ΠΕΙΡΑΙΩΣ FACTORING

PIRAEUS FACTORING
TRADE CLAIMS SINGLE MEMBER S.A.

ANNUAL FINANCIAL REPORT
31 DECEMBER 2023

The Annual Financial Report attached hereto was approved by the Company's Board of Directors on 12 July 2024 and has been posted online at www.piraeus-factoring.gr

Contents

PIRAEUS FACTORING S.A. – BOARD OF DIRECTORS' REPORT

To

THE ORDINARY ANNUAL GENERAL MEETING

OF THE COMPANY'S SHAREHOLDERS

Dear Shareholders,

In accordance with the Company's Articles of Incorporation and article 150 of Law 4548, we hereby submit to the General Meeting the Directors' Report and the Company's 2023 Financial Statements along with our relevant remarks for your approval.

Economic Background

In 2023, the Greek economy remained on a growth trajectory, despite the uncertainty in the international environment and the macroeconomic impact of monetary policy in the Eurozone. In the first nine months of 2023, real GDP grew by 2.2% on an annual seasonally adjusted basis, which remains above the Eurozone average (0.6%) despite being slower than the 2022 growth rate. Domestic demand and exports contributed positively to GDP growth. Nominal GDP grew 7.5% year-on-year in the first three quarters of 2023, following an increase of 13.8% year-on-year in 2022. In the labour market, employment increased by 1.5% year-on-year in 2023 and the unemployment rate declined to 10.6% from 12.4% in 2022. Inflationary pressures, which were a key feature of 2022 at international and domestic levels, showed a clear de-escalation trend.

In 2023, the national inflation rate shrank to 3.5% year-on-year from 9.6% in 2022, mainly due to falling energy prices. The average Harmonized Index of Consumer Prices ("HICP") for 2023 hiked by 4.2% year-on-year, from 9.3% in 2022.

Regarding the country's credit rating, its gradual upgrade resulted in the recovery of the investment grade for the first time since 2010. Specifically, on 1 December 2023, Fitch Ratings upgraded Greece's credit rating to investment grade BBB- from BB+ with stable outlook. On 20 October 2023, the S&P Global rating agency upgraded Greece to investment grade BBB- from BB+ with stable outlook. Earlier, on 8 September 2023, the DBRS Morning star rating agency had upgraded Greece to investment grade, BBB (low) from BB with stable outlook, and on 4 August 2023 the Scope Ratings rating agency had upgraded Greece to investment grade BBB- with stable outlook. Moody's upgraded Greece's credit rating by two (2) tiers, to Ba1 from Ba3 with stable outlook, one position below investment grade on 15 September 2023.

According to the European Commission's forecasts, economic activity in Greece is expected to increase by 2.4% in 2023 and 2.3% in 2024, and to slow down to 2.2% in 2025. The expansion of the Greek economy will continue to be underpinned by the implementation of Greece's National Recovery and Resilience Plan 2.0 ("RRP") as well as a resilient labour market. The unemployment rate is expected to gradually decrease and inflationary pressures to be contained. Employment growth is expected to continue, albeit at a slower pace. The unemployment rate is projected to drop to 9.9% by 2025, the lowest level over the past decade. HICP consumer prices are expected to increase by 2.8% and 2.1% in 2024 and 2025, respectively. The general government deficit is expected to shrink further due to controlled expenditure growth and higher revenues.

The primary balance is expected to show a surplus of 1.1% of GDP in 2023, from 0.1% in 2022, reaching 2.5% of GDP in 2024. In conjunction with consistent nominal GDP growth, this is expected to support a decline in the high public debt-to-GDP ratio.

The development path of the Greek economy depends on the utilization of European funds in the implementation of investment plans and stimulation of entrepreneurship. The Recovery and Resilience Fund (“RRF”), via both grants and loan facilities to the private sector for investment purposes, is key to the perspective of sustainable development. It is noted that on 8 December 2023, the EU Economic and Financial Affairs Council (“ECOFIN”) approved Greece’s amended RRP, which includes €795 million for the REPowerEU plan, as well as an additional €5 billion to the existing loan program. The revised plan amounts to €36 billion (from €30.5 billion of European funding in the initial plan), with €18 billion in RRF grants and €18 billion in RRF loans. The European Commission had already disbursed €17.4 billion to Greece by January 2024 in the context of the RRF. In total, it is estimated that by 2027 the country's funding from EU programs (Recovery and Resilience Fund, “RRF”; National Strategic Reference Framework, “NSRF”; Common Agricultural Policy, “CAP”) will exceed €76 billion. In the medium term, the Greek economy is expected to have its resilience boosted, despite the challenging and unstable global environment, based on a credible fiscal policy, reform orientation, productive investment and extroversion. Increasing investment, implementing the RRP and maintaining the reform momentum can ensure that sustainable growth will continue in the long term.

However, there are risk factors that could affect developments in the Greek economy and its prospects. A worsening of the geopolitical crises in Ukraine and the Middle East increases the risk of energy supply disruptions with a potential impact on energy prices, and on the overall price level. Sluggish growth in Europe also carries risks in relation to the country's export performance and the ongoing recovery of tourism. Additional risks for the prospects of the Greek economy include the continuation of the restrictive monetary policy that may burden economic activity and weaken investment impetus, as well as delays in the implementation of public and private projects and in the observance of the RRF timeline. Finally, environmental challenges and extreme weather events pose an increasing risk to the economy. These risks could affect the Greek banking system and in particular Piraeus Bank (the “Bank”). Higher energy prices may cause inflation that reduces consumer spending and corporate profits, making it difficult for individuals and businesses to repay their loans, resulting in deterioration in asset quality and more inflows of Non-Performing Exposures (“NPEs”). Weaker economic activity and potential delays in distributing RRF funds could damage Piraeus Group's credit expansion and revenue sources, reducing profitability and capital generation. Finally, extreme weather events, such as the fires and floods that occurred in Greece during 2023, could damage the repayment capacity of affected borrowers and the value of collateral in these areas.

Development of the Company's operations

The total annual turnover of the Greek Factoring market grew by 5% and rose to € 24.69 billion in 2023, compared to € 23.51 billion in 2022.

Piraeus Factoring managed to increase the value of its factoring services by 30%, from €4.79 billion in 2022 to € 6.23 billion in 2023 and expanded its market share to 25.23% from 20.37%%. Loan balances as at 31/12/2023 rose to €763,021 thousand, increased by 8% compared to balances as at 31/12/2022.

The Company is a member of Factors Chain International (FCI) and the Hellenic Factors Association (HFA). At the FCI annual conference held in 2024, the Company received the 3rd place in export factoring in the world ranking.

The main developments that marked the company's course in 2023 include:

1.Growth of its client base, expansion of existing partnerships mainly involving financing to SMEs and supporting exports, along with an increased market share and NPLs remaining at particularly low levels.

2. Provision of high-quality services to clients and provision of support to their growth plans.

3. Development of all types of products (domestic, export & Reverse Factoring).

4. Further development of synergies with customer segments of the parent Bank and especially with Large Enterprises, Commercial Banking and the Agricultural Sector.

5. Integration of various quality improvements in the factoring services IT application (proxima), both as regards the need to meet supervisory/regulatory requirements, and to further optimise and automate customer and buyer risk analyses/assessments, enabling a more accurate identification of business risks and supporting high work volumes and new products in a highly safe environment.

Risk Management

The Company follows the risk management policies of Piraeus Bank Group. The Company operates in a rapidly developing and changing environment and recognises its exposure to risks and the need to effectively manage such risks. Management and control of such risks constitute an integral part of the Company's commitment to constantly pursuing high returns for its shareholders. Risk analysis and monitoring is presented in notes 4.1 - 4.6 to the financial statements.

Credit Risk

Credit risk is the risk of incurring losses as a result of the counterparty's failure to comply with the terms and conditions arising from any agreement they may have with the Company. The Company has accumulated credit risk as regards its cash and cash equivalents and its receivables from factoring agreements. This is the most important risk to which the Company is exposed. Borrower credit assessments are carried out in collaboration with the parent company, Piraeus Bank.

The Group's credit operations include:

- Credit criteria, clearly defined on the basis of the particular target market, the borrowers or counterparties, as well as the financing purpose and type and the source of repayment.
- Credit limits allowing various credit exposures to be grouped and compared at various levels.
- Established and clearly defined new credit approval procedures, as well as procedures for existing credit restructuring, renewing and refinancing.

Piraeus Group constantly applies credit support, measurement and monitoring procedures, including:
Documented credit risk management policies.

- Internal risk grading systems.
- IT systems and analytic techniques ensuring measurement of inherent credit risks for all relevant activities.

The Group's internal safeguards for credit risk-related procedures include:

- Appropriate management of credit operations.
- Regular and timely corrective actions for managing problem credits.
- Independent evaluation of credit risk management procedures by the Internal Audit Unit, particularly as regards credit risk management systems/patterns applied within the Group.

Operational risk

This risk is defined as the existing or future risk for profits and capital arising from inadequate or failing internal procedures, incorrect human resources management or purely external factors.
Having recognised the significance of operational risk, the Company pursues the goal of establishing and adhering to an effective management framework for this risk.
The Company has contractually assigned the authorities relating to the management of this risk to the parent company, Piraeus Bank. In collaboration with the parent Bank, the Company has proceeded to the development and implementation of an integrated operational risk management framework, aiming at fulfilling the qualitative and quantitative criteria for the adoption of the Standardised Approach.
Throughout 2023 the Company implemented the annual application cycle of the operational risk management framework. More specifically, the following procedures were implemented within the said framework:

- identification, evaluation and monitoring of operational risks through the Risk Control Self-Assessment (RCSA) procedure;
- identification of mitigation actions;
- collection of data on loss-generating incidents.

Liquidity risk

Liquidity risk is the existing or future risk for results and capital that arises from the organisation's failure to comply with its obligations when such obligations become payable, without incurring significant losses.
It reflects the possibility of cash inflows not being sufficiently covered by cash outflows, considering any non-anticipated delays in repayments or payments which are higher than anticipated. Liquidity risk includes the risk of non-anticipated increases in the cost of asset financing with similar maturities and at similar interest rates, as well the risk of being the Company being unable to liquidate positions timely and on reasonable terms.
The Company's main sources of financing include common bond loans and credits through current accounts on the basis of relevant agreements concluded with the parent company, Piraeus Bank, and other financial organisations (EBRD).

Projected course of business for the Company

Factoring through specialised products and services is a financial tool enabling Greek businesses to achieve sound and sustainable growth, while boosting their extroversion. This is achieved with the injection of direct liquidity, effective development-management and insurance claims against their customers, both in the domestic and in the international market.

The Company's plans and outlook for the current period will depend upon the country's growth course in conjunction with broader developments, summarised as follows:

1. Increase market share & profitability through credit expansion and support to key industries, which are the pillars of growth for the Greek economy.

2. Maintain portfolio quality and low bad debts.

3. Continuous improvement of the services provided to clients and their support.

4. Constant upgrading of procedures, aiming at optimising financial and operational risk monitoring and minimisation methods.

5. Further optimisation of existing computer applications, in order to improve staff productivity.

6. Expansion of the range of electronic services provided to clients, in order to maximise digital transactions.

7. Specialised overall and on-the-job training of staff, so that they become familiar with international trends and developments as regards Factoring and supply chain financing in general.

The Company's sustained growth is driven by the extensive know-how of its skilled personnel, the support provided by the parent Bank, but mostly by the Company's commitment towards its clients to create value by providing services and products customized to their needs.

ALTERNATIVE PERFORMANCE MEASURES (APMs)

No.	APM	APM Definition – Calculation	2023	2022
1	Pro-forma Total Capital Adequacy Ratio	Total regulatory capital / risk-weighted assets	6.80%	9.15%
2	Non-Performing Exposures (NPEs)	On-balance sheet credit exposures before provisions, which: (a) are more than 90 days past due; (b) have been impaired or the debtor is unlikely to pay (UTP) without the liquidation of security, irrespective of any overdue amount or the number of days in arrears; (c) have not been forborne and their monitoring period, as specified by the European Banking Authority, has not expired; (d) have been contaminated by amounts (a) as specified by the European Banking Authority or are UTP exposures.	30,604	23,876
3	Non-Performing Loans (NPLs)	Consumer before provisions, more than 90 days past due	22,944	12,411
4	NPE provision coverage ratio	Provisions for loans to (/) NPEs	60.53%	55.59%
5	NPE Ratio	NPEs to (/) Loans before provisions	4.01%	3.37%
6	NPL Ratio	NPLs to (/) Loans before provisions	3.01%	1.75%
7	Provisions for loans	Provisions for loans	18,526	13,272
8	Loans before provisions	Loans before provisions	763,021	708,586

9	Loans after provisions	Loans after provisions at amortised cost	744,495	695,314
10	Net Commissions Income	-	5,421	5,313
11	Net Interest Income	-	1,437	3,831
12	Net result after tax	Net result after tax	1,069	5,422
13	Total Net Income		9,842	9,530
14	Operating costs	Total Operating Expenses	3,204	3,043
15	Result before provisions	Profit for the period before provisions, impairment and tax	6,638	6,488
16	Result before tax	Profit for the period before income tax	1,367	7,023

Securities or equity held by the Company

None.

Cash in foreign currency

The Company has deposits in foreign currency rising to 5,697 thousand that represent 5.5% of its cash.

Branches

The Company has offices in Thessaloniki, at 106 Megalou Alexandrou str., & 13, Pavlou Mela str.

Staff

The Company's management relies on a team of experienced and competent executives who are fully aware of the Company's business and the market conditions, thus contributing to the proper functioning and further development of the Company’s operations.
As at 31/12/2023, the Company’s staff rises to 26 employees, whereas on 31.12.2022 there were 32 employees. The Management's relations with the staff are excellent and there are no employment issues.

Environmental issues

The Company recognises the environmental impact of its activities and seeks and sets objectives for the optimal utilisation of natural resources and the protection of the environment. In addition, the Company encourages its customers, suppliers and employees to adopt best environmental practices in accordance with the guidelines and initiatives of International Organisations.

Research & Development activities

The Company is not active in the field of Research & Development.

Related Party Transactions

Regarding the Company's transactions with Piraeus Financial Holdings SA (parent company of Piraeus Bank), Piraeus Bank SA, the members of Piraeus Group and the members of the Board of Directors & persons in Key Management Positions, the relevant detailed report is included in note 27 to the Financial Statements.

Events after the reporting period

Apart from the above, there are no other events, subsequent to the financial statements as at 31 December 2023, which concern the Company and could have a significant impact on the Company's Individual Financial Statements.

Concluding this report, we believe it is necessary to thank all our staff for their contribution to the Company's success.

Athens, 12 July 2024

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CEO
THEODOROS A. TZOUROS	VASILIOS CH. KAIMAS
ID Card no. Reg. No. 891508	ID Card no. AM 553294

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Independent Auditor's Report

To the Shareholders of “Piraeus Factoring Trade Claims Single Member S.A.”

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Company “Piraeus Factoring Trade Claims Single Member S.A.” (the Company), which comprise the statement of financial position as at December 31, 2023, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, including a summary of significant accounting policies and other explanatory notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company “Piraeus Factoring Trade Claims Single Member S.A.” as of December 31, 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (I.F.R.S.) as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as they have been transposed in Greek Legislation. Our responsibilities under those standards are described in the “Auditor’s Responsibilities for the Audit of the financial statements” section of our report. We are 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 transposed into Greek legislation and the ethical requirements relevant to the audit of the financial statements in Greece and we have fulfilled our responsibilities in accordance with the provisions of the currently enacted law and the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information, included in the Board of Directors’ Report, referred to in the section “Report on Other Legal and Regulatory Requirements”. Other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as they have been transposed in Greek Legislation, we exercise professional judgement and maintain professional scepticism 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 operating as a going concern; and

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of article 150 of L. 4548/2018 and its content is consistent with the accompanying financial statements for the year ended December 31, 2023.

b) Based on the knowledge we obtained during our audit about the "Piraeus Factoring Trade Claims Single Member S.A." and its environment, we have not identified any material inconsistencies in the Board of Directors' Report.

Athens, 12 July 2024

The Certified Public Accountant

Apostolos Kokkinellis
Reg.No. SOEL: 44621
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GR-151 25 Maroussi
Reg.No. SOEL: E120

STATEMENT OF COMPREHENSIVE INCOME

€ Thousand	Note	1-1-2023 to 31-12-2023	1-1-2022 to 31-12-2022
Interest and equivalent income	5	37,049	19,910
Interest and equivalent expenses	5	(35,612)	(16,078)
NET INTEREST INCOME		**1,437**	**3,831**
Commission Income	6	12,457	12,105
Commission Expenses	6	(7,036)	(6,792)
NET COMMISSIONS INCOME		**5,421**	**5,313**
Other operating income	7	2,983	386
TOTAL NET INCOME		**9,842**	**9,530**
Staff expenses	8	(1,006)	(960)
General administrative expenses	9	(1,951)	(1,898)
Depreciation	13, 14, 15	(247)	(185)
Impairment of loans and advances to customers	12	(5,271)	535
TOTAL EXPENSES		**(8,475)**	**(2,508)**
EARNINGS BEFORE TAX		**1,367**	**7,023**
Income tax	10	(298)	(1,601)
EARNINGS FOR THE YEAR (A)		**1,069**	**5,422**
Earnings per share (€)	25	**0.18**	**0.92**
Actuarial gains / (loss) of defined benefit plans (after tax)		**(6)**	**13**
Other Total Income After Tax (B)	20	(6)	13
Comprehensive total income after tax (A+B)		**1,063**	**5,435**

STATEMENT OF FINANCIAL POSITION

€ Thousand	Note	31-12-2023	31-12-2022
ASSETS			
Cash in hand & bank balances	11	114,717	17,290
Loans and advances to customers	12	744,495	695,314
Property with right of use	13	581	75
Intangible assets	14	218	112
Tangible assets	15	478	60
Deferred tax assets	20	664	185
Other Assets	16	2,786	148
TOTAL ASSETS		**863,939**	**713,184**
LIABILITIES			
Due to financial institutions	17	822,338	665,017
Retirement benefit obligations	21	89	152
Other liabilities	18	5,516	4,083
Payables to customers	19	4,325	3,958
Current tax liabilities	22	141	507
TOTAL LIABILITIES		**832,409**	**673,717**
EQUITY			
Share capital	23	21,126	21,126
Share premium	23	2,770	2,770
Other reserves	24	3,256	3,208
Retained earnings	24	4,379	12,363
TOTAL EQUITY		**31,530**	**39,467**
TOTAL LIABILITIES & EQUITY		**863,939**	**713,184**

STATEMENT OF CHANGES IN EQUITY

€ Thousand	Note	Share Capital	Share Premium	Other Reserves	Retained earnings	TOTAL
Opening Balance as at 01 January 2022	**23**	**21,126**	**2,770**	**2,924**	**8,113**	**34,932**
Profit after tax	24	-	-	-	5,422	5,422
Total recognised net income after taxes		-	-	-	5,422	5,422
Reserves from actuarial gains/(losses)		-	-	13	-	13
Previous year's dividend paid	24	-	-	-	(900)	(900)
Earnings transferred to reserves	24	-	-	271	(271)	-
Balance as at 31 December 2022		**21,126**	**2,770**	**3,208**	**12,363**	**39,467**
Opening Balance as at 01 January 2023	**23**	**21,126**	**2,770**	**3,208**	**12,363**	**39,467**
Profit after tax	24	-	-	-	1,069	1,069
Total recognised net income after taxes		-	-	-	1,069	1,069
Reserves from actuarial gains/(losses)		-	-	(6)	-	(6)
Previous year's dividend paid	24	-	-	-	(9,000)	(9,000)
Earnings transferred to reserves	24	-	-	53	(53)	-
Balance as at 31 December 2023		**21,126**	**2,770**	**3,255**	**4,379**	**31,530**

CASH FLOW STATEMENT

€ Thousand	Note	Fiscal year ended 31-12-23	31-12-22 *(as reclassified)*
Cash flows from operating activities			
Earnings before tax		1,367	7,023
Adjustments to profit before tax:			
Receivables impairment	12	5,271	(535)
Depreciation	13,14,15	247	185
Post-retirement benefits	21	19	21
Interest and equivalent expenses	5	35,612	16,078
Cash flows from operating activities before change to operating assets and liabilities		**42,516**	**22,773**
Changes of operating assets and liabilities			
Net (increase) / decrease in receivables	12	(54,453)	(225,820)
Net (increase) / decrease in other assets	16	(2,638)	126
Net (increase) / decrease in other liabilities	18.19	1,290	107
Cash flows from operating activities before income tax		**(13,285)**	**(202,815)**
Income tax collected (paid)		(1,141)	(366)
Net cash inflows / (outflows) from operating activities		**(14,426)**	**(203,181)**
Cash flow from investing activities			
Acquisition of tangible assets	15	(502)	-
Acquisition of intangible assets	14	(151)	(35)
Net inflows / (outflows) from investments		**(653)**	**(35)**
Cash flow from financing activities			
Bond loan issues/renewals		915,421	250,566
Bond loan repayments		(755,379)	(30,429)
Bond loan interest repayment		(39,452)	(12,851)
Other loans		1,085	2,307
Repayment of tax on asset rights of use		(20)	(1)
Repayment of capital on lease payments		(150)	(33)
Dividend paid		(9,000)	(900)
Net inflows / (outflows) from financing activities		**112,506**	**208,659**
Net increase / (decrease) of cash and cash equivalents		**97,427**	**5,444**
Start of year cash and cash equivalents	11	**17,290**	**11,846**
End of year cash and cash equivalents		**114,717**	**17,290**

1 General Information on the Company

Piraeus Factoring Trade Claims Single-Member SA, titled Piraeus Factoring SA ("the Company") was set up in 1998 by Piraeus Bank and is operating in the Greek factoring industry. Its registered offices are at 170 Alexandras Ave., 115 21 Athens, and it is registered in GEMI under number 3021501000. The Company's website address is www.piraeus-factoring.gr

The Company's operation is governed by the laws and provisions on factoring services (Law 1905/90).

The Group is controlled by the Bank's parent company, Piraeus Financial Holdings SA, which holds 100% of the shares of the parent Piraeus Bank SA (established in Greece) as well as 100% of the Company's shares. The Company's financial statements are included in the consolidated financial statements of the 'Piraeus Financial Holdings SA' Group of companies using the full consolidation method.

The Company receives accounts receivable invoices from traders and pays them a percentage of the receivable amount and withholds its commission. In the analysis of the Company's Financial Statements, the term "credit" refers to the exact amount that the Company pays to merchants against their receivables and subsequently seeks to collect from end customers.

On 15-11-2023, Mr. Vasilios Kaimas was elected Managing Director (CEO) following the resignation of Mr. Konstantinos Christodoulou.

These Financial Statements were approved for publication on 12 July 2024 by the Board of Directors, comprising the following members:

Theodoros A. Tzouros, Chairman
Efstratios D. Andrianis, Vice-chairman
Vasilios Ch. Kaimas, Managing Director
Athanasios F. Vlachopoulos, Director
Dimitrios H. Konstantopoulos, Director
Athanasios A. Andreadakis, Director
Dimitrion I. Milas, Executive Director
Eleftherios P. Bacharopoulos, Director

Audit Committee
Athanasios F. Vlachopoulos, Chairman
Efstratios D. Andrianis, Member
Eleftherios P. Bacharopoulos, Director

The term of the Board of Directors expires on 24-10-2025.

These Financial Statements are subject to approval by the Company's Shareholders' Annual Ordinary General Meeting.

The company's duration is 50 years until 2048.

2 Summary of general accounting principles

The accounting principles followed by the Company in preparing the Financial Statements are presented below: The accounting principles are applied consistently across all reference periods presented. The Company's Financial Statements are prepared in Euro thousand, unless otherwise stated.

2.1 Basis of preparation of the Financial Statements

These Financial Statements have been prepared by Management based on the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board, as adopted by the European Union, and present the Company's Financial Position, income statement and cash flows, pursuant to the going concern principle.

These Financial Statements have been prepared according to the historical cost principle, except financial assets and financial liabilities which are valuated at their fair value through profit & loss and liabilities from post-retirement benefits which are valuated according to AON HEWITT's actuarial valuation.

The preparation of the Financial Statements according to IFRS requires Management to adopt certain important accounting estimates and exercise judgement in the application of accounting principles. Moreover, it requires the use of calculations and assumptions affecting the reported assets and liabilities figures, the disclosure of contingent receivables and liabilities on the date the Financial Statements were prepared, and the reported income and expenses figures throughout the year in question. Despite the fact that these calculations are based on Management's best possible knowledge in relation to current conditions and actions, the actual results may ultimately differ from those calculations.

The areas involving a large degree of objectivity, judgement or complexity or where estimates and assumptions are critical for the preparation of the Financial Statements are presented in Note 3.

2.2 Going concern

Having taken into consideration the recovery of economic activity in 2023, the prospects for achieving sustainable GDP growth rates in the coming years, the Company's improved liquidity, profitability and its capital adequacy, the effects of Covid-19 and the geopolitical developments in the Russia/Ukraine conflict which are not expected to have a considerable impact on the Company, the Management has concluded that the Company's financial statements have been appropriately prepared on a Going Concern basis as at 31 December 2023.

Being a 100% subsidiary of Piraeus Bank SA, the Company maintains considerable synergies with the parent Bank and other Group companies. These synergies are mainly developed a) on a fund raising level in order for the Company to offer credits; b) on a synergy level in order to both attract customers and assess customer credit risk, and c) on an operations level. Therefore, the Company's operations largely rely on the parent Bank's strategy.

2.3 Adoption of International Financial Reporting Standards (“IFRS”)

New standards, standard amendments and interpretations: New standards, standard amendments and interpretations have been published, mandatory for accounting periods starting on 01 January 2023 or later. The Group's estimates regarding the impact from application of the new standards, amendments and interpretations, are listed below.

Standards and Interpretations which are mandatory for the current fiscal period

IFRS 17 “Insurance Contracts” and Amendments to IFRS 17 (applied to annual accounting periods starting on or after 1 January 2023)

IFRS 17 was issued in May 2017 and, together with the Amendments to IFRS 17 issued in June 2020, replaces IFRS 4. IFRS 17 establishes the principles for the recognition, measurement and presentation of insurance contracts within the scope of the Standard and the relevant disclosures. The purpose of the standard is to ensure that an entity provides relevant information that gives a fair view of such contracts. The new standard solves the comparability problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance liabilities shall be measured at current values and not at historical cost.

IAS 1 (Amendments) "Presentation of Financial Statements" and Second IFRS Practice Statement "Disclosure of Accounting Policies" (applied to annual accounting periods beginning on or after 1 January 2023)

The amendments require companies to provide information on their accounting policies when they are material and provide guidance on the concept of materiality when applied to accounting policy disclosures.

IAS 8 (Amendments) "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" (applied to annual accounting periods beginning on or after 1 January 2023)

The amendments provide clarifications on how companies should distinguish changes in accounting policies from changes in accounting estimates.

IAS 12 (Amendments) "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (applied to annual accounting periods beginning on or after 1 January 2023)

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This usually applies to transactions including leases for lessees and restoration obligations.

IFRS 17 (Amendment) "Initial Application of IFRS 17 and IFRS 9 - Comparative Information" (applied to annual periods beginning on or after 1 January 2023)

The amendment is a transition option related to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

IAS 12 “Income tax” (Amendments): International Tax Reform – Pillar Two Model Rules (applied to annual accounting periods beginning on or after 1 January 2023)

The amendments introduce a mandatory temporary exception to the requirements regarding deferred tax arising from the international tax reform of the Organisation for Economic Co-operation and Development (OECD). The amendments also introduce targeted disclosure requirements.

The temporary exemption applies directly and retroactively, in accordance with IAS 8, while the targeted disclosure requirements will apply for annual reporting periods beginning on or after 1 January 2023.

Standards and Interpretations effective for subsequent periods

IAS 1 (Amendments) “Presentation of Financial Statements" (applied to annual accounting periods beginning on or after 1 January 2024)

- **2020 Amendment "Classification of liabilities as current or non-current"**
  The amendment clarifies that liabilities are classified as current or non-current based on rights that are in existence at the end of the reporting period. Classification is not affected by the entity's expectations or events after the reporting date. In addition, the amendment clarifies the meaning of the term "settlement" of an obligation as specified in IAS 1.

- **2022 Amendments "Non-current Liabilities with Covenants"**
  The new amendments clarify that if the right to defer settlement is subject to the entity's compliance with specified conditions (covenants); such amendment will only apply to covenants that exist when compliance is considered on or before the reporting date. In addition, the amendments aim to improve the information provided by an entity when its right to defer settlement of a liability is subject to compliance with covenants within twelve months of the reporting period.

  The 2022 amendments changed the effective date of the 2020 amendments. As a result, the 2020 and 2022 amendments are effective for annual reporting periods beginning on or after 1 January 2024 and should be applied retroactively in accordance with IAS 8. As a result of the alignment of the effective dates, the 2022 amendments will take precedence over the 2020 amendments when both enter into force in 2024.

IFRS 16 (Amendment) "Lease Liability in a Sale and Leaseback" <u>(applied to annual accounting periods beginning on or after 1 January 2024)</u>

The amendment clarifies how a financial entity accounts for a sale and leaseback after the transaction date. Sale and leaseback transactions where some or all lease payments are variable payments that do not depend on an index or rate are more likely to be affected. An entity shall retrospectively apply the requirements to sale and leaseback transactions entered into after the date on which the entity initially applied IFRS 16.

IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments" (Amendments) - Disclosures: Supplier Finance Arrangements <u>(applied to annual accounting periods beginning on or after 1 January 2024)</u>

The amendments require companies to disclose information about their Supplier Finance Arrangements, such as terms and conditions, the carrying amount of financial liabilities that are part of such agreements, range of payment due dates and liquidity risk information. The amendments have not yet been adopted by the EU.

IAS 21 "The Effects of Changes in Exchange Rates" (Amendments) - Lack of exchangeability <u>(applied to annual periods beginning on or after 1 January 2025)</u>

The amendments require companies to apply a consistent approach to assessing whether a currency can be exchanged for another currency and, when it cannot, to determining the exchange rate to be used and the disclosures to be provided. The amendments have not yet been adopted by the EU.

2.4 Foreign currencies

A. Operating currency and presentation currency

The Financial Statements are presented in EUR which is the Company's functional currency.

B. Transactions and balances

Transactions in foreign currency are translated to the presentation currency using the foreign exchange rate as at the transaction date. Any resulting foreign exchange differences are recorded in the statement of comprehensive income. Balances in foreign currency at the reporting date of the Financial Statements are translated into the presentation currency at the exchange rate as at the reporting date. Any differences are accounted for in the Statement of Comprehensive Income.

2.5 Interest income and expenses

Interest income and expense is recognised in the profit and loss account on an accruals basis for all interest-bearing instruments, using the effective interest rate method. The effective interest rate is the rate that discounts exactly the estimated future cash outflows or inflows over the expected life of the financial instrument or, where appropriate, over a shorter period to the net carrying amount of the financial asset or liability. To calculate the effective interest rate, cash flows are calculated taking into account all the financial instrument's contract terms, but not future credit risk losses.
The calculation includes the fees and basis points paid or received between the counterparties to the contract which form an integral part of the effective interest rate, transaction costs and all other premiums and discounts.
The Company calculates interest income by applying the effective interest rate method to the carrying amount of unimpaired financial assets (exposures at Stage 1 and 2) and to the amortised cost of financial liabilities. For credit-impaired financial assets in Stage 3, the Company calculates interest income by applying the effective interest rate (EIR) method on the amortised cost of financial assets adjusted for expected credit loss provisions. If the asset ceases to be credit-impaired, the EIR is reapplied to the carrying amount before provisions.

2.6 Commissions income and expenses

The Company applies the following five-step model to all contracts with clients except for lease agreements and financial instruments:
Identify the contract(s) with a customer.
Identify the performance obligations in the contract.
Determine the transaction price.
Allocate the transaction price to the performance obligations in the contract and
Recognise revenue when (or as) the entity satisfies a performance obligation.

Therefore, the Company recognizes income when the performance obligation is fulfilled, i.e. when the control of the services or goods is transferred to the customer.

Fee income/expenses are recognized over time when the relevant services are provided. For example, fee income from asset management fees is recognised at the time the service is provided to the customer.
Transaction income or expenses related to the creation of financial instruments and measured at net book cost are deferred and amortised throughout the life of such instruments based on the effective rate.

2.7 Loans and advances to customers

Loans and advances to customers include financial assets measured at amortized cost for which the following two conditions apply:

- the financial asset is held within the framework of a business model, the aim of which is achieved when contractual cash flows are collected; and
- the contractual terms on the financial asset generate, on certain dates, cash flows solely comprising principal payments and interest on unpaid principal (SPPI pass).

Loans and advances to customers at amortized cost disbursed by the Company are initially recorded at fair value which includes transaction cost and are subsequently measured at their amortizable value using the effective interest rate method. Loans and advances to customers interest is included in the Income Statement as “Interest and equivalent income”.

The Company accounts for an expected credit loss from loans and advances to customers impairment at amortized cost when it expects that it will not be able to collect all outstanding amounts specified in loan agreement terms. The accumulated amount of the expected credit loss from loans and advances to customers impairment at amortized cost is the difference between all cash flows specified in the agreement and all cash flows which are expected to be collected, discounted by the loan’s initial effective interest rate (or the credit-adjusted effective interest rate for acquired or created financial assets having an impaired credit value).

On every reporting date, impairment loss equal to the 12-month expected credit loss (corresponding to Stage 1) shall be recognised for all financial assets for which there is no significant credit risk increase since initial recognition.

For financial assets:

- in which credit risk has increased substantially since their initial recognition (Stage 2);
- which have an impaired credit value (Stage 3) and
- which are acquired or created financial assets with impaired credit value;

an impairment loss equal to expected losses over the life of the loan shall be recognised.

Definition of Default

The Company has aligned the definition of default for loans and advances to customers for financial information purposes with the definition of default used for regulatory purposes. Therefore, in accordance with the Group’s Provisions Policy, a financial asset is considered impaired and classified as Stage 3 when it is classified as a non-performing exposure (NPE).

The Definition of Default is assessed on a factoring contract agreement level for SMEs with a turnover of up to € 2.5 million and on a borrower level for other enterprises.

Significant increase of credit risk (SICR) is identified by considering a range of factors which vary depending on the portfolio. The criteria according to which the Company and the Piraeus Bank Group assess whether credit risk in an exposure has increased significantly are listed below.

Primary criteria

- Notable increase of a financial instrument's probability of default (PD) as at the reference date, compared to the initial recognition date on the basis of certain absolute (6.5%) or relevant (200%) limits. In the previous fiscal period, the said limits were 3%-6.5% (absolute) and/or 200% (relevant). The change implemented falls within the scope of the standard re-assessment of PD limits regarding the notable increase of the probability of default.

Secondary criteria

- Existence of forbearance

- Loan behaviour (monitoring of maximum period in arrears during the last 12 months)
- Occurrence of a default event, as per the NPE Definition included in the EBA Guidelines, during the last 12 months.

Backstop

- More than 30 days in arrears

Main concepts of value impairment models

Expected Credit Loss (ECL) is a function of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) and is estimated by incorporating information regarding the future and by applying experience-based judgement, so that any factors not recorded in the models can be reflected.

The Company rates Stage 3 customers individually.

The individual rating result is further adjusted by incorporating the effect of macroeconomic scenarios which have been determined according to the calculation of collective provision models.

Impaired value on a collective basis is estimated in all Stage 1, 2 and 3 loans and advances, provided they have not been evaluated individually. Loans and advances to customers at amortized cost are grouped according to similar credit risk criteria (e.g. borrower’s arrears category, borrower’s industry, business or product sector and other relevant factors). These characteristics are indicative of the borrower’s ability to repay all overdue debts, according to the contractual terms of financial instruments being assessed.

If, at a later period, the amount of the provision created is reduced and this reduction is related with objective events that occurred after creation of the provision, such as improvement of the borrower’s credit rating, then the provision shall be reduced and the profit shall be recorded in Income Statement.

Forborne loans are exposures arising from loan agreements for which forbearance measures have been adopted. These measures are considered a concession by the Company in favour of borrowers who are facing or are about to face financial difficulties in complying with their financial obligations. The forbearance status may include amended agreement terms and conditions and/or debt refinancing.

Forborne loans are audited for value impairment in accordance with the impairment policy specified in IFRS 9 for loans and trade receivables at amortised cost as specified above.

From 1 January 2021 onwards, the Company applies the new regulatory requirements of the new Definition of Default (DoD) issued by the European Banking Authority (EBA/GL/2016/07), aiming at converging the definitions of default for accounting and regulatory purposes (IFRS 9, EBA and CRR guidelines). The requirements for the new DoD are set out in Article 178 ('Debtor Default') of Regulation (EU) No 575/2013 (Capital Requirements Regulation (CRR)), as well as in the guidelines and regulatory technical standards issued by the European Banking Authority on the application of the definition of default. The Company has aligned the definition of default for financial information purposes with the definition of non-performing exposures (NPEs) used for regulatory reporting. In accordance with the Company's Provisions Policy, a financial asset is thus considered credit impaired and classified as Stage 3 when it is classified as an NPE. According to the new definition of default, the terms NPE, Defaulted and Impaired are considered equal.

In 2021, this change became a change in accounting estimates in accordance with IAS 8.

The new DoD shall be applied on a debtor level and the effect of the new DoD application on the Company as at the transition date is immaterial.

The Company predicts the potential development of macroeconomic variables such as the GDP, the unemployment rate and inflation that will affect the amount of expected loan portfolio credit losses under multiple economic scenarios. When calculating expected credit losses, the Management calculates three different scenarios (Optimistic – Baseline – Pessimistic), each of which is associated with different PDs and LGDs. The Management has assigned the following weighting factors for each scenario: Baseline: 90%; Optimistic: 5%; Pessimistic: 5% Where appropriate, the assessment of multiple economic scenarios shall take into account the possibility to recover the defaulted loans, including the possibility of such loans being restructured.

Depending on its quality, the Loan Portfolio is segmented as follows:

- Strong
  - Business: Loans and advances to customers at Stage 1 amortised cost with a rating of up to 12
- Recommended

- Business: Loans and advances to customers at Stage 1 amortised cost with a rating above 12

- Substandard

- Business: Loans and advances to customers at Stage 2 amortised cost

- In default

- Business: Loans and advances to customers at Stage 3 amortised cost

2.8 Intangible assets

An intangible asset is recognised when future economic benefits are expected.

Intangible assets are recognised at acquisition cost.

The expense for the purchase of a software programme that will generate future economic benefits for the company, is recorded as an intangible asset.

Maintenance of software programs is recognized as an expense when incurred. On the contrary, expenses that improve or prolong the performance of software programmes beyond their original specifications, or, accordingly, software conversion expenses are carried at the acquisition cost of the intangible asset, on condition that this can be reliably measured. Software cost is amortised in 3-4 years using the straight line method. An impairment test is carried out when there is evidence of impairment.

2.9 Tangible Assets

Owner-occupied tangible assets are valuated at historical cost, less accumulated depreciation and any accumulated impairment. Tangible assets are examined for impairment when there is evidence of impairment. Any impairment loss is recognised directly in the Statement of Comprehensive Income

Tangible assets depreciation is calculated using the straight line method based on the estimated useful life, as follows:

• Computer hardware: 3-4 years

• Improvements on leased property: Shorter duration between the useful life of the property and the property's lease term.

• Other fixtures and furniture 5 years

• Transportation equipment: 6-7 years

Subsequent expenses are recorded as in increase of the tangible assets' carrying amount, or as a separate fixed asset, only to the extent where future economic benefits are expected to arise for the Company and their cost can be reliably calculated. The cost of repairs and maintenance is recorded in the Statement of Comprehensive Income when incurred.

When tangible assets are sold, any differences between the collected amount and their non-depreciated book value are recorded in the Statement of Comprehensive Income as profit or loss.

2.10 Leases

Lease identification

Upon entering into a lease contract, the Company assesses whether the contract is or involves a lease. A contract is or involves a lease if the right to control the use of a particular asset for a period of time against consideration is transferred thereunder.

The time period may be determined by the amount of the use value of a particular asset. The Company reviews whether a lease contract is or involves a lease only if the contractual terms and conditions change.

Separation of contract components

In the case of a contract that includes a lease item and one or more additional lease or non-lease items, the Company allocates contract price to each lease item on the basis of the corresponding standalone price of the lease item and the total standalone price of the non-lease items.

The Company as a tenant

The Company shall, in accordance with the provisions of IFRS 16 at the time of entering into an agreement, assess whether such agreement is or involves a lease on the basis of whether it has the right to control the use of a designated asset for a period of time for a corresponding consideration and to substantially obtain all economic benefits from the use of the asset.

In accordance with IFRS 16, the Company recognises new assets (Right of Use ('ROU') and lease liabilities for all lease agreements that meet the definition of a lease.

At the lease commencement date, the Company recognises a Right of Use asset (ROU) that represents its right to use the underlying asset, as well as a lease obligation that represents its obligation to make payments under the lease agreement.

In applying the provisions of IFRS 16 to all leases, the Company:

(a) recognizes lease obligations in the Statement of Financial Position;

(b) recognizes assets with right of use in the Statement of Financial Position;

(c) recognises amortized right-of-use assets and value impairment as specified in IAS 36 "Impairment of Assets" in the Income Statement;

(d) recognizes financial costs in lease obligations; and

(e) splits the total amount of payments into a part of capital (presented in the financing activities) and financing cost (presented in the operating activities) in the Cash Flow Statement.

The initial RoU measurement shall be made at the acquisition cost, which shall include:

(a) the amount of the initial measurement of the lease obligation;

(b) any lease payments, excluding any incentives in the lease contracts received;

((c) any initial direct costs incurred by the lessee; and

(d) an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the space where the asset was originally placed or restoring the underlying asset to the condition provided for by the terms and conditions of the lease.

With respect to subsequent measurement and derecognition, the Company follows the relevant rules and the accounting policy applicable to the asset class to be incorporated into the RoU.

Lease obligations are initially measured at the present value of future leases discounted at the incremental borrowing rate of interest. At a subsequent phase, the lease obligation is adjusted, inter alia, by interest and rent payments, as well as by the impact of any amendments (not constituting a different lease contract) to the lease contract. The lease obligation shall be derecognised when it is fulfilled, cancelled, expires or substantially amended.

For short-term leases (with a maturity of 12 months or less) and leases of low-value assets (less than € 5 thousand), the Company recognises a lease expense on a straight-line basis over the total duration of the lease, as permitted by IFRS 16.

2.11 Cash in hand & bank balances

Cash in hand and bank balances include balances with a maturity under three months from acquisition, such as: cash and bank balances in which the risk of any fair value change is insignificant and which are used by the Company for servicing its current liabilities.

2.12 Provisions

Provisions are recognized when: a) the Company has a present obligation (legal or constructive), as a result of past events; b) it is probable that an outflow of resources will be required to settle the obligation and c) the amount of the obligation can be estimated reliably.

If any of the above conditions is not met, no provision is recognized.

Provisions are measured at the present value of expenses which are expected to be required to settle the obligation, using an interest rate that reflects current market estimates of the time value of money and the risks associated with the obligation. The increase in the provision over time is expensed in the income statement.

The provision amount is the best estimate of the expense required to settle the obligation at the balance sheet date. The amount of the provision formed is reviewed at each date of the financial statements.

2.13 Employee benefits

Pension schemes adopted by the Group and the Company are financed through payments to insurance companies or social insurance institutions.

The Company's pension liabilities are related both to defined contribution plans and defined benefit plans.

Defined contribution plans involve payment of defined contributions to State Funds (e.g. Social Insurance Fund - IKA) or insurers; as a result, no legal or implied liability arises for the Group or the Company in case the State Fund or insurer fails to pay the specified benefits to the insured persons. Therefore, the said plans are listed as defined contribution plans. Employer's contributions for each year are recognised in and charged to the Income Statement under "Staff Expenses".

Defined benefit plans are pension plans where a benefit is paid to an employee in proportion to such employee's years in service, age and salary.

The liability recorded in the Statement of Financial Position regarding defined benefit plans is the present value of the liability as at Balance Sheet date less the fair value of the plan's assets.

The Company’s policy on pension benefits is in line with the decision of the Interpretations Committee of IAS 19 on the methodology for attributing benefits to periods of service. According to the instructions of the Institute of Certified Public Accountants of Greece (SOEL), the change in the attribution methodology represents a change in accounting policy. Please refer to Note 2.3 on the impact of the change in the said policy.

The defined benefit liability is calculated on an annual basis by independent actuaries using the projected unit credit method.

Actuarial gains and losses

Actuarial gains/losses are recognised directly in the Group's and the Company's equity in the period during which they occur. Recycling of said gains/losses in the Statement of Comprehensive Income is not possible.

Past service cost

Past service cost is the change in the present value of the defined benefit liability arising as a result of a plan amendment or curtailment. This cost is directly recognised in the Income Statement in the period during which the plan is amended.

<u>Defined benefit plans</u>

Defined benefit plans determine the benefit amount to be received on retirement by active employees depending on one or more factors, such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit liability at the end of the reporting period less the fair value of the plan's assets. The defined benefit liability is calculated annually by an independent actuary using the projected credit unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates from corporate bonds denominated in the currency in which benefits will be paid. The conditions of termination are close to the conditions of the relevant pension obligation. In countries where there is no deep market for such bonds, market interest rates for government bonds are used.

Actuarial gains and losses arising from empirical revaluations and changes in actuarial assumptions shall be recognised in other comprehensive income in the year that they arise. Past service costs are directly recorded in the Income Statement.

<u>Termination benefits</u>

Termination benefits are paid when employees leave before the date of their retirement. The company registers these benefits when it commits itself, either when it terminates the employment of existing workers under a detailed plan for which there is no possibility of withdrawal, or when it offers these benefits as an incentive for voluntary (voluntary) departure. When these benefits become payable in periods beyond 12 months from the date of the Statement of Financial Position, they should be discounted on the basis of the yields of high-quality corporate bonds or government bonds.

2.14 Income tax

Income tax comprises current and deferred tax. The period’s current tax comprises the tax which is expected to be paid on the period’s taxable income based on tax rates applicable on the balance sheet closing date.
Deferred tax is the tax which is to be paid or recovered in the future and relates to accounting operations which have been carried out throughout the closing period but are classified as taxable income or deductible deferred charges. It is calculated in temporary differences between the tax base of receivables and payables and their corresponding book value.

Deferred tax assets and liabilities are calculated using the tax rates which are expected to be applied in the period during which the asset or liability will be settled, considering the tax rates (and laws) introduced until the Balance Sheet date.
Deferred tax assets are only recognised when future tax profit is likely and provides for a potential temporary differences exemption.
Current and deferred tax is recorded in Income Statement or directly in Net Book Value if it refers to assets directly recognised in Net Book Value.

2.15 Borrowing

Borrowing is initially recognised at fair value, less any direct transaction cost.

Subsequently, borrowing is measured at net book cost using the effective interest rate method. Any difference between the collected amount (net of relevant costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Borrowing is classified as current liabilities unless the Company can defer payment of the liability for at least 12 months from the date of the Statement of Financial Position.

2.16 Share capital

Ordinary shares are classified as equity. Share capital increase expenses are shown in equity, net of tax, as a deduction from the proceeds.

The Company does not hold any treasury shares.

The distribution of dividend to the shareholders is recognised as a liability in the financial statements when said distribution is approved by the General Shareholders' Meeting.

2.17 Impairment of Assets

Assets with an undetermined useful life are not amortized but are subject to an impairment review annually and when certain events evidence that the book value may not be recoverable. The Company had no such evidence as at the date of the Statement of Financial Position. Amortized assets are subject to impairment review when there are indications that their book value shall not be recovered. Recoverable value is the highest between the asset’s net realisable value, less the required cost of sale, and its value in use. Impairment losses are recorded as expenses in the Statement of Comprehensive Income in the year they arise.

2.18 Related party transactions

Related parties include a) The Bank’s parent company, Piraeus Financial Holdings SA; b) The parent Piraeus Bank; c) Companies controlled by the parent Bank jointly with the Company; d) Members of the Company's

BoD and Management; e) First degree relatives (spouses, children etc.) of the members of the Company's BoD and Management. The Hellenic Financial Stability Fund is also a related party to the Company because in the context of Law 3864/2010, it participates in the parent Piraeus Bank's shareholding structure and Management, and as a result is considered to have a significant influence over it Transactions of similar nature are disclosed in an aggregate manner. All transactions with the parent Bank and related parties are carried out at arm's length.

2.19 Fair value measurement of assets and liabilities

Fair value is the price that would be received to sell an asset (financial or not) or paid to transfer a liability (financial or not) in an orderly transaction between market participants at the measurement date, under normal market conditions and irrespective of whether the price is directly observable or has been determined using a measurement method.

The methods used to measure fair value maximise the use of observable inputs and minimise the use of unobservable ones. Observable inputs refer to market information from independent sources. Unobservable inputs reflect the company's estimates for the market.

The inputs used to measure fair value are categorised into different levels of the fair value hierarchy, as follows:

Level 1 input data include unadjusted prices in active markets for identical assets and liabilities that can be evaluated at the valuation date. Level 1 assets and liabilities comprise debt and equity securities as well as active traded derivative contracts.

Level 2 input data include other observable data not included in Level 1 on the fair value hierarchy, for similar financial assets and liabilities, prices from markets that are not active, or other data that is observable, or that can be confirmed by observable data for almost the entire duration of the instrument. A data item is observable if it can be developed with market data, such as publicly available factual or transaction information, and reflects the assumptions that market participants would use when pricing an asset or liability.

Level 3 input data refer to unobservable data, including data held by the company itself, which are adjusted if necessary to reflect the assumptions that market participants would use in the specific circumstances. A data item is not observable if, in the absence of market data, it is developed using the best available information about the assumptions that market participants would use when pricing the asset or liability.

2.20 Interest Rate Benchmark Reform

In the context of the Group's alignment with the provisions of the supervisory guidelines of Regulation (EU) 2016/1011 on indices used as benchmarks (Benchmark Regulation), and with a view to smooth transition and management of the relevant risks, in the financial year 2021 the Group set up a special Benchmark Rates Reform Working Group (the "BR Working Group") under the guidance and supervision of senior executives from business units of various sectors of the Bank. Consequently, the process of replacing IBOR reference rates for CHF/GBP/JPY currency contracts was successfully completed.

In addition, the Group has initiated all necessary actions related to the definition of the new risk-free rate ("RFR") for USD (USD Secured Overnight Financing Rate, "USD SOFR") to replace the USD LIBOR reference rate, which was announced to be discontinued on 30 June 2023, in line with communication of the UK Financial Conduct Authority ("FCA") on 5 March 2021.

In this context, as of July 3, 2023, the Bank replaced USD LIBOR with the new Secured Overnight Financing Rate ("RFR SOFR"), applying relevant adjustments to both its systems and procedures. In addition, it implemented relevant amendments to the financing agreements, introducing the new RFR SOFR rate and the appropriate fallback provisions.

As of 30 June 2023, all financial instruments affected by the replacement of IBOR have been successfully transitioned to alternative reference rates.

Impact of the reform on the Company

Having regard to the discontinuation deadlines announced for USD LIBOR, the Company, in cooperation with the competent credit directorates of the parent Bank, has taken the necessary steps with regard to the reform, while maintaining a limited number of contracts with customers affected by the above change in interbank interest rates.

The Company's financial assets and liabilities denominated in USD are small and the impact is immaterial.

2.21 Comparative data and rounding

Where necessary, previous years' comparative data are restated so that they are consistent with current year data. Any discrepancies between the figures in the financial statements and the respective amounts in the notes, are due to rounding.

3 Significant accounting estimates and assumptions by the Management

In preparing the Financial Statements, the company is making certain estimates and assumptions regarding the future status of certain assets and liabilities affecting the presentation thereof in the financial statements. Such estimates and assumptions are reviewed for each period based n historical data and expectations of future events.

Deferred tax

Deferred tax is recognised in temporary differences between the book values of tax assets and liabilities in the Statement of Financial Position and in the corresponding tax bases used for the calculation of taxable profit.

Deferred tax liabilities are generally recognised for all deductible temporary differences to the extent available tax profit is likely, against which the said deductible temporary difference can be used. Such deferred tax assets and liabilities are not recognised if the temporary difference arises upon their initial recognition (excluding business combinations) in a transaction that does not affect taxable or book profit.

Moreover, deferred tax liabilities are not recognised if the temporary difference arises upon initial recognition of goodwill.

The book value of deferred tax assets is reviewed at the end of each reference period and reduced by the extent to which it is not likely anymore that taxable profit will be enough to recover part of or the overall asset.

Deferred tax assets and liabilities are measured at the applicable tax rates in the period during which a liability is settled or an asset is generated based on tax rates (and tax laws) introduced or applied until the end of the reference period.

Period's current and deferred tax

Current and deferred tax are recognised in the Income Statement, unless they relate to assets recognised in other comprehensive income or directly in equity; in such case, current and deferred tax are also recognised in other comprehensive income or in equity respectively.

Employee benefits

The defined benefit liability is measured on the basis of the actuarial valuation carried out by a qualified actuary at least annually and the method used to measure the liability and related expenditure is the projected unit credit method.

The important actuarial assumptions used to calculate the liability are the discount rate, the future development of remuneration and the return on any plan assets.

The discount rate is defined as the interest rate that is to be used to determine the present value of the future cash flows that are expected to be required to cover pension scheme liabilities.

The pension benefit liability is partly based on current market conditions. The assumption for salary growth is that it will fluctuate along with the inflation rate.

The sensitivity analysis is performed by changing each of the main assumptions and keeping the remaining assumptions unchanged. In reality, however, these assumptions are interdependent. The method used for the sensitivity analysis in Note 21 is the one applied to determine the obligation of the defined privilege plans in the Statement of Financial Position. The final cost of the defined benefit plans depends on future increases in payments as well as other cost factors, including staff mobility and recruitment.

Impairment of Loans and Receivables.

The assumptions and the main sources of estimation of uncertainty, which have a significant risk of causing material adjustments to the carrying amount recognized in the Annual Financial Statements within the next fiscal year, are analysed below.

Criteria for assessing a significant increase in credit risk: The Company did not relax any criterion or assumption taken into account in the results of the models used for the allocation of exposures in stages compared to the year ended 31 December 2022. The Group's model for the distribution of exposures between stages is based on a comprehensive set of quantitative and qualitative criteria and incorporates expectations on the macroeconomic environment and the probabilities of default over the lifetime of loans. The aforementioned model structure effectively captures the expected changes in creditworthiness.

Determination of macroeconomic factors, scenarios and weights of each scenario: In order to achieve the objective of measuring ECL, the Group evaluates a number of possible outcomes in accordance with the requirements of IFRS 9, applying three (3) macroeconomic scenarios, namely the baseline, the adverse and the optimistic scenarios, in a way that ensures an unbiased and probability-weighted outcome. Each of the aforementioned scenarios is based on the Group's appropriate macroeconomic forecasting model and Management assumptions regarding future economic conditions, as reflected in the macroeconomic factors, the factors related to the market conditions as well as any other factors.

For the fiscal year ended 31 December 2022, the three (3) aforementioned scenarios and the relevant macroeconomic factors for the collective loan assessment process were examined in the light of the economic conditions prevailing in that fiscal year. To determine the uncertainty and asymmetry regarding the evolution of forecasts over time, the established methodology of "fan-charts" was then adopted, which was used before Covid-19. We identify the baseline scenario following the series of forecasts for the coming years that is the central forecast and is most likely to be realized. Subsequently, the other two scenarios (optimistic and pessimistic) are selected according to a certain degree of uncertainty and asymmetry. The pessimistic scenario corresponds to the forecast series that separates 20% of the worst estimates from the 80% of the rest. The baseline scenario corresponds roughly to the midpoint of the distribution covering the 60% range of estimates. The optimistic scenario corresponds to the forecast series that separates 20% of the best estimates from the 80% of the rest.

Therefore, the weighting between the three (3) scenarios has not changed compared to that of the fiscal year ended 31 December 2022. The Optimistic and Pessimistic Scenarios were weighted with a 20% probability each, while the Baseline Scenario was weighted with a 60% probability to reflect Management's current perception of the limits of financial results.

The table below presents the expected annual average projections for the 2022-2025 period for each key economic variable and scenario used to calculate the ECL of loans and advances to customers at amortized cost as at 31 December 2023.

Main economic variables of ECL scenarios	**31/12/2023**	**31/12/2022**
	%	**%**
Real GDP Growth		
Optimistic	5.4	6.5
Baseline	3.4	4.2
Pessimistic	1.5	2.1
Unemployment rate		
Optimistic	9.1	10.2
Baseline	11.1	12.2
Pessimistic	12.9	14.1

Following the recession in the Greek economy in 2020, which is attributed to the Covid-19 pandemic, economic activity recovered in 2021-2022 and is expected to recover further in 2023-2025. Strong foundations for rapid and sustainable growth have been created, on the one hand through strengthening demand, employment and exports, but also through capital accumulation, and on the other hand through the opportunities arising from resources and the implementation of reforms through the European Funding Programmes and the National Recovery and Resilience Plan, the rationalisation of fiscal surpluses and the relaxation of fiscal requirements. The unemployment rate is expected to be lower in the coming years, despite the impact of the pandemic and the current turmoil on the global energy market and inflation, reflecting the fact that the labour market has been gradually improving in recent years and employment is on a steady growth path. Residential and commercial property (office) price indices continue to follow an extremely positive course over the next four years.

The Ukraine-Russia conflict may have an impact on the country's economic activity and inflation through higher energy and commodity prices, limited international trade, and reduced household and business confidence. However, the extent of these effects will depend on how the war evolves, as well as on the impact of current and future sanctions. Uncertainty about the extent and timing of the resulting economic impact is expected to be resolved later in the year, depending on the evolution of the conflict. However, the rapid recovery of the Greek economy from the pandemic is indicative of improved resilience to potential shocks. The growth course of the Greek economy in 2024 depends on developments in supply and demand imbalances, the turmoil in global energy markets and the persistence of high inflationary pressures resulting in lower purchasing power, geopolitical developments, supply chain volatility and market uncertainty, as well as delays in political decisions during the Greek election period.

As at 31 December 2023, the Group's future estimates for the aforementioned financial variables for each scenario for 2023 and 2024 are the following:

	2023			**2024**		
Main economic variables of ECL scenarios	**Optimistic**	**Baseline**	**Pessimistic**	**Optimistic**	**Baseline**	**Pessimistic**
Real GDP Growth	4.5	3.4	2.4	5.5	3.5	1.8
Unemployment rate	10.6	11.7	12.6	9.2	11.2	12.9

Assessment of ECL credit risk parameters on a collective basis: ECL calculations are based on a number of parameters such as EAD, PD, LGD, Credit Conversion Factor (CCF), etc., which reflect Management's assessment of future conditions. The Group determines: a) the correlation between macroeconomic scenarios and economic data, such as unemployment levels and collateral values, as well as b) their effects on risk parameters. Risk parameter forecasts incorporate a number of variables, such as GDP, unemployment rate, etc., which are used as independent variables in order to ensure optimal forecasting accuracy.

ECL assessment on an individual basis: For loans and advances to customers assessed for impairment on an individual basis, the Group takes into account all available evidence on a case-by-case basis and the ECL measurement is determined using the cash flow discounting method. Expected cash flows are based on Management estimates at the date of preparation of the financial statements, reflecting reasonable and substantiated assumptions and forecasts for future recoveries based on various factors, such as business plans and available cash flows, realization of collateral in cases where it is likely that the recovery of the outstanding amount will include realization of collateral, the fair value of the collateral at the time of the expected liquidation, collateral acquisition and sale costs, etc. ECL provisions are very sensitive to the assumptions used in their estimation. There could be a wider range of possible assumptions for each individual loan exposure assessment. Consequently, it is not possible to quantify the ranges of potential outcomes for these ECL predictions due to the varied nature and conditions associated with these assumptions and the wide range of uncertainties pertaining to them.

Income tax

Management makes estimates to determine the income tax provision throughout the year, since the final tax determination is uncertain. Where the final tax result differs from the amounts initially recognised, the differences will affect income tax and deferred tax liabilities/assets of the period where the determination is finalised.

4 Financial Risk Management

4.1 Credit Risk

Credit risk concerns cases of counterparties defaulting on their transactional obligations. Especially in the case of financing, this risk refers to debtors defaulting on part of or their entire debt.

Management places special emphasis on proper credit risk management, since this risk is associated with its core business. Specifically, assumption of credit risk is kept at controlled levels, by setting business development strategies and the respective limits, at counterparty, geographical area or activity sector level.

Credit assessment plays a major role in setting limits for each counterparty. This assessment is based on the counterparty's quantitative and qualitative characteristics.

Counterparty credit rating assessment methods differ in case of individuals or businesses. Specifically, in assessing businesses (business factoring) different credit rating assessment methods are applied, depending on the type and scale of the business. For larger businesses, the assessment is based more on financial data and an analysis of the business's industry, while for smaller businesses emphasis is on qualitative characteristics of the businesses themselves.

The approval process involves a review of the overall credit risk for each counterparty, or group of counterparties, that are related to each other and combines credit lines approved by different company units. In determining credit limits, securities or guarantees that can reduce the company's overall credit risk exposure are taken into account.

The factoring type that the supplier will chose is also important in setting the limits.

In terms of credit risk exposure, factoring services are categorised into the following:

Recourse factoring: The Company has the right to return unpaid invoices to the supplier against payment of the respective amount. The invoice payment risk lies with the supplier and the company's pricing is lower.

Non-recourse factoring: The Company does not have the right to return unpaid invoices to the supplier and consequently assumes all the risk for collecting the invoice. As regards non-recourse factoring services, the Company applies credit insurance through the conclusion of insurance policies with insurers, in cases where it considers that the debtor's future financial incapacity is likely to occur in accordance with the Company's Policy.

The Company monitors the creditworthiness of counterparties and credit exposures in conjunction with respective approved limits.

Data analysis in the expected credit loss model under multiple economic scenarios

The Group's Economic and Investment Strategy unit predicts the probability of macroeconomic variables, such as GDP, unemployment rate, inflation, House Price Index ("HPI") and commercial real estate index that will affect the amount of loan portfolios' ECL under multiple economic scenarios. When calculating ECL, the Management calculates three (3) different scenarios (Optimistic – Baseline – Pessimistic), each of which is associated with different PDs and LGDs.

The Management has assigned the following weighting factors for each scenario: Baseline: 60%; Optimistic: 20%; Pessimistic: 20% Where appropriate, the assessment of multiple economic scenarios shall take into account the possibility to recover the defaulted loans, including the possibility loans and receivables are being restructured.

Multiple economic scenarios for calculating expected credit losses

The Company has assessed the sensitivity of the ECL provision for loans and advances to customers at amortized cost, against reasonably possible changes in Greece's real GDP growth rate, compared to the scenarios of future estimates used in the measurement of ECL on 31 December 2023. The sensitivity analysis was carried out under the assumption of an 'optimistic' and 'pessimistic' 1% shift in the three scenarios of future GDP estimates, which affected GDP growth estimates for the whole period. A full reassessment of all macroeconomic variables was carried out by the relevant models, taking into account the 'optimistic' and 'pessimistic' adjustments to the GDP growth scenarios initially implemented, since GDP growth plays a key role in the identification of the other macroeconomic variables.
The following table includes the effect of ECL as at 31 December 2023 and 2022, for each alternative hypothetical scenario. The effect of ECLs should be assessed in the context of the sensitivity analysis as a whole, in conjunction with the explanatory notes above.

Alternative scenario 31/12/2023	**ECL effect**			
In million	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Higher GDP (+1%)	(0.1)	(0.1)	(0)	**(0.2)**
Lower GDP (-1%)	0.1	0.1	0	**0.2**

Write-offs

The Company proceeds to a write-off when it has no reasonable expectation to recover part of or the overall financial asset. Write-offs reduce the amount of a receivable and are recognised against provisions for earlier credit losses. Totally or partially recoveries of amounts previously written-off are generally credited to Income Statement under "Provisions for impaired loans and advances". Write-offs and partial write-offs represent derecognition or partial derecognition events.

4.1.1 Maximum credit risk exposure before calculation of security and other credit protection measures

The table below shows the Company's maximum credit risk exposure as at 31-12-2023 and 31-12-2022, excluding security or other credit protection instruments. For balance sheet items, credit exposures are based on their book value as
shown in the Statement of Financial Position.

Credit risk exposure of items in the Statement of Financial Position

	31/12/2023	31/12/2022
Loans and advances to customers	763,021	708,586
Expected Credit Losses	18,526	13,272
Loans and advances to customers (after provisions)	**744,495**	**695,314**
Other Assets	2,786	148

The Company is not exposed to credit risk from items not in the Statement of Financial Position.

4.1.2 Loans and advances to customers

The Management estimates that the carrying amount of financial instruments, assets and liabilities, as they appear in the financial statements, does not differ substantially from their fair value, because they either have a due date shorter than one year or bear a variable interest rate.

4.1.2.1 Breakdown of loans and advances to customers by stage in accordance with IFRS 9.

	31 Dec 23				
	Stage 1	**Stage 2**	**Stage 3 individual**	**Stage 3 collective**	**Total**
Loans and advances to customers					
Large Enterprises	297,341	22,100	17,947		337,388
SMEs	376,842	36,134	12,654	3	425,633
Total	**674,183**	**58,234**	**30,601**	**3**	**763,021**
Expected Credit Losses					
Large Enterprises	465	252	4,268		4,985
SMEs	701	367	12,472	1	13,541
Total	**1,166**	**619**	**16,740**	**1**	**18,526**
Loans and advances (after provisions)					
Large Enterprises	296,876	21,848	13,679		332,403
SMEs	376,141	35,767	182	2	412,092
Total	**673,017**	**57,615**	**13,861**	**2**	**744,495**

	31 Dec 22				
	Stage 1	Stage 2	Stage 3 individual	Stage 3 collective	Total
Loans and advances to customers					
Large Enterprises	286,325	1,731	9,993	-	298,049
SMEs	370,112	26,542	13,486	397	410,537
Total	**656,437**	**28,273**	**23,479**	**397**	**708,586**
Expected Credit Losses					
Large Enterprises	388	14	79	-	481
SMEs	495	214	11,820	262	12,791
Total	**883**	**228**	**11,899**	**262**	**13,272**
Loans and advances (after provisions)					
Large Enterprises	285,937	1,717	9,914	-	297,568
SMEs	369,617	26,328	1,666	135	397,746
Total	**655,554**	**28,045**	**11,580**	**135**	**695,314**

4.1.2.2 Breakdown of changes in loans and advances to customers by stage according to IFRS 9.

Breakdown of changes in loans and advances and provisions by stage 2023

		31 Dec 23		
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Balances as at 1-1-2023	656,437	28,273	23,876	708,586
New disbursements	130,392	9,180	127	139,699
Movements between stages				0
To stage 1	13,876	-13,876		0
To stage 2	-38,943	39,678	-735	0
To stage 3	-11,345		11,345	0
Payments and other transactions	-76,234	-5,021	-4,009	-85,264
Balances as at 31-12-2023	**674,183**	**58,234**	**30,604**	**763,021**
Expected Credit Losses				
Balances as at 1-1-2023	883	228	12,161	13,272
New receivables	187	70	121	378
Movements between stages				0
To stage 1	165	-165		0
To stage 2	-85	97	-12	0
To stage 3	-19		19	0
Payments and other transactions	35	389	4,452	4,876
Balances as at 31-12-2023	**1,166**	**619**	**16,741**	**18,526**

Loans and advances (net of provisions)				
Balances as at 1-1-2023	655,554	28,045	11,715	695,314
New disbursements	130,205	9,110	6	139,321
Movements between stages				
To stage 1	13,711	-13,711	0	0
To stage 2	-38,858	39,581	-723	0
To stage 3	-11,326	0	11,326	0
Payments and other transactions	-76,269	-5,410	-8,461	-90,140
Balances as at 31-12-2023	**673,017**	**57,615**	**13,863**	**744,495**

Breakdown of changes in loans and advances and provisions by stage 2022

		31 Dec 22		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Balances as at 1-1-2022	407,516	46,524	31,165	485,205
New disbursements	170,840	906	42	171,788
Movements between stages				
To stage 1	41,090	-37,798	-3,292	-
To stage 2	-13,013	14,889	-1,876	-
To stage 3	-652	-308	960	-
Payments and other transactions	50,656	4,060	-3,123	51,593
Balances as at 31-12-2022	**656,437**	**28,273**	**23,876**	**708,586**
Expected Credit Losses				
Balances as at 1-1-2022	2,561	996	12,688	16,245
New receivables	171	32	16	219
Movements between stages				
To stage 1	715	-714	-1	-
To stage 2	-58	60	-2	-
To stage 3	-29	-31	60	-
Payments and other transactions	-2,477	-115	-600	-3,192
Balances as at 31-12-2022	**883**	**228**	**12,161**	**13,272**
Loans and advances (after provisions)				
Balances as at 1-1-2022	404,955	45,528	18,477	468,960
New disbursements	170,669	874	26	171,569
Movements between stages	-	-	-	-
To stage 1	40,375	-37,084	-3,291	-
To stage 2	-12,955	14,829	-1,874	-
To stage 3	-623	-277	900	-
Payments and other transactions	53,133	4,175	-2,523	54,785
Balances as at 31-12-2022	655,554	28,045	11,715	695,314

4.1.2.3 Breakdown of loans and advances to customers rating according to IFRS 9.

	31 Dec 23			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Large Enterprises				
Strong	204,937			204,937
Recommended	92,404			92,404
Substandard		22,100		22,100
In default			17,947	17,947
Total	**297,341**	**22,100**	**17,947**	**337,388**
Provisions	465	252	4,268	4,985
Net value after provisions	296,876	21,848	13,679	332,403
Collateral value	397,540	30,694	260,917	689,151
SMEs				
Strong	236,436			236,436
Recommended	140,406			140,406
Substandard		36,134		36,134
In default			12,657	12,657
Total	**376,842**	**36,134**	**12,657**	**425,633**
Provisions	701	367	12,473	13,541
Net value after provisions	376,141	35,767	184	412,092
Collateral value	581,375	43,202	1,593	626,170

	31 Dec 22			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Large Enterprises				
Strong	186,555	-	-	186,555
Recommended	99,770	-	-	99,770
Substandard	-	1,731	-	1,731
In default	-	-	9,993	9,993
Total	**286,325**	**1,731**	**9,993**	**298,049**
Provisions	388	14	79	481
Net value after provisions	285,937	1,717	9,914	297,568
Collateral value	399,124	3,945	15,378	418,447
SMEs				
Strong	299,120	-	-	299,120
Recommended	70,992	-	-	70,992
Substandard	-	26,542	-	26,542
In default	-	-	13,883	13,883
Total	**370,112**	**26,542**	**13,883**	**410,537**
Provisions	495	214	12,082	12,791

Net value after provisions	369,617	26,328	1,801	397,746
Collateral value	546,780	31,527	7,557	585,864

4.1.2.4 Breakdown of loans and advances maturity according to IFRS 9.

	31 Dec 23			
	Balance	**Provisions**	**Net value after provisions**	**Collateral value**
Large Enterprises				
Current	321,633	4,881	316,752	672,496
1-30 days				
31-90 days	15,676	26	15,650	16,403
91-180				
181-365				
365+ denounced	79	78	1	252
Total	**337,388**	**4,985**	**332,403**	**689,151**
Stage 1	297,341	465	296,876	397,540
Stage 2	22,100	252	21,848	30,694
Stage 3	17,947	4,268	13,679	260,917
Total	**337,388**	**4,985**	**332,403**	**689,151**
SMEs				
Current	394,290	2,268	392,022	600,391
1-30 days	20,256	201	20,055	20,101
31-90 days	122	122	0	104
91-180	95	94	1	3,714
181-365	244	243	1	237
365+ denounced	10,626	10,613	13	1,623
Total	**425,633**	**13,541**	**412,092**	**626,170**
Stage 1	376,842	701	376,141	581,375
Stage 2	36,134	367	35,767	43,202
Stage 3	12,657	12,473	184	1,593
Total	**425,633**	**13,541**	**412,092**	**626,170**

31 Dec 22

	Balance	Provisions	Net value after provisions	Collateral value
Large Enterprises				
Current	297,966	402	297,564	417,983
1-30 days	-	-	-	-
31-90 days	4	-	4	-
91-180	-	-	-	-
181-365	-	-	-	-
365+ denounced	79	78	1	464
Total	**298,049**	**480**	**297,569**	**418,447**
Stage 1	286,325	388	285,937	398,660
Stage 2	1,731	14	1,717	3,945
Stage 3	9,993	79	9,914	15,842
Total	**298,049**	**481**	**297,568**	**418,447**
SMEs				
Current	390,312	1,973	388,339	576,531
1-30 days	4,243	31	4,212	4,624
31-90 days	3,650	31	3,619	1,693
91-180	361	140	221	342
181-365	1,209	103	1,106	1,180
365+ denounced	10,762	10,514	248	1,494
Total	**410,537**	**12,792**	**397,745**	**585,864**
Stage 1	370,112	495	369,617	546,780
Stage 2	26,542	214	26,328	31,527
Stage 3	13,883	12,082	1,801	7,557
Total	**410,537**	**12,791**	**397,746**	**585,864**

NPLs before provisions as at 31-12-2023 rise to € 22,944 thousand and the NPLs ratio to 3.01%, compared to €12,411 thousand and 1.75%, respectively, as at 31-12-2022.

NPLs before provisions as at 31-12-2023 rise to € 30,604 thousand and the NPLs ratio rises 4.01%, compared to € 23,876 thousand and 3.37%, respectively, as at 31-12-2022.

4.1.2.5 Breakdown of forborne loans and advances according to IFRS 9.

	31 Dec 23			
	Stage 1	Stage 2	Stage 3 individual	Total
Loans and advances to customers				
SMEs	-	1	1,182	1,183
Expected Credit Losses				
SMEs	-	1	1,071	1,072
Loans and advances (after provisions)				
SMEs	-	-	111	111

	31 Dec 22			
	Stage 1	Stage 2	Stage 3 individual	Total
Loans and advances to customers				
SMEs	-	8	3,173	3,181
Expected Credit Losses				
SMEs	-	1	2,361	2,362
Loans and advances (after provisions)				
SMEs	-	7	812	819

4.1.3 Concentration of risk of financial assets exposed to credit risk (Lines of Business)

The following table presents a breakdown of the company's primary credit risk exposure in book values per industry as at 31 December 2023 and 31 December 2022. The Company has distributed risk exposures per counterparty industry.

Industry		**31/12/2023**		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Manufacturing	293,801	33,577	17,477	344,855
Provisions	487	346	4,466	5,299
Net value after provisions	293,314	33,231	13,011	339,556
Commercial	217,427	6,216	1,731	225,374
Provisions	359	31	1,677	2,067
Net value after provisions	217,068	6,185	54	223,307
Energy	0			0
Provisions	0			0
Net value after provisions	0	0	0	0
Transport	22,591			22,591
Provisions	69			69
Net value after provisions	22,522	0	0	22,522
Construction	34,892	106		34,998
Provisions	110	1		111
Net value after provisions	34,782	105	0	34,887
IT	26,003	12,948	370	39,321
Provisions	28	184	308	520
Net value after provisions	25,975	12,764	62	38,801
Services	31,240	899	1,307	33,446
Provisions	34	8	1,304	1,346
Net value after provisions	31,206	891	3	32,100
Other	48,229	4,488	9,719	62,436
Provisions	79	49	8,986	9,114
Net value after provisions	48,150	4,439	733	53,322
Total loans	**674,183**	**58,234**	**30,604**	**763,021**
Total provisions	**1,166**	**619**	**16,741**	**18,526**
Net value after provisions	**673,017**	**57,615**	**13,863**	**744,495**

Industry	31/12/2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Manufacturing	294,561	11,867	8,008	314,436
Provisions	356	69	385	810
Net value after provisions	294,205	11,798	7,623	313,626
Commercial	209,124	3,419	4,351	216,894
Provisions	279	134	1,656	2,069
Net value after provisions	208,845	3,285	2,695	214,825
Energy	8	-	-	8
Provisions	-	-	-	-
Net value after provisions	8	-	-	8
Transport	22,983	-	-	22,983
Provisions	57	-	-	57
Net value after provisions	22,926	-	-	22,926
Construction	16,173	6	-	16,179
Provisions	47	1	-	48
Net value after provisions	16,126	5	-	16,131
IT	31,038	6,880	493	38,411
Provisions	57	5	308	370
Net value after provisions	30,981	6,875	185	38,041
Services	38,705	-	1,763	40,468
Provisions	27	-	1,253	1,280
Net value after provisions	38,678	-	510	39,188
Other	43,845	6,101	9,261	59,207
Provisions	60	19	8,559	8,638
Net value after provisions	43,785	6,082	702	50,569
Total loans	**656,437**	**28,273**	**23,876**	**708,586**
Total provisions	**883**	**228**	**12,161**	**13,272**
Net value after provisions	**655,554**	**28,045**	**11,715**	**695,314**

Total advances to customers refers to advances to customers in Greece.

4.2 Market Risk

Market risk, analysed in paragraphs 4.3, 4.4 & 4.5 below, is the existing or potential risk of loss due to unfavourable conditions in market prices and interest rates, share and commodity prices, exchange rates and their volatility.

The Company applies a Market Risk management policy that is uniformly applied by all Piraeus Bank Group companies.

4.3 Foreign Exchange Risk

The Company has limited exposure to the effects of fluctuating exchange rates that affect its financial position and cash flows. Management sets limits to the Company's exposure to exchange rate changes which are monitored daily.

The following table summarises the Company's foreign exchange exposure as at 31-12-2023 and 31-12-2022.

Assets and liabilities are presented per currency at book value.

As at 31 December 2023	**EUR**	**GBP**	**USD**	**Other**	**Total**
Assets foreign exchange risk					
Cash in hand & bank balances	109,021	230	5,459	7	114,717
Loans and advances to customers (after provisions)	732,823	252	11,418	2	744,495
Investment properties	581				581
Intangible fixed assets	218				218
Tangible assets	478				478
Deferred tax assets	664				664
Other Assets	2,786				2,786
Total assets	846,571	482	16,877	9	863,939
Liabilities foreign exchange risk					
Due to banks	804,958	499	16,881		822,338
Retirement benefit obligations	89				89
Other liabilities	5,491	2	23		5,516
Payables to customers	4,315	8	2		4,325
Current tax liabilities	141				141
Total liabilities	814,995	509	16,906	0	832,409
Net foreign exchange position of assets - payables	31,576	(27)	(29)	9	31,530

As at 31 December 2022					
Total assets	709,889	501	2,789	5	713,184
Total liabilities	670,412	515	2,790	0	673,717
Net foreign exchange position of assets - payables	39,478	(14)	(1)	5	39,467

4.4 Interest Rate Risk

The Interest Rate Risk is the risk of loss resulting from changes in interest rate markets. Interest rates variations affect the Company's profit, changing net interest income, as well as the value of other revenues or expenses that are sensitive to interest rate changes. Interest rate changes also affect the value of assets and liabilities, as well as the value of off-balance sheet items, since the present value of future cash flows (or even cash flows themselves) varies depending on interest rate fluctuations.

The Interest Rate Gap Analysis is the simplest technique for measuring the degree of the company's exposure to interest rate risk. According to this analysis, assets and liabilities are divided into time periods depending on their maturities (fixed rate assets and liabilities), or next interest-rate repricing date (variable rate assets and liabilities).

The following table presents the degree of the Company's exposure to interest rate risk, according to the Interest Rate Gap Analysis for the Company's financial figures. Where for any receivables or liabilities there is no regular contractual maturity date (open accounts) or an interest-rate repricing date (sight or savings deposits), then these shall be classified in the time period up to one month.

	Up to 1 month	**1 - 3 months**	**3 - 12 months**	**Interest free**	**Total**
As at 31 December 2023					
Assets					
Cash in hand & bank balances	114,717	-	-	-	114,717
Loans and advances to customers	-	741,144	3,180	171	744,495
Other Assets		-	-	2,786	2,786
Total Assets	114,717	741,144	3,180	2,957	861,998
Liabilities					
Due to banks	5,262	809,792	6,000	1,284	822,338
Other Liabilities		-	-	2,227	2,227
Payables to customers				4,325	4,325
Total liabilities	5,262	809,792	6,000	7,835	828,890
Total Interest Rate Risk Exposure	109,455	(68,649)	(2,820)	(4,878)	33,108

The following tables offer comparative data for the previous period:

As at 31 December 2022	Up to 1 month	1 - 3 months	3 - 12 months	Interest free	Total
Assets					
Cash in hand & bank balances	17,290	-	-	-	17,290
Loans and advances to customers	-	692,371	2,614	329	695,314
Other Assets	-	-	-	148	148
Total Assets	17,290	692,371	2,614	477	712,752
Liabilities					
Due to banks	4,177	649,750	6,000	5,089	665,017
Other Liabilities	-	-	-	2,282	2,282
Payables to customers	-	-	-	3,958	3,958
Total liabilities	4,177	649,750	6,000	11,330	671,257
Total Interest Rate Risk Exposure	13,113	42,621	(3,386)	(10,853)	41,495

Non-financial assets not included.

The Interest Rate Gap Analysis allows assessing the interest rate risk through the "Earnings-at-Risk" measure which expresses the impact on projected annualised earnings caused by a concurrent interest rate change in all maturities and currencies.

The Company's advances to customers are covered by corresponding loans mainly from the parent Bank.

4.5 Liquidity Risk

Liquidity Risk is the risk of a financial institution defaulting on its financial obligations when they become due, due to a lack of the required liquidity.

The Company acknowledges that effective liquidity risk management substantially enhances its ability to meet all its financial obligations without running the risk of any major financial losses.

In general, liquidity risk management is a process of balancing cash inflows and outflows within time periods, so that, under normal conditions, the company can meet all its payment obligations, as they fall due.

The following table analyses Liabilities items in time periods, depending on the remaining time to maturity.

Amounts appearing are contractual non discounted cash flows.

As at 31 December 2023	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to banks	-	17,180	839,276	6,728	-	863,184
Other Liabilities	-	2,687	2,365	464	-	5,516
Payables to customers	-	4,325				4,325
Total liabilities	-	24,192	841,641	7,192	-	873,025
As at 31 December 2022						
Due to banks	-	19,303	657,017	6,790	-	683,110
Other Liabilities	-	1,709	2,374	-	-	4,083
Payables to customers	-	3,958	-	-	-	3,958
Total liabilities	**-**	24,971	659,391	6,790	-	691,152

4.6 Operational risk

This risk is defined as the existing or future risk for profits and capital arising from inadequate or failing internal procedures, incorrect human resources management or purely external factors.

Having recognised the significance of operational risk, the Company pursues the goal of establishing and adhering to an effective management framework for this risk.

The Company has contractually assigned the authorities relating to the management of this risk to the parent Bank. In collaboration with the parent Bank, the Company has proceeded to the development and implementation of an integrated operational risk management framework, aiming at fulfilling the qualitative and quantitative criteria for the adoption of the Standardised Approach.

Throughout 2023 the Company implemented the annual application cycle of the operational risk management framework. More specifically, the following procedures were implemented within the said framework:

- identification, evaluation and monitoring of operational risks through the Risk Control Self-Assessment (RCSA) procedure;
- identification of mitigation actions;
- collection of data on loss-generating incidents.

4.7 Fair values of assets and liabilities

a) Assets and liabilities not recorded at fair value

The fair value as at 31.12.23 of loans and advances to customers, cash and reserves at the Bank, other assets, debt liabilities and other liabilities measured at amortised cost is not materially different from the corresponding accounting, since these are typically short-term transactions bearing market rates.

b) Assets and liabilities recorded at fair value

There are no assets and liabilities recorded at fair value in the Statement of Financial Position.

4.8 Capital Adequacy

The supervisory framework relating to factoring companies is specified by the Acts of the Governor of the Bank of Greece dated 27.09.2021 as follows:

Decision 193/1:"Terms and conditions for the authorisation of: a) financial leasing companies, b) credit companies and c) factoring companies – Qualifying Holdings – Repeal of the Bank of Greece Governor's Act 2622/21.12.2009 «Authorisation requirements and supervisory rules for: a) financial leasing companies, b) credit companies and c) factoring companies» (B' 3/2010) and of other Bank of Greece Governor's Acts".

Decision 193/2: Prudential requirements for financial leasing companies, credit companies, factoring companies and microfinance institutions under Law 4701/2020.

In particular, Decision 193/2 states that "The amount of regulatory capital of the institutions herein may not fall below the prescribed minimum initial capital, as the case may be, throughout their operation".

The Company is fully compliant with the above decisions, and the amount of its regulatory capital exceeds by far the capital required under the above decisions.

5 Net interest income

Interest and equivalent income	**1/1-31/12/2023**	**1/1-31/12/2022**
Loan interest - domestic factoring	35,055	19,076
Loan interest - export factoring	1,994	834
Total interest and equivalent income	**37,049**	**19,910**

Interest and equivalent expenses		
Interest and borrowing expenses	(35,612)	(16,078)
Total interest and equivalent expenses	**(35,612)**	**(16,078)**
Net interest income	**1,437**	**3,831**

Interest income includes interest from advances - prepayments. Impaired loans and advances shall be accounted for at their recoverable amount and interest income is recognised on the basis of the effective rate.

6 Net commissions income

Commissions Income	**1/1-31/12/2023**	**1/1-31/12/2022**
From domestic factoring	10,771	10,567
From export factoring	1,686	1,538
Total commissions income	**12,457**	**12,105**
Commissions Expenses		
From factoring business	(7,036)	(6,792)
Total commissions expenses	**(7,036)**	**(6,792)**
Net Commissions Income	**5,421**	**5,313**

Fee expenses for the 2023 fiscal period include fees to the parent Bank rising to € 4,110 thousand against € 4.536 thousand in the 2002 fiscal period.

7 Other operating income

	1/1-31/12/2023	**1/1-31/12/2022**
Income from incidental activities	116	112
Other income	2,867	274
Total	**2,983**	**386**

Other income for the year 2023 includes an amount of €2,886 thousand against €107 thousand in 2022 that refers to an assigned portfolio collection from clients.

8 Staff expenses

	1/1-31/12/2023	1/1-31/12/2022
Wages and salaries	(706)	(665)
Social security contributions	(195)	(189)
Other staff expenses	(87)	(85)
Retirement benefits (note 21)	(19)	(21)
Total	**(1,006)**	**(960)**

As at 31 December 2023, the Company's staff rises to 26 persons. The number of the Company's staff as at 31 December 2022 was 32 persons, including 4 who have taken a sabbatical and 2 interns.

9 General administrative expenses

	1/1-31/12/2023	1/1-31/12/2022
Third-party remuneration and benefits	(1,769)	(1,632)
Telecommunications expenses	(60)	(60)
Rent	(28)	(115)
Other tax	(18)	(17)
Insurance premiums	(3)	(2)
Other administrative expenses	(72)	(71)
Total	**(1,951)**	**(1,898)**

10 Income tax

The company's income tax rate for the financial year 2023 was 22% in accordance with Article 120(1) of Law 4799/2021; this rate is the same as in 2022. In addition, according to the provisions of article 24 of Law 4646/2019, any distributed profit to members of the Management or staff is subject to 5% withholding tax on such distribution. Dividend payments to the parent Piraeus Bank S.A. are not subject to withholding tax (article 63 of Law 4172/2013).

	1/1-31/12/2023	1/1-31/12/2022
Current tax	(775)	(881)
Deferred tax (note 20)	477	(720)
Total	**(298)**	**(1,601)**

Tax on the Company’s earnings before tax is the amount that results by applying the base tax rate, i.e. 22% for the fiscal years 2023 2022 and is broken down as follows:

	1/1-31/12/2023	1/1-31/12/2022
Earnings before tax	1,367	7,023
Tax calculated by applying the applicable tax rates	(301)	(1,545)
Tax on non-deductible expenses	3	(56)
Income tax	**(298)**	(1,601)
Period’s actual tax rate	**21.8%**	**22.8%**

Tax Compliance Report

The Company has completed its income tax self-assessment procedure for all unaudited tax year including year 2010.
For years 2011 to 2015, Greek Societes Anonymes and Limited Liability Companies with mandatory auditing of their financial statements are required to obtain a “Tax Compliance Report” as stipulated in article 82(5) of Law 2238/1994 and article 65A of law 4174/2013. The said Report is issued following a tax audit performed by the same statutory auditor or auditing firm that audits the annual financial statements. Upon completion of the tax audit, the statutory auditor or auditing firm shall issue a “Tax Compliance Report” to the Company and submit same to the Ministry of Finance, electronically. From year 2016 onwards, the “Tax Compliance Report” is optional. The tax authorities reserve the right to perform a tax audit within the bounds of the applicable legal framework set out in article 36 of Law 4174/2013.

Unaudited tax years

For the financial years 2011 to 2016, the Company has been audited by PricewaterhouseCoopers SA, for the financial years 2017 to 2022 it has been audited by Deloitte Certified Accountants SA and has received unconditional ‘Tax Compliance Reports’ in accordance with the applicable provisions (Article 82(5) of Law 2238/1994 for the financial years 2011-2013 and Article 65A of Law 4174/2013 for the financial years 2014-2022).

For year 2023, the tax audit carried out by Deloitte Auditors S.A. is still in progress. Management does not expect any significant tax liabilities to arise after completion of the tax audit, compared to the ones recorded and presented in the Financial Statements.

According to POL 1006/05-01-2016, companies obtaining an unconditional tax certificate are not exempted from ordinary tax audit by the relevant tax authorities. Tax authorities may, therefore, return and carry out their own tax audit. However, the Company's Management believes that the results of any such future tax audits will not have a substantial impact on the Company's financial position.

11 Cash in hand & bank balances

	31/12/2023	31/12/2022
Cash in hand	-	1
Sight deposits	114,717	17,289
Total	**114,717**	**17,290**

This includes deposits at Piraeus Bank amounting to €112,031 thousand and deposits in foreign currency amounting to €5,697 thousand.

12 Loans and advances to customers

	31/12/2023	31/12/2022
Loans and advances to businesses		
Domestic - Recourse	307,353	343,369
Export - Recourse	1,242	1,255
Domestic - Partial Recourse	294,669	213,221
Export - Partial Recourse	20,552	42,242
Domestic - No Recourse	126,810	101,243
Export - No Recourse	12,396	7,257
Total loans and advances	**763,021**	**708,586**
Less: Expected credit losses	(18,526)	(13,272)
Total loans and advances to customers	**744,495**	**695,314**

Provision (impairment) for losses from loans and advances to customers:

	31/12/2023	31/12/2022
Opening balance	13,272	16,246
year income (expense)	5,271	(535)
Less: write-offs	(17)	(2,439)
Closing balance	**18,526**	**13,272**

The expense provision allowance for 2023 includes an amount of €1 thousand relating to a reversal of the impairment provision on suppliers' receivables shown under other assets, while a reversal of a provision of €1 thousand is included in the income of 2022, as Note 16.

13 Property with right of use

2023	
Acquisition value	
	Property Right of Use
Opening balance as at 01 January 2023	135
Additions	631
Balance as at 31 December 2023	766
Accumulated Amortisation	
Opening balance as at 01 January 2023	(60)
Year expense	(125)
Accumulated Amortisation as at 31 December 2023	**(185)**
Net book balance as at 31 December 2023	**581**

2022	
Acquisition value	
	Property Right of Use
Opening balance as at 01 January 2022	**412**
Additions	16
Write-offs	(293)
Balance as at 31 December 2022	**135**
Accumulated Amortisation	
Opening balance as at 01 January 2022	**(338)**
Year expense	(15)
Write-offs	293
Accumulated Amortisation as at 31 December 2022	**(60)**
Net book balance as at 31 December 2022	**75**

14 Intangible assets

2023

Acquisition value

	Software
Opening balance as at 01 January 2023	3,165
Additions	151
Balance as at 31 December 2023	**3,316**
Accumulated Amortisation	
Opening balance as at 01 January 2023	(3,053)
Year expense	(44)
Accumulated Amortisation as at 31 December 2023	**(3,098)**
Net book balance as at 31 December 2023	**218**

2022

Acquisition value

	Software
Opening balance as at 01 January 2022	**3,130**
Additions	35
Balance as at 31 December 2022	**3,165**
Accumulated Amortisation	
Opening balance as at 01 January 2022	**(2,941)**
Year expense	(111)
Accumulated Amortisation as at 31 December 2022	**(3,053)**
Net book balance as at 31 December 2022	**112**

15 Tangible Assets

2023	**Furniture, electronic and other equipment**	**Transportation equipment rights-of-use**	**Total**
Acquisition value			
Opening balance as at 01 January 2023	1,363	74	1,437
Purchases	502	-	502
Write-offs	(98)	(26)	(124))
Balance as at 31 December 2023	**1,767**	**48**	**1,815**
Accumulated Amortisation			
Opening balance as at 01 January 2023	(1,338)	(39)	(1,377)
Year expense	(61)	(15)	(77)
Write-offs	98	19	52
Accumulated Amortisation as at 31 December 2023	**(1,301)**	**(35)**	**(1,337)**
Net book balance as at 31 December 2023	**466**	**13**	**478**

2022	Furniture, electronic and other equipment	Transportation equipment rights-of-use	Total
Acquisition value			
Opening balance as at 01 January 2022	**1,363**	**92**	**1,454**
Write-offs	-	(17)	(17)
Balance as at 31 December 2022	**1,363**	**74**	**1,437**
Accumulated Amortisation			
Opening balance as at 01 January 2022	**(1,298)**	**(39)**	**(1,337)**
Year expense	(40)	(17)	(57)
Write-offs	-	17	17
Accumulated Amortisation as at 31 December 2022	**(1,338)**	**(39)**	**(1,337)**
Net book balance as at 31 December 2022	**25**	**35**	**60**

16 Other Assets

	31/12/2023	31/12/2022
Prepaid expenses & accrued income	102	45
Guarantees	2	2
Receivables from suppliers	333	403
Impairment allowance	(320)	(321)
Other debtors	2,669	19
Total	**2,786**	**148**

Other debtors, in the fiscal year 2023, include a claim of €2,650 thousand related to revenue from customers of an assigned portfolio (as note 7).

The amount of €320 thousand for the fiscal year 2023 and €321 thousand for the fiscal year 2022 refers to an impairment provision on suppliers’ receivables.

17 Due to banks

	31/12/2023	31/12/2022
Bond loans	799,792	639,750
Subordinated loans	6,000	6,000
Current accounts	10,000	10,000
Sight deposits	5,262	4,177
Accrued interest	1,284	5,089
Total	**822,338**	**665,017**

All liabilities to credit institutions are at floating rate.

€6,000 thousand concern two subordinated loans (€ 4,000 thousand maturing on 25/02/2026 and €2,000 thousand maturing on 22/12/2027). The interest rate is six-month Euribor plus margin. Interest payments are half-yearly.

€573,500 thousand (Agreement dated 22/12/2023) concern a bond loan comprising 1,147 bonds of €500 thousand each, maturing by 27/12/2024. The interest rate is three-month Euribor plus margin. Coupon payments are quarterly.

€5,998 thousand (Agreement dated 22/12/2023) concern a bond loan in USD consisting of 12 bonds of € 500 thousand maturing by 27/12/2024. The interest rate is equal to the three-month SOFR plus a margin. Coupon payments are quarterly.

€498 thousand (Agreement dated 22/12/2023) concern a bond loan in GBP consisting of 1 bond, maturing by 27/12/2024. The interest rate is equal to the three-month Sonia plus a margin. Coupon payments are quarterly.

€109,000 thousand (Agreement dated 20/12/2021) concern a bond loan comprising 218 bonds of €500 thousand each, maturing by 28/04/2025. The interest rate is three-month Euribor plus margin. Coupon payments are quarterly.

10,796 thousand (Agreement dated 20/12/2021) concern a bond loan in USD consisting of 22 bonds maturing by 28/04/2025. The interest rate is equal to the three-month SOFR plus a margin. Coupon payments are quarterly.

€100,000 thousand (Agreement dated 20/12/2021) concern a bond loan comprising 200 bonds of €500 thousand each, maturing by 20/12/2024. The interest rate is three-month Euribor plus margin. Coupon payments are quarterly.

€10,000 thousand relate to a quarterly revolving credit from EBRD through a current account. The interest rate is equal to the three-month Euribor plus a margin. Interest payments are quarterly.

These loans are accounted for at net book value and the total principal is payable upon maturity.

Bond loans

	31/12/2023	**31/12/2022**
Balance as at 1 January	639,750	419,613
Issues/renewals	915,421	250,566
Repayment	(755,379)	(30,429)
Balance as at 31 December	**799,792**	**639,750**

18 Other liabilities

	31/12/2023	31/12/2022
Liabilities to insurance funds	45	44
Payable expenses	68	68
Liabilities to suppliers	941	1,523
Lease obligations	623	114
Other liabilities	1,173	647
Other taxes - duties	2,666	1,687
Total	**5,516**	**4,083**

19 Payables to customers

	31/12/2023	31/12/2022
Customer current account balances	4,325	3,958
Total	**4,325**	**3,958**

Liabilities to customers include amounts payable mainly through management Factoring.

20 Deferred tax

The reduction of the deferred tax asset in the current and previous fiscal years is due to the calculation of tax provisions for doubtful loans against the negative provisions in the financial statements.

Deferred tax liabilities and deferred assets are broken down as follows:

Deferred tax assets	**31/12/2023**	**31/12/2022**
Pensions and other retirement benefits	2	16
Value impairment of loans and receivables	573	85
Impairment of other assets	71	71
Retained earnings & reserves	2	0
Other temporary differences	15	13
Deferred tax assets	**664**	**185**

Movement in the deferred tax assets	**31/12/2023**	**31/12/2022**
Opening balance	185	909
Pensions and other retirement benefits	(14)	(23)
Value impairment of loans and receivables	488	(731)
Retained earnings & reserves	2	60

Other temporary differences	2	(31)
Deferred tax assets	**664**	**185**

Movement in the deferred tax assets	**31/12/2023**	**31/12/2022**
Opening balance	185	909
Impact of deferred tax on profit or loss	477	(720)
Effect of deferred tax on net worth	2	(4)
Deferred tax assets	**664**	**185**

	1/1-31/12/2023	**1/1-31/12/2022**
Deferred tax (Equity)		
Reserves	2	(4)
Total	**2**	**(4)**

21 Post-retirement benefit obligations

Current benefit plan

Under Greek law (Laws 112/1920 and 4093/2012, as amended and in force), employees are entitled to a lump sum benefit upon retirement. The level of this amount depends on employee salary and years of service. According to the law, when an employee voluntarily departs prior to the date of retirement they are not entitled to the said benefit. This pension benefit falls within the provisions of IAS 19. Applied from 2021 with retroactive effect, this liability is calculated on the basis of the Interpretation Committee's decision on IAS 19, related to how to recognise the liability of benefits on a time-of-service basis. The Company's pension benefit liabilities have been calculated in accordance with the provisions of the Greek laws. The Company's pension benefit liability has been calculated and recognised on the basis of an independent actuarial study using the projected credit unit method. The present value of the liability is determined by estimated future cash flows using as a technical interest rate the interest rate of high-rated European corporate bonds with a maturity similar to that of the liability.

Staff compensation liabilities are determined by means of an actuarial study:

	31/12/2023	31/12/2022
The amounts recorded in the Statement of Financial Position are as follows:		
Present value of liabilities	89	152
Liability in the statement of financial position	89	152
The amounts recorded in the Statement of Comprehensive Income are as follows:		
Cost of current service	8	10
Financial cost	4	0
(Profit) cost of cuts / settlements / termination	7	11
Total	19	21
Total included in staff expenses (Note 8)	19	21

Change of obligation in the Statement of Financial Position:	**31/12/2023**	**31/12/2022**
Opening balance	152	259
Benefits paid by employer	(89)	(111)
Total expense recognised in the income statement	19	21
Actuarial (gains) of defined benefits plans	7	(17)
Liability in the statement of financial position	89	152
Reconciliation of present value of liabilities		
Opening balance of present value of liabilities	152	259
Cost of current service	8	10
Financial cost	4	0
Benefits paid by employer	(89)	(111)
(Profit) cost of cuts / settlements / termination	7	11
Actuarial (gains) / losses	7	(17)
Closing balance of present value of obligations	**89**	**152**

The financial assumptions and the sensitivity analysis refer to the main plan (Benefit acc. to Law 2112).

The main financial assumptions used for the valuation of the relevant liability are as follows:

	31/12/2023	31/12/2022
Inflation	2.00%	2.60%
Discount rate	3.17%	3.83%
Future salary increases	2.50%	2.00%
Average future employment rate	9.66	10.26

The sensitivity analysis of pension payments due to changes in the main assumptions is as follows:

Sensitivity analysis	**Change in the liability (%)**		
	Change	**Increase**	**Decrease**
Discount rate	0.50%	-4.50%	4.80%
Future salary increases	0.50%	4.80%	-4.60%

22 Current tax liabilities

On 31/12/2023 the Company has a payable amount of €141 thousand versus of €507 thousand on 31/12/2022.

	31/12/2023	**31/12/2022**
Current income tax liabilities	141	507
Total	**141**	**507**

23 Share Capital

	Share Capital	**Share Premium**	**Total**
Opening balance as at 01 January 2023	21,126	2,770	23,896
Balance as at 31 December 2023	**21,126**	**2,770**	**23,896**
Opening balance as at 01 January 2022	21,126	2,770	23,896
Balance as at 31 December 2022	**21,126**	**2,770**	**23,896**

The total number of approved ordinary registered shares is 5 868 233, with a nominal value of € 3,6 per share. The total ordinary shares have been issued and the share capital is fully paid up. The Company does not own any treasury shares.

24 Other reserves and retained earnings

	31/12/2023	31/12/2022
Regulatory Reserves	2,982	2,929
Reserves from specially-taxed income	43	43
Taxed and other reserves	230	236
Retained Earnings/(Loss)	4,379	12,363
Total other reserves and retained earnings	**7,635**	**15,572**

Taxed reserves are in accordance with article 72(12) of Law 4172/2013 and other reserves refer to a staff compensation provision under IAS 19.

Other reserves are broken down as follows:

Other Reserves	**31/12/2023**	**31/12/2022**
Opening balance	3,208	2,924
Extraordinary reserves from staff compensation provisions (IAS 19)	(6)	13
Earnings to legal and other reserves	53	271
Closing balance	**3,256**	**3,208**

Retained earnings brought forward	**31/12/2023**	**31/12/2022**
Opening balance	12,363	8,113
Profit for the year	1,069	5,422
Dividend distribution	(9,000)	(900)
Earnings to legal reserves	(53)	(271)
Closing balance	**4,379**	**12,363**

According to article 158 of Law 4548/2018, the Company is required to transfer 5% (1/20) of its annual net profit to a legal reserve, until accumulated reserve equals 1/3 of the paid-in share capital. This reserve cannot be distributed to the Company’s shareholders, except in the case of liquidation.

25 Earnings per Share

Earnings per share are calculated by dividing earnings after income tax by the weighted average of the Company's existing ordinary shares during the reporting period.

Retained earnings brought forward	**31/12/2023**	**31/12/2022**
Profit distributable to Shareholders	1,069	5,422

Weighted average of existing ordinary shares	5,868,233	5,868,233
Basic earnings (EIR per share)	0.18	0.92

Adjusted

Adjusted earnings per share are calculated by adjusting the weighted average of existing ordinary shares during the period for ordinary shares to be potentially issued. The Company does not have any shares of this class; therefore, adjusted earnings per share are the same as basic earnings.

26 Dividend per share

The General Shareholders' Meeting held on 8-9-2023 decided on a dividend distribution amounting to €9 million, i.e. €2 million from profit of year 2022 and €7 million from previous fiscal years. The Company's Board of Directors will propose to the General Meeting of Shareholders the distribution of total dividend to the amount of €2.5 million, € 1 million from profit of year 2023 and €1.5 million from previous fiscal years.

27 Related party transactions

a) Transactions with members of Management

	01/01/2023 to 31/12/2023	**01-01-2022 to 31-12-2022**
Salaries and other fees	202	139
Total	**202**	**139**

b) Transactions with affiliated companies

The Company is controlled by the Bank's parent company, Piraeus Financial Holdings SA., which holds 100 % of the shares of the parent Piraeus Bank SA (established in Greece); the latter holds 100% of the Company's shares.

In the context of its business operations, the Company has also dealings with other Piraeus Bank Group companies.

Receivables from the parent mainly include sight deposits and factoring receivables. Payables to the parent include bonds and other payables. Income consists of fee income and expenses mainly consist of interest charges on bonds, fees and services.

Receivables and income from other related parties include receivables from factoring agreements.

The provisions for receivables from the parent company amount to zero as at 31-12-2023 and 31-12-2022.

The provisions for receivables from other related parties amount to €35 thousand as at 31-12-2023 and 31-12-2022.

All transactions with the parent Bank and related parties are carried out at arm's length. The following are related party transactions.

	31/12/2023		01/01/2023 to 31/12/2023	
	Receivables before provisions	**Liabilities**	**Income**	**Expenses**
Parent	112,129	812,538	206	40,697
Other related parties	12,476	94	406	28
Total	**124,606**	**812,632**	**612**	**40,725**

	31/12/2022		01/01/2022 to 31/12/2022	
	Receivables before provisions	**Liabilities**	**Income**	**Expenses**
Parent	13,613	655,948	181	21,769
Other related parties	10,001	-	295	28
Total	**23,614**	**655,948**	**476**	**21,797**

28 Commitments for contingent liabilities

According to estimates from the Company's Management and Legal Department, there are no pending cases expected to have significant impact on the Company's financial position.

29 Lease obligations

The Company's lease portfolio

Leases of office buildings: The company leases office buildings in Athens and Thessaloniki. The lease of the Thessaloniki building expires on 31-12-2026. The lease of the Athens building was renewed from 1-3-2023 to 29-2-2028. The main terms of the new leases (duration, etc.) are similar for all tenants.

Leases of vehicles: The company leases vehicles for its operational needs. The average lease term is four years.

Leases of office equipment: The company leases office equipment for its operational needs. The lease term extends from 1-1-2023 to 31-12-2025.

	31/12/2023				
	Balance as at 1-1-2023	**Lease repayment**	**New leases**	**Interest**	**Balance as at 31-12-2023**
Lease obligations	114	(170)	659	20	623
Total	**114**	**(170)**	**659**	**20**	**623**
			Short-term	**obligation**	**159**
			Long-term	**obligation**	**464**
			Total		**623**

	31/12/2022				
	Balance as at 1-1-2022	**Lease repayment**	**New leases**		**Balance as at 31-12-2022**
Lease obligations	152	(55)	15	2	114
Total	**152**	**(55)**	**15**	**2**	**114**
			Short-term		**36**
			Long-term		**78**
			Total		**114**

Lease obligations are included under “Other obligations”.

30 Auditor fees

For the years that ended on 31 December 2023 and 2022, the fees paid to the Company’s regular auditor (Deloitte S.A.) are broken down in the following table, pursuant to article 43a of Law 2190/1920, as amended by article 30 of Law 3756/2009.

	31/12/2023	**31/12/2022**
Regular Statutory Audit	48	47
Tax Audit	18	17
Total	**66**	**64**

31 Events after the reporting period

Apart from the above, there are no other events, subsequent to the financial statements as at 31-12-2023, which concern the Company and could have a significant impact on the Company's Financial Statements.

Athens, 12 July 2024

The Chairman of the BoD	**The CEO**	**For PWC BUSINESS SOLUTIONS SA** **The CFO**
THEODOROS A. TZOUROS	**VASILIOS CH. KAIMAS**	**PANAGIOTIS N. GEORGIOU**
ID Card no. AO 891508	**ID Card no. AM 553294**	**ID Card no. AZ 525970**
		Licence OEE no.12685