9,713.84 (2016: Euro 12,877.24), has been recognized in equity and concerns deferred tax on actuarial gains/losses on defined benefit obligations.

Reconciliation between the effective and nominal tax rate

	From 1 January to			
	31.12.2017		31.12.2016	
Profit before income tax		**12,261,718.81**		**14,187,113.44**
Income tax	29.00%	3,555,898.45	29.00%	4,114,262.90
Increase / (decrease) due to:				
Non-deductible expenses	0.14%	16,615.96	0.15%	21,454.81
Other temporary differences	0.24%	29,962.62	0.17%	23,773.46
Income tax	**29.38%**	**3,602,477.03**	**29.32%**	**4,159,491.17**

25. 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	
	31.12.2017	31.12.2016
Profit attributable to equity owners	8,659,241.78	10,027,622.27
Weighted average number of outstanding ordinary shares	1,366,667.00	1,366,667.00
Basic earnings (Euro per share)	6.34	7.34

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

26. Cash and cash equivalents

26.1 Cash and balances

	31.12.2017	31.12.2016
Cash on hand	505.16	1,493.91
Total	**505.16**	**1,493.91**

26.2 Due from banks

	31.12.2017	31.12.2016
Sight deposits	1,715,271.29	758,459.38
Total	**1,715,271.29**	**758,459.38**

	31.12.2017	31.12.2016
Total cash and cash equivalents	**1,715,776.45**	**759,953.29**

27. Due from customers

	31.12.2017	31.12.2016
Domestic factoring with recourse	267,536,732.56	305,793,436.18
Domestic factoring without recourse	145,471,600.08	126,086,481.50
International factoring	46,636,098.98	36,074,877.21
Forfaiting of receivables	0.01	59,474,929.09
Total	**459,644,431.63**	**527,429,723.98**
Less: Impairment allowance on customer receivables	(5,424,633.70)	(5,429,109.61)
Total due from customers	**454,219,797.93**	**522,000,614.37**

Impairment allowance on customer receivables

Balance 1.1.2016	**4,501,674.93**
Impairment losses for the year	927,434.68
Balance 31.12.2016	**5,429,109.61**

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

28. Property, plant and equipment

	Leasehold improvements	Other equipment	Total
Cost, January 1, 2016	**123,060.22**	**1,131,158.55**	**1,254,218.77**
Additions	-	643.18	643.18
Disposals/Write-offs	(52,763.99)	(561,882.44)	(614,646.43)
December 31, 2016	**70,296.23**	**569,919.29**	**640,215.52**
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**
Accumulated depreciation, January 1, 2016	**107,025.05**	**1,039,986.86**	**1,147,011.91**
Depreciation charge for the year	2,274.85	23,397.71	25,672.56
Reversal of depreciation upon disposal/write-off	(52,763.81)	(561,605.33)	(614,369.14)
December 31, 2016	**56,536.09**	**501,779.24**	**558,315.33**
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**
Net book value			
December 31, 2016	**13,760.14**	**68,140.05**	**81,900.19**
December 31, 2017	**12,434.28**	**94,131.44**	**106,565.72**

29. Intangible assets

	Software
Cost, January 1, 2016	**1,247,807.08**
Additions	21,369.00
Disposals/Write-offs	(28,240.42)
December 31, 2016	**1,240,935.66**
Cost, January 1, 2017	**1,240,935.66**
Additions	46,950.00
December 31, 2017	**1,287,885.66**
Accumulated amortization, January 1, 2016	**700,295.89**
Amortization charge for the year	57,088.68
Reversal of amortization upon disposal/write-off	(28,240.35)
December 31, 2016	**729,144.22**
Accumulated amortization, January 1, 2017	**729,144.22**
Amortization charge for the year	59,770.61
December 31, 2017	**788,914.83**
Net book value	
December 31, 2016	**511,791.44**
December 31, 2017	**498,970.83**

30. Deferred tax assets and liabilities

	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**
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)**

	1.1.2016 - 31.12.2016			
	Balance 1.1.2016	**Recognized in Income Statement**	**Recognized in Equity**	**Balance 31.12.2016**
Deferred tax assets				
Employee defined benefit obligations	98,092.30	5,177.84	12,877.24	116,147.38
Total	**98,092.30**	**5,177.84**	**12,877.24**	**116,147.38**
Deferred tax liabilities				
Amortization of intangible assets	(119,233.81)	(9,812.04)	**-**	(129,045.85)
Due from customers	(7,077,926.07)	(831,372.20)	-	(7,909,298.27)
Total	**(7,197,159.88)**	**(841,184.24)**	-	**(8,038,344.12)**
Deferred tax liability, net	**(7,099,067.58)**	**(836,006.40)**	**12,877.24**	**(7,922,196.74)**

31. Other assets

	31.12.2017	**31.12.2016**
Prepaid expenses	97,513.38	101,658.94
Accrued income	87,605.15	84,464.93
Tax advances and withholding taxes	3,343,396.07	3,973,626.88
Other	38,379.75	28,839.49
Total	**3,566,894.35**	**4,188,590.24**

LIABILITIES

32. 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.

33. 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.

34. 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 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

22.12.2021 in accordance with the amended contractual terms of the issue (maturity of the issued bonds was extended to 22.12.2021).

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 1.1-31.12.2017 is presented on the following table:

	1.1.2017-31.12.2017			
	Balance 01.01.2017	**Cash flows**	**Non cash flows**	**Balance 31.12.2017**
Senior debt securities	275,078,889.00	10,078,194.38	10,075,694.38	275,076,389.00
Subordinated debt	25,007,986.00	1,453,472.20	1,457,465.20	25,011,979.00
Total	**300,086,875.00**	**11,531,666.58**	**11,533,159.58**	**300,088,368.00**

35. Liabilities for current income tax and other taxes

	31.12.2017	**31.12.2016**
Current income tax liability	2,664,690.97	3,301,369.61
Liabilities for other taxes	489,341.42	613,655.38
Total	**3,154,032.39**	**3,915,024.99**

36. 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 31.12.2017	31.12.2016
Current service cost	17,863.92	15,406.28
Interest cost	7,209.15	8,456.23
(Gains) / losses on settlement	52,239.39	68,992.11
Total expense / (income) recognized in the income statement	**77,312.46**	**92,854.62**

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

	31.12.2017	31.12.2016
Defined benefit obligation at the beginning of the year	**400,508.19**	**338,249.30**
Current service cost	17,863.92	15,406.28
Interest cost	7,209.15	8,456.23
Benefits paid	(60,000.00)	(75,000.00)
(Gains) / losses on settlement	52,239.39	68,992.11
Actuarial (gains) / losses	33,496.14	44,404.29
Defined benefit obligation at the end of the year	**451,316.79**	**400,508.21**

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

	31.12.2017	31.12.2016
Actuarial gains / (losses) at the beginning of the year	**(29,169.90)**	**15,234.69**
Change in the period	(33,496.00)	(44,404.29)
Actuarial gains / (losses) at the end of the year	**(62,665.60)**	**(29,169.60)**

The principal actuarial assumptions used are the following:

	31.12.2017	31.12.2016
Discount rate	1.68%	1.80%
Future salary growth	1.80%	1.80%
Inflation rate	1.50%	1.50%

	31.12.2017	31.12.2016
Average remaining years in service	18.95	23.45

The discount rate was based on the iBoxx Euro Corporate AA Corporate Overall 10+ EUR indices which was 1.36% on 31/12/2017 and 1.23% on 31/12/2016 and considered consistent with the principles of IAS 19.

The valuation of defined benefit obligations depends on the assumptions used in the actuarial study. As a result:

An increase of the discount rate used by 0.5% would reduce the defined benefit obligation by 8% while a counter movement, that is, a decrease in the discount rate by 0.5% would raise the defined benefit obligation by 9%.

A respective sensitivity analysis on future salary growth shows that an increase in the growth rate used by 0.5% would raise the defined benefit obligation by 9% and a decrease in the growth rate by 0.5% would reduce the defined benefit obligation by 8%.

37. Other liabilities

	31.12.2017	31.12.2016
Suppliers	1,213,138.83	1,316,406.44
Accrued expenses	51,126.61	26,073.18
Liabilities to third parties	128,108.96	115,951.46
Other	102,176.52	15,135.81
Total	**1,494,550.92**	**1,473,566.89**

EQUITY

38. Share capital

The share capital of the Company as at 31 December 2017 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 2016.

39. 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 2016 the statutory reserve of the Company amounted to Euro 6,745,452.14.

On June 27, 2017, 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 501,381.11 as a statutory reserve, arising from the profit after tax for the period 1.1-31.12.2016.

Following the aforementioned decision, the statutory reserve of the Company as at 31 December 2017 amounted to Euro 7,246,833.25.

40. Retained earnings

Retained earnings as at 31.12.2017 amounted to Euro 63,484,574.78.

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

On December 12, 2016, the General Assembly Meeting of Shareholders, decided the distribution of an amount of Euro 30,000,000.00 as dividend to shareholders.

For the year ended 31.12.2017, 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.-31.12.2017.

ADDITIONAL INFORMATION

41. 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 300,088,368.00, their fair value was estimated at Euro 189,080,500.00.

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

42. 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 88.428,62 has been recognized in Income Statement caption “Provisions for litigations” in respect to a legal case in favour of a Company’s customer based on 648/2017 decision of the Athens Multi-Member Court of First Instance. An appeal has been filed by the Company.

b) Tax issues

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

The tax audit for the year 2010 is in progress. Additional taxes and penalties may be imposed by tax authorities, as a result of tax audits for unaudited tax years, the amount of which cannot be accurately determined.

Year 2011 is 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 2016 the tax audit has been concluded and the Company has received a Tax Compliance Report without qualifications, while for 2017 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:

	31.12.2017	31.12.2016
Less than one year	84,739.08	11,418.36
Between one and five years	113,709.67	28,498.98
Over five years	-	-
Total	**198,448.75**	**39,917.34**

43. 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.

43.1 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 ABC FACTORS 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. <u>Regular risk</u>
   Borrowers presenting a strong financial performance, showing consistency in their repayments and not directly affected by adverse changes in their industry of activity.

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

3. <u>High risk</u>
   Borrowers presenting serious problems in their transactional behavior.

Additionally to credit risk relating to advances to customers, the Company also manages the credit risk arising from amounts due from banks (Note 26.2). As at 31.12.2017, the relevant amount was Euro 1,715,271.29, which is given a credit rating of CCC+ by FITCH and STANDARD & POOR'S, out of which an amount of was Euro 251,769.97 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 customer.

FINANCIAL INSTRUMENTS CREDIT RISK

	31.12.2017			31.12.2016		
	Exposure before impairment	Impairment	Net exposure to credit risk	Exposure before impairment	Impairment	Net exposure to credit risk
Due from banks	1,715,271.29	-	1,715,271.29	758,459.38	-	758,459.38
Due from customers	459,644,431.63	(5,424,633.70)	454,219,797.93	527,429,723.98	(5,429,109.61)	522,000,614.37
Total amount of balance sheet items exposed to credit risk	**461,359,702.92**	**(5,424,633.70)**	**455,935,069.22**	**528,188,183.36**	**(5,429,109.61)**	**522,759,073.75**
Other balance sheet items not exposed to credit risk	4,172,936.06	-	4,172,936.06	4,783,775.78	-	4,783,775.78
Total assets	**465,532,638.98**	**(5,424,633.70)**	**460,108,005.28**	**532,971,959.14**	**(5,429,109.61)**	**527,542,849.53**

FINANCIAL INSTRUMENTS CREDIT RISK, ANALYSIS PER INDUSTRY

31.12.2017							
	Financial institutions	Industry and manufacturing	Services	Wholesale and retail trade	Hotels/Tourism	Other sectors	Total
Due from banks	1,715,271.29	-	-	-	-	-	**1,715,271.29**
Due from customers	-	304,640,515.09	21,758,159.99	110,595,975.83	514,046.68	22,135,734.04	**459,644,431.63**
Total amount of balance sheet items exposed to credit risk	**1,715,271.29**	**304,640,515.09**	**21,758,159.99**	**110,595,975.83**	**514,046.68**	**22,135,734.04**	**461,359,702.92**

31.12.2016							
	Financial institutions	Industry and manufacturing	Services	Wholesale and retail trade	Hotels/Tourism	Other sectors	Total
Due from banks	758,459.38	-	-	-	-	-	**758,459.38**
Due from customers	-	355,623,999.25	24,910,168.91	132,458,982.10	1,275.52	14,435,298.20	**527,429,723.98**
Total amount of balance sheet items exposed to credit risk	**758,459.38**	**355,623,999.25**	**24,910,168.91**	**132,458,982.10**	**1,275.52**	**14,435,298.20**	**528,188,183.36**

A. Advances to customers

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

31.12.2017

	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	267,486,220.70	-	1,464,588.57	648,562.57	269,599,371.86	1,464,588.57	520,470.00	267,614,313.29	268,949,278.38
SMEs	181,337,201.32	-	2,943,782.22	5,764,076.23	190,045,059.77	2,941,613.13	497,962.00	186,605,484.64	186,153,526.72
Total	**448,823,422.02**	**-**	**4,408,370.79**	**6,412,638.82**	**459,644,431.63**	**4,406,201.70**	**1,018,432.00**	**454,219,797.93**	**455,102,805.10**

31.12.2016

	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	285,409,685.16	-	1,641,183.86	41,904,419.76	328,955,288.78	1,092,425.73	724,438.00	327,138,425.05	328,463,937.10
SMEs	184,676,993.34	5,361,632.41	7,306,442.15	1,129,367.30	198,474,435.20	2,968,077.88	644,168.00	194,862,189.32	197,736,476.94
Total	**470,086,678.50**	**5,361,632.41**	**8,947,626.01**	**43,033,787,06**	**527,429,723.98**	**4,060,503.61**	**1,368,606.00**	**522,000.614.37**	**526,200,414.04**

The accumulated impairment allowance for collectively assessed advances to customers as at 31.12.2017 includes an amount of Euro 699,509.00 (31.12.2016: Euro 1,073,433.00) concerning IBNR provisions.

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

31.12.2017	Regular risk	Medium risk	High risk	Total neither past due not impaired	Value of collateral
Large corporate	254,243,371.21	13,242,734.66	114.83	**267,486,220.70**	267,481,801.16
SMEs	171,037,746.97	9,870,740.34	428,714.01	**181,337,201.32**	180,970,317.27
Total	**425,281,118.18**	**23,113,475.00**	**428,828.84**	**448,823,422.02**	**448,452,118.43**

31.12.2016	Regular risk	Medium risk	High risk	Total neither past due not impaired	Value of collateral
Large corporate	260,275,336.94	25,134,348.22	-	**285,409,685.16**	285,409,685.15
SMEs	182,637,975.96	1,898,897.94	140,119.44	**184,676,993.34**	184,673,284.06
Total	**442,913,312.90**	**27,033,246.16**	**140,119.44**	**470,086,678.50**	**470,082,969.61**

A.3 Ageing analysis of past due but not impaired advances to customers by category

	31.12.2017			31.12.2016		
	Large corporate	SMEs	Total past due but not impaired	Large corporate	SMEs	Total past due but not impaired
1-30 days	-	-	**-**	-	-	**-**
31-60 days	-	-	**-**	-	5,361,632.41	**5,361,632.41**
61-90 days	-	-	**-**	-	-	**-**
91-180 days	-	-	**-**	-	-	**-**
181-360 days	-	-	**-**	-	-	**-**
>360 days	-	-	**-**	-	-	**-**
Total	**-**	**-**	**-**	**-**	**5,361,632.41**	**5,361,632.41**
Value of collateral	-	-	**-**	-	5,361,632.41	**5,361,632.41**

A.4 Ageing analysis of impaired advances to customers by category (net amount after impairment)

		31.12.2017			31.12.2016		
		Large corporate	SMEs	Total impaired advances	Large corporate	SMEs	Total impaired advances
A. Total gross amount	Current	-	3,229,640.57	**3,229,640.57**	5,041,194.30	5,112,488.48	**10,153,682.78**
	1-30 days	-	21,084.41	**21,084.41**	-	-	**-**
	31-60 days	-	-	**-**	-	-	**-**
	61-90 days	-	-	**-**	-	664,380.60	**664,380.60**
	91-180 days	-	2,022,360.22	**2,022,360.22**	12,565,679.98	2,039.66	**12,567,719.64**
	181-360 days	1,460,523.47	3,847.29	**1,464,370.76**	24,511,561.25	923.49	**24,512,484.74**
	>360 days	652,627.69	3,430,925.96	**4,083,553.65**	1,427,168.09	2,655,977.22	**4,083,145.31**
	Total	**2,113,151.16**	**8,707,858.45**	**10,821,009.61**	**43,545,603.62**	**8,435,809.45**	**51,981,413.07**
B. Accumulated impairment allowance (Individual and Collective)	Current	-	(184,382.00)	**(184,382.00)**	(1,035,237.31)	(222,887.00)	**(1,258,124.31)**
	1-30 days	-	(491.00)	**(491.00)**	-	-	**-**
	31-60 days	-	-	**-**	-	-	**-**
	61-90 days	-	-	**-**	-	(318,524.00)	**(318,524.00)**
	91-180 days	-	(9,463.40)	**(9,463.40)**	-	(2,039.66)	**(2,039.66)**
	181-360 days	(1,460,523.47)	(1,540.53)	**(1,462,064.00)**	(3,999.00)	(923.49)	**(4,922.49)**
	>360 days	(76,315.10)	(2,992,409.20)	**(3,068,724.30)**	(222,752.42)	(2,549,313.73)	**(2,772,066.15)**
	Total	**(1,536,838.57)**	**(3,188,286.13)**	**(4,725,124.70)**	**(1,261,988.73)**	**(3,093,687.88)**	**(4,355,676.61)**
C. Total net amounts	Current	-	3,045,258.57	**3,045,258.57**	4,005,956.99	4,889,601.48	**8,895,558.47**
	1-30 days	**-**	20,593.41	**20,593.41**	**-**	**-**	**-**
	31-60 days	**-**	-	**-**	**-**	**-**	**-**
	61-90 days	**-**	-	**-**	**-**	345,856.60	**345,856.60**
	91-180 days	-	2,012,896.82	**2,012,896.82**	12,565,679.98	**-**	**12,565,679.98**
	181-360 days	-	2,306.76	**2,306.76**	24,507,562.25	**-**	**24,507,562.25**
	>360 days	576,312.59	438,516,76	**1,014,829.35**	1,204,415.67	106,663.49	**1,311,079.16**
	Total	**576,312.59**	**5,519,572.32**	**6,095,884.91**	**42,283,614.89**	**5,342,121.57**	**47,625,736.46**
Value of collateral		**1,467,477.22**	**5,183,209.45**	**6,650,686.67**	**43,054,251.95**	**7,701,560.47**	**50,755,812.42**

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 €184,873.00 (31.12.2016: gross amount of Euro 1,077,517.00 and impairment allowance of Euro 124,927.00).

A.5 Reconciliation of impaired advances to customers by category

	1.1-31.12.2017		
	Large corporate	SMEs	Total
Opening balance as at 1.1.2017	**43,545,603.62**	**8,435,809.45**	**51,981,413.07**
New impaired advances	-	4,252,365.39	**4,252,365.30**
Transfer to non-impaired advances	**(40,584,749.52)**	(35,789.01)	**(40,620,538,53)**
Repayments of impaired advances	(920,314.86)	(4,533,279.08)	**(5,453,593.94)**
Other charges	72,611.92	588,751.70	**661,363.62**
Balance as at 31.12.2017	**2,113,151.16**	**8,707,858.45**	**10,821,009.61**
Accumulated impaired allowance	(1,536,838.57)	(3,188,286.13)	**(4,725,124.70)**
Net value of impaired advances as at 31.12.2017	**576,312.59**	**5,519,572.32**	**6,095,884.91**

A.6 Advances to customers, Impaired advances and Impairment allowance by category, industry and geographical region

31.12.2017						
	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	294,505,031.48	4,999,862.88	2,513,611.74	10,135,483.61	-	8,128.00
Real estate	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Wholesale and retail trade	110,567,372.30	4,072,415.58	1,118,150.21	28,603.53	6,806.40	43.00
Transportation	7,583,888.57	-	17,759.00	-	-	-
Shipping	-	-	-	-	-	-
Hotels / Tourism	514,046.68	-	250.00	-	-	-
Services	21,758,159.99	1,536,507.08	1,544,050.08	-	-	-
Other sectors	14,551,845.47	205,417.67	222,641.67	-	-	-
Total	**449,480,344.49**	**10,814,203.21**	**5,416,462.70**	**10,164,087.14**	**6,806.40**	**8,171.00**

31.12.2016						
	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	348,979,520.86	9,293,036.25	2,597,819.68	6,644,478.39		14,781.00
Real estate	-	-	-	-		
Construction	649,006.05	-	28.00	-		
Wholesale and retail trade	132,421,087.94	40,781,653.32	1,444,166.55	37,894.16	20,821.9	69.00
Transportation	5,818,628.00	165.68	13,683.68	-		
Shipping	-	-	-	-		
Hotels / Tourism	1,275.52	-	-	-		
Services	24,910,168.91	1,681,361.86	1,197,585.16	-		
Other sectors	7,967,664.15	204,373.97	160,976.54	-		
Total	**520,747,351.43**	**51,960,591.08**	**5,414,259.61**	**6,682,372.55**	**20,821.9**	**14,850.00**

A.7 Interest and similar income by credit quality and type of advances to customers

	31.12.2017			31.12.2016		
	Interest income on non-impaired advances	Interest income on impaired advances	Total interest income	Interest income on non-impaired advances	Interest income on impaired advances	Total interest income
Corporate lending	22,489,171.33	472,487.41	**22,961,658.74**	28,570,603.00	1,401,171.17	**29,971,774.17**
Total	**22,489,171.00**	**472,487.41**	**22,961,658.74**	**28,570,603.00**	**1,401,171.17**	**29,971,774.17**

B. Forborne advances to customers

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

	31.12.2017		31.12.2016	
	Total advances to customers	Forborne advances to customers	Total advances to customers	Forborne advances to customers
Neither past due nor impaired	448,823,422.02	605,477.06	470,086,678.50	13,549,171.94
Past due but not impaired	-	-	5,361,632.41	5,361,632.41
Impaired	10,821,009.61	5,060,397.53	51,981,413.07	25,436,019.50
Total gross amount	**459,644,431.63**	**5,665,874.59**	**527,429,723.98**	**44,346,823.85**
Individual impairment allowance	(4,406,301.70)	(1,807,503.46)	(4,060,503.61)	(1,353,761.31)
Collective impairment allowance	(1,018,432.00)	(198,969.00)	(1,368,606.00)	(495,982.00)
Total net amount	**454,219,797.93**	**3,659,402.13**	**522,000,614.37**	**42,497,080.54**
Value of collateral	455,102,805.10	2,812,271.48	526,200,414.04	44,345,823.19

The value of collateral presented in the tables above, is capped to the outstanding amount due for each exposure.

B.2 Reconciliation of forborne advances to customers

Forborne advances to customers (Net Value)	
	1.1-31.12.2017
Opening balance as at 1.1.2017	**42,497,080.54**
Forbearance measures extended during the period	39,513.37
Interest income	287,900.70
Repayments of advances (partial or full)	(38,978,063.14)
Advances that exited forbearance status during the period	-
Impairment loss	(276,969.61)
Other	89,940.27
Closing balance as at 31.12.2017	**3,659,492.13**
Out of which:	
Large corporate	-
SMEs	3,659,402.13

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.

43.2 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 31.12.2017 and 31.12.2016.

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 31.12.2017				
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	-	-	-	3,566.89	3,566.89
Total assets	**370.06**	**4.95**	**-**	**459,733.00**	**460,108.01**
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	-	-	-	3,154.03	3,154.03
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**	**-**	**-**	**347,961.61**	**348,311.84**
Total Foreign Exchange Position	**19.83**	**4.95**	**-**	**111,771.39**	**111,796.17**

Amounts in thousands of Euro	Foreign currency risk 31.12.2016				
	USD	GBP	OTHER FCY	EURO	TOTAL
ASSETS					
Cash and cash equivalents	-	-	-	1.49	1.49
Due from banks	0.04	0.01	-	758.41	758.46
Due from customers	-	-	-	522,000.62	522,000.62
Property, plant and equipment	-	-	-	81.90	81.90
Intangible assets	-	-	-	511.79	511.79
Other assets	-	-	-	4,188.59	4,188.59
Total Assets	**0.04**	**0.01**	**-**	**527,542.80**	**527,542.85**
LIABILITIES					
Due to banks	9.09	-	-	105,768.28	105,777.37
Due to customers	3.35	-	-	4,803.25	4,806.60
Debt securities in issue	-	-	-	300,086.87	300,086.87
Liabilities for current income tax and other taxes	-	-	-	3,915.02	3,915.02
Deferred tax liabilities	-	-	-	7,922.20	7,922.20
Employee defined benefit obligations	-	-	-	400.51	400.51
Other liabilities	12.33	-	-	1,461.24	1,473.57
Total liabilities	**24.77**	**-**	**-**	**424,357.37**	**424,382.14**
Total Foreign Exchange Position	**(24.73)**	**0.01**	**-**	**103,185.43**	**103,160.72**

43.3 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) 31.12.2017							
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	-	-	-	-	-	-	3,566.89	3,566.89
Total Assets	**17,461.57**	**435,436.56**	**-**	**-**	**-**	**-**	**7,209.88**	**460,108.01**
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	-	-	-	-	-	-	3,154.03	3,154.03
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**	**-**	**-**	**-**	**-**	**24,604.03**	**348,311.84**
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	63,484.58
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**111,796.17**	**111,796.17**
Total Liabilities and Equity	**323,426.56**	**281.25**	**-**	**-**	**-**	**-**	**136,400.20**	**460,108.01**
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**	**-**	**-**

Amounts in thousands of Euro	Interest Rate Risk (Gap Analysis) 31.12.2016							
	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 bearings**	**TOTAL**
ASSETS								
Cash and cash equivalents	-	-	-	-	-	-	1.49	1.49
Due from banks	758.46	-	-	-	-	-	-	758.46
Due from customers	76,550.82	422,331.72	21,147.37	-	-	-	1,970.71	522,000.62
Property, plant and equipment	-	-	-	-	-	-	81.90	81.90
Intangible assets	-	-	-	-	-	-	511.79	511.79
Other assets	-	-	-	-	-	-	4,188.59	4,188.59
Total Assets	**77,309.28**	**422,331.72**	**21,147.37**	**-**	**-**	**-**	**6,754.48**	**527,542.85**
LIABILITIES								
Due to banks	105,768.28	9.09	-	-	-	-	-	105,777.37
Due to customers							4,806.60	4,806.60
Debt securities in issue	300,086.87	-	-	-	-	-	-	300,086.87
Liabilities for current income tax and other taxes	-	-	-	-	-	-	3,915.02	3,915.02
Deferred tax liabilities	-	-	-	-	-	-	7,922.20	7,922.20
Employee defined benefit obligations	-	-	-	-	-	-	400.51	400.51
Other liabilities	-	-	-	-	-	-	1,473.57	1,473.57
Total Liabilities	**405,855.15**	**9.09**	**-**	**-**	**-**	**-**	**18,517.90**	**424,382.14**
EQUITY								
Share capital	-	-	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	-	-	6,745.45	6,745.45
Retained earnings	-	-	-	-	-	-	55,350.50	55,350.50
Total Equity	**-**	**-**	**-**	**-**	**-**	**-**	**103,160.71**	**103,160.71**
Total Liabilities and Equity	**405,855.15**	**9.09**	**-**	**-**	**-**	**-**	**121,678.61**	**527,542.85**
OPEN EXPOSURE	**(328,545.87)**	**422,322.63**	**21,147.37**	**-**	**-**	**-**	**(114,924.13)**	**-**
CUMULATIVE EXPOSURE	**(328,545.87)**	**93,776.76**	**114,924.13**	**114,924.13**	**114,924.13**	**114,924.13**	**-**	**-**

43.4 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) 31.12.2017					
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**
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	-	-	3,341.35	86.66	3,566.89
Total Assets	**73,171.43**	**143,291.60**	**185,662.05**	**52,322.32**	**5,660.61**	**460,108.01**
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	85.99	2,664.69	-	-	3,154.03
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**	**137.12**	**2,664.69**	**-**	**309,361.72**	**348,311.84**
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	63,484.58
Total Equity	**-**	**-**	**-**	**-**	**111,796.17**	**111,796.17**
Total Liabilities and Equity	**36,148.31**	**137.12**	**2,664.69**	**-**	**421,157.89**	**460,108.01**
Open Liquidity Gap	**37,023.12**	**143,154.48**	**182,997.36**	**52,322.32**	**(415,497.28)**	**-**
Cumulative Liquidity Gap	**37,023.12**	**180,177.60**	**363,174.96**	**415,497.28**	**-**	**-**

Amounts in thousands of Euro	Liquidity Risk (Liquidity Gap Analysis) 31.12.2016					
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	TOTAL
ASSETS						
Cash and cash equivalents	1.49	-	-	-	-	1.49
Due from banks	758.46	-	-	-	-	758.46
Due from customers	69,376.62	95,158.13	271,633.29	64,270.44	21,562.14	522,000.62
Property, plant and equipment	-	-	-	-	81.90	81.90
Intangible assets	-	-	-	-	511.79	511.79
Other assets	104.65	3.03	54.79	3,925.54	100.58	4,188.59
Total Assets	**70,241.22**	**95,161.16**	**271.688,08**	**68,195.98**	**22,256.41**	**527,542.85**
LIABILITIES						
Due to banks	63,372.97	21,256.93	21,147.47	-	-	105,777.37
Due to customers	4,806.60	-	-	-	-	4,806.60
Debt securities in issue	86.87	-	-	-	300,000.00	300,086.87
Liabilities for current income tax and other taxes	527.28	86.37	-	3,301.37	-	3,915.02
Deferred tax liabilities	-	-	-	-	7,922.20	7,922.20
Employee defined benefit obligations	-	-	-	-	400.51	400.51
Other liabilities	1,447.50	26.07	-	-	-	1,473.57
Total Liabilities	**70,241.22**	**21,369.37**	**21,147.47**	**3,301.37**	**308,322.71**	**424,382.14**
EQUITY						
Share capital	-	-	-	-	41,000.01	41,000.01
Share premium	-	-	-	-	64.75	64.75
Statutory reserve	-	-	-	-	6,745.45	6,745.45
Retained earnings	-	-	-	-	55,350.50	55,350.50
Total Equity	**-**	**-**	**-**	**-**	**103,160.71**	**103,160.71**
Total Liabilities and Equity	**70,241.22**	**21,369.37**	**21,147.47**	**3,301.37**	**411,483.42**	**527,542.85**
Open Liquidity Gap	**-**	**73,791,79**	**250,540.61**	**64,894.61**	**(389,227.01)**	**-**
Cumulative Liquidity Gap	**-**	**73,791.79**	**324,332.40**	**389,227.01**	**-**	**-**

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 43.3 and 43.4, the consideration of both interest rate and liquidity risk analysis implies that the effect on the profit or loss and the equity of the Company from a change in interest rates would not be significant.

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

Amounts in thousands of Euro	Nominal inflows / outflows 31.12.2017					
	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	715.80	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**

Amounts in thousands of Euro	Nominal inflows / outflows 31.12.2016					
	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	63,590.16	21,468.44	21,570.64	-	-	106,629.24
Due to customers	4,806.60	-	-	-	-	4,806.60
Debt securities in issue	1,054.86	2,007.64	3,096.53	6,261.11	352,337.92	364,758.06
Total	**69,451.62**	**23,476.08**	**24,667.17**	**6,261.11**	**352,337.92**	**476,193.90**

43.5 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.

43.6 Estimated Impact from the implementation of IFRS 9

The new accounting standard IFRS 9 will replace IAS 39 for annual periods on or after 1 January 2018, which impose 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 has 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 level for the classification, measurement and impairment of financial instruments. New methodologies and procedures have also been implemented to support these new policies.

Key decisions taken are briefly described in the following paragraphs:

Classification and measurement work stream

In line with the new standard, the IAS 39 classification categories of financial assets (fair value through profit or loss, available for sale, held to maturity and amortized cost) will be replaced by:

- Financial assets measured at amortized cost
- Debt securities measured at fair value through other comprehensive income, with gain or losses recycled to profit or loss on derecognition.
- Equity intsruments measured at fair value through other comprehensive income, with gain or losses on derecognition not recycled to profit or loss.
- Financial assets measured at fair value through profit and loss.

Based on the above, the existing portfolio on 1.1.2018, has been 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.

Impairment work stream

The application of IFRS 9 modifies the method of calculating the Company's impairment losses on financial instruments. IFRS 9 introduces a model of expected credit loss that replaces the current IAS 39 incurred loss model. The new requirements eliminate the IAS 39 criterion according to which credit risk losses were recognized only after the occurrence of a credit event.

In accordance with IFRS 9, the Company should recognize an allowance for expected credit losses for receivables against customers and other financial assets that are not classified in the fair value through profit and loss category.

The loss allowance will be 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 addition, if the financial asset falls under the definition of a purchased or originated credit-impaired (POCI) financial asset, a loss allowance equal to the lifetime expected credit loss will be recognized.

A. Change in default definition

In the context of the transition to IFRS 9, the Company has harmonized the definition of Default for both accounting and regulatory purposes by adopting the definition of Non-Performing Exposures and satisfying in this way the regulatory requirements. The definition of Non-Performing Exposures takes into account the definition of default in accordance with Article 178 of the European Union Regulation 575/2013 as well as the EBA Guidelines (GL / 2016/07), the full application of which is applicable from the end of 2020.

The definition of default under IFRS 9 will be consistent with the one used for internal credit risk management purposes, i.e. all exposures classified as Non-performing will be considered impaired - and will be classified as Stage 3 or as credit-impaired at initial recognition.

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

B. Classification of loans into stages based on credit risk (Staging)

The new standard uses a Stages approach that will reflect the changes in the credit risk of an exposure since its initial recognition. The adoption of this approach aims at: a) the timely recognition and measurement of credit losses before they incur, b) the classification of exposures depending on whether there is a deterioration in credit risk.

Credit-impaired at initial recognition include the following:

- 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, due to financial difficulty or not, which resulted in derecognition and recognition of a new impaired asset (POCI). If the exposure before the derecognition was classified as impaired the new loan will also be classified as POCI. However, in the case where the newly recognized loan is the result of a change of borrower whose overall creditworthiness is better than the previous one, based on an assessment by the competent Committee, who does not present financial difficulties and simultaneously has presented a viable Business plan, and for which no debt has been write-down, then the exposure will not be classified as POCI.

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

For the remaining exposures not classified as POCI, Stage allocation is determined as follows:

- Stage 1: At initial recognition of an exposure, a loss allowance is measured based on 12 months Expected Credit Losses. Stage 1 includes exposures that do not have a significant increase in credit risk since initial recognition. Stage 1 also includes exposures for which credit risk has improved and the loan has been reclassified from Stages 2 or 3.
- Stage 2: If an exposure has a significant increase in credit risk since initial recognition and is not classified as Non-Performing Exposure, the Company will measure Expected Credit Losses over its lifetime. Stage 2 also includes exposures for which credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Includes the Non-Performing/credit impaired exposures. In this stage, lifetime Expected Credit Loss are recognised.

C. Significant Increase in Credit Risk

The significant increase in credit risk of an exposure since initial recognition (SICR) results in the recognition of Lifetime expected Credit Losses instead of 12 months Expected Credit Losses.

The assessment of the significant increase in Credit Risk is based on the following:

- Qualitative Indicators: refers to the qualitative information used and 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, are also reflected through the Early Warning indicators and depending on the underlying assessment, an Exposure can be considered to have a significant increase in credit risk or not.
- Backstop Indicators: in order to address cases where there is no evidence of significant deterioration of credit risk, based on qualitative indicators it is established that balances with exposure in arrears over 30 days are considered to present a significant increase in credit risk from their exposure.

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 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. Information on future conditions

The Economic Research Division of the parent company produces forecasts for the possible evolution of macroeconomic variables that affect the level of expected credit losses of loan portfolios under a baseline and under alternative macroeconomic scenarios and also generates the cumulative probabilities associated with these scenarios.

The macroeconomic variables affecting the level of expected credit losses are the Gross Domestic product, the unemployment rate and forward looking prices of residential and commercial real estates.

The production of the baseline scenario, supported by a consistent economic description, will constitute the most likely scenario for the Company as receivables arising from factoring contracts are repaid within less than one year (note 43.4, Liquidity Risk).

Transition

The Company will not restate the comparative information for 2017 for financial instruments that are within the scope of IFRS 9 and the differences arising from the adoption of IFRS 9 will be recognized directly in Equity as at 1 January 2018.

The Company continues to evaluate, inspect and improve the new accounting policies, internal controls and governance framework required by the adoption of IFRS 9. New accounting policies, assumptions, judgments and estimates may change until the Company finalized the financial statements of 31.12.2018. Therefore, the effect disclosed in these financial statements may be amended during 2018.

The following table presents the reconciliation of the transition from IAS 39 to IFRS 9 as of 1 January 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	3,566.89	-	-	3,566.89
Total Assets	**460,108.01**	**-**	**(321.73)**	**459,786.28**
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	3,154.03	-	-	3,154.03
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	**348,311.84**	**-**	**(93.30)**	**348,218.54**
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	**460,108.01**	**-**	**(321.73)**	**459,786.28**

The following table presents loans and advances to customers measured at amortised cost by IFRS 9 (stages) as reported 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								
SMEs	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**	**(625.78)**
Due to customers - Non-Performing								
SMEs	-	-	-	-	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								
SMEs	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**	**(5,746.35)**

44. Capital adequacy

The capital adequacy ratio as at 31.12.2017 stands at 27.65%, 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 34).

	31.12.2017	**31.12.2016**
Tier I	22.58%	18.49%
Tier I+Tier II	27.65%	22.99%

45. 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:

	31.12.2017	31.12.2016
Expenses		
Fees paid to key management personnel and members of the Board of Directors	275,873.61	247,634.37
Total	**275,873.61**	**247,634.37**

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:

			31.12.2017	31.12.2016
Assets				
A)		**Due from banks**		
	1.	ALPHA BANK S.A.	99,767.19	17,306.63
	2.	ALPHA BANK CYPRUS LTD	152,002.78	22,951.95
B)		**Other assets**		
	3.	ALPHALIFE A.A.E.Z.	1,538.73	8.51
		Total	**253,308.70**	**40,267.09**

			31.12.2017	31.12.2016
Liabilities				
A)		**Due to banks**		
	1.	ALPHA BANK S.A.	23,619,443.81	105,777,368.57
B)		**Debt securities in issue**		
	1.	ALPHA BANK S.A.	300,085,368.00	300,083,875.00
	2.	ALPHA BANK LONDON LTD	3,000.00	3,000.00
C)		**Other liabilities**		
	1.	ALPHA BANK S.A.	798,481.74	791,771.51
	2.	ALPHA SUPPORTING SERVICES S.A.	-	93,000.00
		Total	**324,506,293.55**	**406,749,015.08**

Income statement			1.1.-31.12.2017	1.1.-31.12.2016
		INCOME		
A)		**Interest and similar income**		
	1.	ALPHA BANK S.A.	8,477.81	790.68
B)		**Staff costs**		
	1.	ALPHALIFE A.A.E.Z.	2,361.59	522.68
	2.	ALPHA BANK S.A.	29,162.99	-
		Total income	**40,002.39**	**1,313.36**
		EXPENSES		
A)		**Interest and similar charges**		
	1.	ALPHA BANK S.A.	13,513,000.94	18,884,527.15
	2.	ALPHA BANK LONDON LTD	132.13	129.57
	3.	ALPHA BANK CYPRUS LTD	5,496.80	1,647.77
B)		**Commission expense**		
	1.	ALPHA BANK S.A.	2,114,766.80	2,356,199.09
C)		**Staff costs**		
	1.	ALPHA BANK S.A.	211,291.51	153,464.48
D)		**General administrative expense**		
	1.	ALPHA BANK S.A.	74,098.14	76,178.33
	2.	OCEANOS A.T.O.E.E.	82,372.68	82,372.68
	3.	ALPHA SUPPORTING SERVICES S.A.	75,000.00	75,000.00
		Total expenses	**16,076,159.00**	**21,629,519.07**

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.-31.12.2017, the Company did not transact with related parties to the HFSF.

46. Auditors' fees

The total fees of statutory auditors ("KPMG Certified Auditors A.E." for fiscal year 2016 and "Deloitte Certified Public Accountants S.A." for fiscal year 2017), as stated in paragraphs 2 and 32, article 29, of Law 4308/2014, are analyzed as follows:

	1.1-31.12.2017	1.1-31.12.2016
Fees for statutory audit	29,070.00	25,000.00
Fees for the issuance of the tax certificate	16,320.00	14,000.00
Fees for non-audit services	-	3,700.00
Total	**45,390.00**	**42,700.00**

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

47. Events after the balance sheet date

No significant events occurred since 31 December 2017 and up to the date of approval of these financial statements.

Athens, May 31, 2018

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