ΠΕΙΡΑΙΩΣ FACTORING

PIRAEUS FACTORING TRADE CLAIMS SINGLE-MEMBER COMPANY S.A.

ANNUAL FINANCIAL REPORT 31 DECEMBER 2021

The Annual Financial Report attached hereto was approved by the Company's Board of Directors on 08 July 2022 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 2021 Financial Statements along with our relevant remarks for your approval.

Economic Background

In 2021, the Greek economy experienced strong economic recovery, following a deep recession of 9.0% in 2020. Real GDP grew by 8.3% in 2021 on an annual basis. The strong annual recovery was boosted by the dynamic increase of private consumption, the further growth of investment and the considerable increase of exports. In 2021, the economic sentiment indicator rose to 105.1 units and re-approached the 2019 levels (105.4 units).

In 2021, inflation rose to 1.2%. The consumer price increase gained speed in the second half of 2021, following several months of deceleration, mainly due to increasing energy and food costs. In the first two months of 2022, inflation rose to 6.7%.

The continuing implementation of fiscal measures against the pandemic led to a state budget deficit amounting to € 14.9 billion in 2021 (modified cash basis) compared to a € 22.8 billion deficit in 2020.

In 2021, the current account balance deficit fell by € 356.6 million compared to 2020 and stood at € 10.6 billion. The increase of the balance of goods deficit is due to the larger increase of imports against exports. The increase of the balance of services surplus is almost exclusively due to the improvement of the travel services balance. This was, however, partly offset by the lower surplus of the balance of transports. As regards tourism, collections grew by 146.7% in 2021 compared to 2020 and rose to € 10.65 billion.

In 2021, Greece kept accessing global securities markets with seven successful Greek Government Bond issues. The Greek government raised a total of €15.8 billion from markets in 2021, while transactions rising to € 12 billion have been scheduled for 2022. Despite the increased financing needs, as a result of the liquidity raised from global markets in 2021, cash balances remained at € 31.6 billion at the year's end.

Moreover, in March 2021 the second early repayment of existing IMF loans (€ 3.3 billion) was completed; as a result, the financing cost of state debt was lowered. The government intends to proceed to an early repayment of the last part of the IMF loan (€ 1.8 billion) and a part of bilateral Eurozone loans (€ 5.3 billion) in the immediate future.

In February 2022 the 13th review of the Greek economy was successfully completed as part of the Enhanced Surveillance status that Greece entered into in the summer of 2018, following its inclusion in the economic and fiscal policy co-ordination of the European Semester. The economy's favourable outlook is reflected on the recent upgrades of the country's credit rating. In April 2021, S&P upgraded Greece's rating to "BB" (positive outlook) from "BB-". In September 2021, DBRS Morningstar and Scope upgraded the rating of the Greek state by one grade to BB (positive outlook) from BB low and to BB+ (stable outlook) from BB respectively. On 14 January 2022, Fitch upgraded the outlook of the Greek economy to positive from stable, without changing the country's credit rating (BB). On 18 March 2022, DBRS Morningstar further upgraded Greece's rating to BB (high) from BB, with a stable outlook.

The outlook of the Greek economy is positive, since in the coming years it will benefit from the utilisation of European sources of financing, the implementation of reforms included in the Recovery and Resilience Plan (RRF), the review of the fiscal rules specified in the Stability and Growth Pact, favourable liquidity conditions, as well as the recovery of the European economy. According to the latest simulations by the European Commission, GDP is expected to grow by 2.1-3.3% by 2026, due to the combined impact of RFF grants and loans.

The 2022 recovery is expected to depend on the utilisation of RRF funds, the de-escalation of inflationary pressures, geopolitical developments, an improvement in the epidemiological situation and the recovery degree of tourism activity.

The primary risk factors affecting the course of the Greek economy, the Greek banking sector in general and the Group in particular include the international and domestic conditions in the macroeconomic environment and the money market, the persistence of inflationary pressures, the volatility and uncertainty in the supply chain, the continued impact of the COVID-19 pandemic and the challenges created by the broader geopolitical conditions. In particular, the Russian-Ukrainian crisis creates additional risks and uncertainty, affecting - among other things - energy and food prices which fuel strong inflationary pressures. There may also be impacts on consumption, tourism and entrepreneurship, with an emphasis on international trade.

Development of the Company's operations

The total annual turnover of the Greek Factoring market grew by 22% and rose to € 17.66 billion in 2021, compared to € 14.43 billion in 2020.

Piraeus Factoring managed to increase the value of its factoring services by 29%, from € 2.56 billion in 2020 to € 3.29 billion in 2021 and expanded its market share to 18.63% from 17.74%. Loan balances as at 31-12-2021 rose to € 485,205, increased by 26% compared to balances as at 31-12-2020, while earnings before tax grew by 24% and rose to € 4,385 thousand.

The Company is a member of Factors Chain International (FCI) and the Hellenic Factors Association (HFA).

The Company's capital adequacy is supervised by the Bank of Greece, to which figures are submitted in accordance with Bank of Greece Governor’s Act 2651/20.01.2012, as amended by Bank of Greece Executive Committee Act 193/27-9-2021.

The Bank of Greece Executive Committee Act 193/27-9-2021 also specifies the minimum ratios (Core Tier 1 and capital adequacy) that the Company should have.

The main developments that marked the company’s course in 2021 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. Promotion of new products (Reverse Factoring & Hotel Sunrise) and provision of new specialised services.

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 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.

The 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 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 2021 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 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 the developments arising from the geopolitical crisis, 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.

Securities or equity held by the Company

None.

Cash in foreign currency

The Company has limited deposits in foreign currency.

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.

ALTERNATIVE PERFORMANCE MEASURES (APMs)				
No.	**APM**	**APM Definition – Calculation**	**2021**	***2020 as reformed***
1	Pro-forma Total Capital Adequacy Ratio	Total regulatory capital / risk-weighted assets	14.69%	18.50%
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.	31,165	31,704
3	Non-Performing Loans (NPLs)	Consumer before provisions, more than 90 days past due	14,169	13,811
4	NPE provision coverage ratio	Provisions for loans to (/) NPEs	52.13%	53.14%
5	NPE Ratio	NPEs to (/) Loans before provisions	6.42%	8.21%
6	NPL Ratio	NPLs to (/) Loans before provisions	2.92%	3.58%

7	Provisions for loans	Provisions for loans	16,246	16,846
8	Loans before provisions	Loans before provisions	485,205	386,290
9	Loans after provisions	Loans after provisions at amortised cost	468,960	369,444
10	Net Commissions Income	-	1,695	2,208
11	Net Interest Income	-	4,197	5,066
12	Net result after tax	Net result after tax	3,189	2,664
13	Total Net Income		7,444	7,950
14	Operating costs	Total Operating Expenses	3,624	4,231
15	Result before provisions	Profit for the period before provisions, impairment and tax	3,820	3,721
16	Result before tax	Profit for the period before income tax	4,385	3,527

The Company's staff rose to 32 employees as at 31/12/2021. 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

As regards the Company's dealings with Piraeus Financial Holdings SA, Piraeus Bank SA, its subsidiaries and directors, the relevant detailed report in included in Note 25 to the Financial Statements.

Events after the reporting period

On 29-03-2022, Mr. Theodoros Tzouros was elected Chairman of the Board of Directors, following the resignation of Ms Eleni Vrettou.

Ukraine crisis

The invasion of Russia in Ukraine on February 24, 2022 caused a humanitarian crisis in the region and had a negative impact on global economy, mainly as a result of higher energy and commodity prices that fuelled higher inflation, which led to weaker household and business confidence. The extent of these impacts will largely depend on how the conflict develops. In collaboration with its parent Bank, the Company has adopted all the required measures for its compliance with the sanctions imposed by relevant authorities. The Company is not directly exposed to these countries and the Management believes that any impact will not be significant.

Apart from the above, there are no other events, subsequent to the financial statements as at 31 December 2021, 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, 08 July 2022

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CEO
TZOUROS A. THEODOROS ID Card no. AO 891508	CHRISTODOULOU D. KONSTANTINOS ID Card no. AO 567451

Deloitte Certified Public Accountants S.A.

3a Fragkokklisias & Granikou str. Marousi Athens GR 151-25 Greece

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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, 2021, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

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, 2021, 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.

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 judgment 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 to continue as a going concern.

- 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, 2021.

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, 22 July 2022

The Certified Public Accountant

Apostolos Kokkinellis
Reg. No. SOEL: 44621
Deloitte Certified Public Accountants S.A.
3a Fragkoklissias & Granikou Str.
GR-151 25 Maroussi, Athens, Greece
Reg. No. SOEL: E. 120

STATEMENT OF COMPREHENSIVE INCOME

€ Thousand	Note	Period that ended on 31-12-2021	31-12-2020 *(as restated)*
Interest and equivalent income	5	14,306	13,793
Interest and equivalent expenses	5	(10,108)	(8,727)
NET INTEREST INCOME		4,197	5,066
Commission Income	6	9,784	9,461
Commission Expenses	6	(8,089)	(7,253)
NET COMMISSIONS INCOME		1,695	2,208
Other operating income	7	1,552	676
TOTAL NET INCOME		7,444	7,950
Staff expenses	8	(1,560)	(2,279)
General administrative expenses	9	(1,718)	(1,582)
Depreciation		(345)	(369)
Value impairment of loans and advances		565	(194)
TOTAL EXPENSES		(3,059)	(4,424)
PROFITS BEFORE TAX		4,385	3,527
Income tax	10	(1,197)	(863)
YEAR PROFITS (A)		3,189	2,664
Earnings per share (€)		0.54	0.45
Actuarial gains / (loss) of defined benefit plans (after tax)		1	(4)
Other Total Income After Tax (B)		1	(4)
Comprehensive total income after tax (A+B)		3,190	2,659

STATEMENT OF FINANCIAL POSITION

€ Thousand	Note	31-12-2021	31-12-2020 *(as restated)*
ASSETS			
Cash in hand & bank balances	11	11,846	22,442
Loans and advances to customers	12	468,960	369,444
Property with right of use	13	74	169
Intangible assets	14	189	271
Tangible assets	15	117	137
Deferred tax assets	19	909	1,773
Current tax assets	21	142	943
Other Assets	16	124	188
TOTAL ASSETS		**482,361**	**395,365**
LIABILITIES			
Loans	17	440,080	355,969
Retirement benefit obligations	20	259	469
Other liabilities	18	7,090	5,985
TOTAL LIABILITIES		**447,429**	**362,423**
EQUITY			
Share capital	22	21,126	21,126
Share premium	22	2,770	2,770
Other reserves	23	2,924	2,764
Retained earnings	23	8,113	6,283
TOTAL EQUITY		**34,932**	**32,943**
TOTAL LIABILITIES & EQUITY		**482,361**	**395,365**

STATEMENT OF CHANGES IN EQUITY

€ Thousand	Note	Share Capital	Above par	Other Reserves	Retained earnings	TOTAL
Balance as at 31-12-2019		**21,126**	**2,770**	**2,626**	**9,430**	**35,951**
Change due to the IAS19 accounting principle		-	-	6	225	231
Opening Balance as at 01 January 2020		**21,126**	**2,770**	**2,632**	**9,655**	**36,183**
Profit after tax	23	-	-	-	2,664	2,664
Total recognised net income after taxes		-	-	-	2,664	2,664
Reserves from actuarial gains/(losses)				(4)		(4)
Previous year's dividend paid	23				(5,900)	(5,900)
Earnings transferred to reserves	23	-	-	136	(136)	-
Balance as at 31 December 2020		**21,126**	**2,770**	**2,764**	**6,283**	**32,943**
Opening Balance as at 01 January 2021	**22**	**21,126**	**2,770**	**2,764**	**6,283**	**32,943**
Profit after tax	23	-	-	-	3,189	3,189
Total recognised net income after taxes		-	-	-	3,189	3,189
Reserves from actuarial gains/(losses)				1		1
Previous year's dividend paid	23				(1,200)	(1,200)
Earnings transferred to reserves	23	-	-	159	(159)	-
Balance as at 31 December 2021		**21,126**	**2,770**	**2,924**	**8,113**	**34,932**

CASH FLOW STATEMENT

€ Thousand	Note	Fiscal year ending 31 Dec 21	31 Dec 20 as restated
Cash flows from operating activities			
Earnings before tax		4,385	3,527
Adjustments to profit before tax:			
Loan impairment	12	(565)	194
Depreciation	13,14,15	345	369
Post-retirement benefits	20	527	792
Interest and equivalent expenses	5	10,108	8,727
Cash flows from operating activities before change to operating assets and liabilities		**14,801**	**13,609**
Changes of operating assets and liabilities			
Net (increase) / decrease in customer loans and receivables	12	(98,951)	(37,768)
Net (increase) / decrease in other assets	16	64	0
Net (increase) / decrease in other liabilities	18	445	21
Cash flows from operating activities before income taxe		**(83,642)**	**(24,138)**
Income tax collected (paid)		466	(1,761)
Net cash inflows / (outflows) from operating activities		**(83,176)**	**(25,899)**
Cash flow from investing activities			
Acquisition of tangible assets	15	(21)	(16)
Acquisition of intangible assets	14	(75)	(38)
Net inflows / (outflows) from investments		**(96)**	**(54)**
Cash flow from financing activities			
Bond loan issues/renewals		311,811	248,571
Bond loan repayments		(224,116)	(203,300)
Bond loan interest repayment		(9,573)	(8,560)
Other loans		(4,115)	4,036
Repayment of tax on asset rights of use		(3)	(5)
Repayment of capital on lease payments		(129)	(158)
Dividend paid		(1,200)	(5,900)
Net inflows / (outflows) from financing activities		**72,675**	**34,683**
Net increase / (decrease) of cash and cash equivalents		**(10,596)**	**8,729**
Start of year cash and cash equivalents	11	**22,442**	**13,713**
End of year cash and cash equivalents		**11,846**	**22,442**

For the comparative 2020 amounts, the lease obligations item (IFRS 16) was reclassified and the relevant cash flows are shown in cash flow from financing activities, so as to be comparable to the corresponding 2021 amounts.

1 General Information on the Company

Piraeus Factoring Single-Member Factoring Company 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 (based in Greece) as well as 100% of the Company's shares. On 27-08-2020, the Piraeus Bank SA Board of Directors (the "Bank" or the "Demerged Entity") approved a draft agreement on the demerger by way of hive-down of the banking activity sector and its contribution into a new entity to be incorporated and as a credit

institution (the "Beneficiary Entity" or the "New Bank", according to the provisions of Article 16 of Law 2515/1997 and Article 57 (3, 59-74) of Law 4601/2019. By means of a relevant entry in the Greek General Commercial Registry (GEMI), the Beneficiary Entity named "PIRAEUS BANK SA" and having its registered offices in the Municipality of Athens was established on 30-12-2020. The latter, as a universal legal successor, shall replace the Demerged Entity with respect to the total assets contributed to the latter, as shown in the Demerged Entity's transformation balance sheet dated 31 July 2020. The latter's balance sheet items shall be transferred as balance sheet items of the Beneficiary Entity, according to Article 16 (5) of Law 2515/1997. 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 23-09-2022, Mr. Theodoros Tzouros was elected Chairman of the Board of Directors, following the resignation of Ms Eleni Vrettou.

These Financial Statements were approved for publication on 08 July 2022 by the Board of Directors, comprising the following persons:

Theodoros A. Tzouros, Chairman
Efstratios D. Andrianis, Vice-chairman
Konstantinos D. Christodoulou, CEO
Athanasios F. Vlachopoulos, Member
Dimitrios H. Konstantopoulos, Member
Athanasios A. Andreadakis, Member

Eleftherios P. Bacharopoulos, Member

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

The term of the Board of Directors expires on 8-10-2023.

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 2021, 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 since early 2022 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 2021.

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 2021 or later. The Company'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

IFRIC Agenda Decision: IAS 19 "Employee benefits" - Attributing benefit to periods of service

In May 2021, the IFRIC adopted a final agenda decision, which contains important clarifications on attributing benefit only in the periods during which the obligation to provide post-employment benefits arises. According to the said benefit allocation for employees who are entitled to a lump-sum benefit only upon retirement and the benefit depends on the employee's years of service prior to retirement (up to a maximum of sixteen years of continuous service), the benefit is attributed to each of the last sixteen years of service before retirement age.

The Group and the Company have adopted the said decision as an accounting policy change. The retroactive application of the said accounting policy has no significant effect on the balance sheet as at 1 January 2021. Please also refer to Note 2.13 on the accounting policy of the Group and the Company.

In accordance with IAS 8, the opening balances of each equity item affected on 1 January 2021 as well as the other comparative items of the previous reporting period have been adjusted as if the new accounting policy has always been in force. In particular, the actuarial obligation for the end of the financial year 2020 has been revised and the relevant disclosures for the financial year 2020 have been adjusted. In order to revise the actuarial obligation on the basis of the new methodology as at 1 January 2021, an actuarial study was carried out for the period ending on 31 December 2020. More specifically, as a result of the revised actuarial study of 31 December 2020 under the new methodology, the post-retirement benefit obligation rose to € 469 thousand . The effect (after tax) on the Company's net worth as at 1 January 2021 was an increase amounting to € 193 thousand. Please refer to Note 29 on the reform of comparative allocations.

IFRS 16 (Amendment) "Covid-19-Related Rent Concessions"

The amendment gives lessees (but not lessors) the option of opting out of assessing whether the COVID-19-related rent concession is a modification of the lease. Lessees may choose to account for rental concessions as if they are not lease modifications.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) "Interest Rate Benchmark Reform - Phase 2"

The amendments complement those issued in 2019 and focus on the impact on the financial statements when a company replaces the old reference rate with an alternative reference rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for changes in its hedge relationships and the information it must disclose.

Standards and Interpretations effective for subsequent periods

IFRS 16 (Amendment) "Covid-19-Related Rent Concessions - Extension (applied to annual accounting periods beginning on or after 1
April 2021)

The amendment extends the application of the practical facility granted for rent concessions by one year to cover reductions in rents due on or until 30 June 2022.

IAS 16 (Amendment) "Property, Plant and Equipment — Proceeds before Intended Use" (applied to annual accounting periods beginning on or after 1 January 2022)

The amendment prohibits the entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity prepares the item for its intended use. It also requires entities to separately disclose the amounts of revenue and expenditure related to such generated items that are not the result of the entity's normal activity.

IFRS 37 (Amendment) "Onerous Contracts – Cost of Fulfilling a Contract" (applied to annual accounting periods beginning on or after 01 January 2022)

The amendment clarifies that "the cost of fulfilling a contract" includes the directly related costs of fulfilling that contract and the allocation of other costs directly related to its execution.
The amendment also clarifies that, before a separate provision for an onerous contract is recognised, an entity recognises any impairment loss on the assets used to fulfil the contract, rather than on assets that were only dedicated to that contract.

IAS 1 (Amendment) "Classification of Liabilities as Current or Non-Current" (applied to annual accounting periods beginning on or after 1 January 2023)

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. The amendment has not yet been adopted by the European Union.

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. The amendments have not yet been adopted by the European Union.

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. The amendments have not yet been adopted by the European Union.

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. The amendments have not yet been adopted by the European Union.

Annual improvements IFRSs 2018 - 2020 cycle (applied to annual accounting periods beginning on or after 1 January 2022)

IFRS 9 "Financial Instruments”

The amendment examines which costs should be included in the 10% test for the derecognition of financial liabilities. Relevant costs or fees could be paid either to a third party or to the lender. According to the amendment, costs or fees paid to third parties shall not be included in the 10% test.

IFRS 16 “Leases”

The amendment removed the example for payments by the lessor on lease improvements in illustrative example 13 of the standard, in order to eliminate any potential confusion regarding the handling of lease incentives.

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 from a financial asset is recognised when a financial benefit inflow is likely and the amount can be measured in a reliable manner.

Interest income and expenses result from interest-bearing items of the Statement of Financial Position and are recognised on an accrual basis, using the effective interest rate method, namely the rate that exactly discounts the expected future collections or payments throughout the expected life of a financial instrument, or until the next interest rate adjustment date, so that the discounted value is equal to its book value including any transaction income/expenses, that have been collected/paid. Impaired loans shall be accounted for at their recoverable amount and, consequently, the interest income is recognised on the basis of the effective rate on the book value.

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 other receivables from 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 noteable 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. If a Stage 3 customer is not rated individually, a collective rating is applied.

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, provided such loans 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.

This change is 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 (Favorable – Basic – Unfavorable), each of which is associated with different PDs and LGDs. The Management has assigned the following weighting factors for each scenario: Base: 90%; Favourable: 5%; Unfavourable: 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 14
- Proposed

- Business: Loans and advances to customers at Stage 1 amortised cost with a rating above 14

- Case-specific monitoring

- 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 preparing an agreement, the Company assesses whether such agreement 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 motices in the lease agreements 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.

Termination benefits

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.

Changes in accounting principles and methods (policies)

Changes in accounting principles and methods (policies) are recorded by retrospectively reforming the financial statements of all periods, disclosed along with the financial statements of the current period, so that the items presented are comparable.

In the closing 2021 period there a need for such a change arose.

In particular, the Hellenic Accounting and Auditing Standards Oversight Board (HAASOB), in the exercise of its powers, issued its announcement 027/2021 referring to the “Directive on the Implementation of the Cost Attribution of Defined Benefit Plans in accordance with the Interpretation of IAS 19 of the IFRS Interpretations Committee”.

The said Directive provides guidance from HAASOB on the application by entities that prepare financial statements according to the IFRS of the International Accounting Standards Board (IASB) decision, where it accepted the interpretation of IAS 19 “Employee Benefits” of the International Financial Reporting Interpretations Committee on attributing benefit to years of employee service.

In addition to these guidelines, the following are clarified:

Application of IAS 19 Interpretation of International Financial Reporting Interpretations Committee to entities applying the Greek Accounting Standards (GAS): The application of the International Financial Reporting Interpretations Committee’s (IFRIC) Interpretation of IAS 19 initially refers to entities that apply the accounting framework of International Financial Reporting Standards. Whereas the IFRIC Decision does not relate to the method of determining the benefit cost value, i.e. benefit measurement, but only to when the obligation to provide arises, i.e. when it is recognised in the financial statements on the basis of the fundamental accrual assumption, which is identical in both accounting frameworks (IFRS and GAS) and that GAS do not explicitly provide for the time of such benefit recognition, the said decision should also apply mutatis mutandis to entities applying Greek Accounting Standards (Law 4308/2014) taking into account the provisions of Articles 22 and 28 of Law 4308/2014.

Therefore, by implementing the defined benefit plan provided for in Article 8 of Law 3198/1955, the Company attributes the retirement benefit of employees to each year of service during the period of the last 16 years prior to termination, in accordance with the conditions for receiving a full pension. The said period is the reasonable basis for forming the relevant provision, as their retirement benefits are not substantially increased beyond that period.
A reasonable basis for applying the provision for the severance allowance shall be the age of 62, in which case the pension benefit shall be attributed from the age of 46 to the age of 62, without prejudice to such cases where it is established that the retirement age is over 62 years, in which case the time of attributing changes accordingly.

Until the adoption of IFRIC's Decision, the Company attributed the benefit cost provided for in Article 8 of Law 3198/1955, Law 112/1920 and its amendment by Law 4093/2012 in the period from employment [up to 16 years of employment, according to the scale of Law 4093/2012] or [until the date of retirement].

The application of the IFRIC Decision to the attached financial statements now results in the attribution of benefits over the last 16 years up to the date of retirement, as per the scale laid down in Law 4093/2012. Please refer to Note 2.3 on the effect of changing this policy.

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

The reform of Interbank Offered Rates (IBOR) started in 2014 on the initiative of the Financial Stability Board (FSB) and aims to replace these rates with alternative rates, namely Risk-Free Rates (RFR). The reform was brought forward to 5 March 2021, when the Financial Conduct Authority (FCA) in charge of LIBOR supervision announced the cut-off dates for the end and loss of representativeness for EUR and CHF LIBOR (all settings). GBP and JPY LIBOR (settings: 1 day, 1 week, 2 months and 12 months). LIBOR USD (settings: 1 week and 2 months): the publication of these benchmark arrangements contributed by a group of banks came to a final end on 1 January 2022.

Impact of the reform on the Company

Having regard to the end deadlines announced for 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.

As at the end of December 2021, the Company considers that it has substantially completed the entire legal transition plan for contracts involving indices that expire or become unrepresentative at the end of 2021.

The Company’s financial assets and liabilities denominated in GBP 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 any more 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 20 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 Management measures and assesses the significant increase in credit risk by comparing default risk as at the “date of initial recognition” to default risk as at the “reporting date”.
IFRS 9 applies the ECL model, which applies to all financial assets subject to impairment. On every reporting date, an impairment loss equal to the 12-month expected credit loss (corresponding to Stage 1) shall be recognised in the Statement of Comprehensive Income for all financial assets for which there is no significant credit risk increase since initial recognition.

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.

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 31-12-2021 and 31-12-2020, 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	**31/12/2021**	**31/12/2020**
Loans and advances to customers	485,205	386,290
Provisions	16,246	16,846
Loans and advances to customers (after provisions)	468,960	369,444
Other Assets	124	188

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

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

	31 Dec 21				
	Stage 1	Stage 2	Stage 3 individual	Stage 3 collective	Total
Loans and advances to customers					
Large Enterprises	192,011	3	8,072	15	200,101
SMEs	215,505	46,521	19,670	3,408	285,104
Total	**407,516**	**46,524**	**27,742**	**3,423**	**485,205**
Provisions as at 31-12-2021					
Large Enterprises	1,078	0	79	9	1,166
SMEs	1,483	996	12,535	65	15,080
Total	**2,562**	**996**	**12,614**	**74**	**16,246**
Loans and advances (after provisions)					
Large Enterprises	190,933	3	7,993	6	198,935
SMEs	214,021	45,525	7,135	3,343	270,024
Total	**404,954**	**45,528**	**15,128**	**3,349**	**468,960**

	31 Dec 20				
	Stage 1	Stage 2	Stage 3 individual	Stage 3 collective	Total
Loans and advances to customers					
Large Enterprises	93,714	59,255	10,648	**0**	**163,617**
SMEs	118,947	82,670	20,861	**195**	**222,673**
Total	**212,661**	**141,925**	**31,509**	**195**	**386,290**
Provisions as at 31-12-2020					
Large Enterprises	590	793	79	**0**	**1,462**
SMEs	877	1,601	12,815	**91**	**15,384**
Total	**1,467**	**2,394**	12,894	**91**	**16,846**
Loans and advances (after provisions)					
Large Enterprises	93,124	58,462	10,569	**0**	**162,155**
SMEs	118,070	81,069	8,046	**104**	**207,289**
Total	**211,194**	**139,531**	**18,615**	**104**	**369,444**

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 provisions breakdown by stage 2021

		31 Dec 21		
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Balances as at 1-1-2021	212,661	141,925	31,704	386,290
New receivables	85,317	15,471	130	100,918
Movements between stages				
To stage 1	123,494	-123,494	0	0
To stage 2	-10,972	12,708	-1,736	0
To stage 3	-3,237	-1,527	4,764	0
Payments and other transactions	253	1,441	-3,697	-2,003
Balances as at 31-12-2021	**407,516**	**46,524**	**31,165**	**485,205**
Provisions				
Balances as at 1-1-2021	1,467	2,394	12,985	16,846
New receivables	558	279	8	845
Movements between stages				
To stage 1	1,714	-1,714	0	0
To stage 2	-50	127	-77	0
To stage 3	-46	-14	60	0
Payments and other transactions	-1,082	-76	-288	-1,445
Balances as at 31-12-2021	**2,561**	**996**	**12,688**	**16,246**
Loans and advances (after provisions)				
Balances as at 1-1-2021	211,194	139,531	18,719	369,444
New receivables	84,759	15,192	122	100,073
Movements between stages				
To stage 1	121,780	-121,780	0	0
To stage 2	-10,922	12,581	-1,659	0
To stage 3	-3,191	-1,513	4,704	0
Payments and other transactions	1,335	1,517	-3,409	-557
Balances as at 31-12-2021	**404,955**	**45,528**	**18,477**	**468,960**

Breakdown of changes in loans and provisions breakdown by stage 2020

	31 Dec 20			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Balances as at 1-1-2020	154,930	150,260	43,351	348,541
New receivables	60,674	10,214	284	71,172
Movements between stages				0
To stage 1	62,763	-61,182	-1,581	0
To stage 2	-39,507	46,200	-6,693	0
To stage 3	-439	-1,727	2,166	0
Payments and other transactions	-25,760	-1,840	-5,823	-33,423
Balances as at 31-12-2020	**212,661**	**141,925**	**31,704**	**386,290**
Provisions				
Balances as at 1-1-2020	1,041	2,096	13,535	16,672
New receivables	580	292	39	911
Movements between stages				0
To stage 1	1,068	-874	-194	0
To stage 2	-366	366		0
To stage 3	-22	-15	37	0
Payments and other transactions	-834	529	-432	-737
Balances as at 31-12-2020	**1,467**	**2,394**	**12,985**	**16,846**
Loans and advances (after provisions)				
Balances as at 1-1-2020	153,889	148,164	29,816	331,869
New receivables	60,094	9,922	245	70,261
Movements between stages				
To stage 1	61,695	-60,308	-1,387	0
To stage 2	-39,141	45,834	-6,693	0
To stage 3	-417	-1,712	2,129	0
Payments and other transactions	-24,926	-2,369	-5,391	-32,686
Balances as at 31-12-2020	**211,194**	**139,531**	**18,719**	**369,444**

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

	31 Dec 21			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Large Enterprises				
Strong	102,788			102,788
Proposed	89,223			89,223
Case-specific monitoring		3		3
In default			8,087	8,087
Total	**192,011**	**3**	**8,087**	**200,101**
Provisions	1,078	0	88	1,166
Net value after provisions	190,933	3	7,999	198,935
Security value	244,047	2,005	10,363	256,415
SMEs				
Strong	160,200			160,200
Proposed	55,305			55,305
Case-specific monitoring		46,521		46,521
In default			23,078	23,078
Total	**215,505**	**46,521**	**23,078**	**285,104**
Provisions	1,484	996	12,600	15,080
Net value after provisions	214,021	45,525	10,478	270,024
Security value	283,928	52,089	11,021	347,038

	31 Dec 20			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Large Enterprises				
Strong	52,017	-	-	52,017
Recommended	41,697	-	-	41,697
Substandard	-	59,255	-	59,255
In default	-	-	10,648	10,648
Total	**93,714**	**59,255**	**10,648**	**163,617**
Provisions	590	793	79	1,462
Net value after provisions	93,124	58,462	10,569	162,155
Security value	113,230	77,889	15,845	206,964
SMEs				
Strong	98,384	-	-	98,384
Recommended	20,563	-	-	20,563
Substandard	-	82,670	-	82,670
In default	-	-	21,056	21,056
Total	**118,947**	**82,670**	**21,056**	**222,673**
Provisions	877	1,601	12,906	15,384
Net value after provisions	118,070	81,069	8,150	207,289
Security value	115,546	105,155	10,704	231,405

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

	31 Dec 21			
	Balance	Provisions	Net value after provisions	Security value
Large Enterprises				
Current	65,672	519	65,153	72,805
1-30 days	61,828	318	61,510	98,870
31-90 days	72,263	249	72,014	84,452
91-180	260	2	258	288
181-365			0	
365+ days	78	78	0	
Total	**200,101**	**1,166**	**198,935**	**256,415**
Stage 1	192,011	1,078	190,933	244,047
Stage 2	3	0	3	2,005
Stage 3	8,087	88	7,999	10,363
Total	**200,101**	**1,166**	**198,935**	**256,415**
SMEs				
Current	115,879	1,507	114,372	129,105
1-30 days	42,045	390	41,655	59,123
31-90 days	113,091	762	112,329	156,936
91-180	184	74	110	172
181-365	178	72	106	138
365+ days	13,727	12,275	1,452	1,564
Total	**285,104**	**15,080**	**270,024**	**347,038**
Stage 1	215,505	1,484	214,021	283,928
Stage 2	46,521	996	45,525	52,089
Stage 3	23,078	12,600	10,478	11,021
Total	**285,104**	**15,080**	**270,024**	**347,038**

	31 Dec 20			
	Balance	Provisions	Net value after provisions	Security value
Large Enterprises				
Current	64,550	365	64,185	69,172
1-30 days	40,353	227	40,126	58,959
31-90 days	58,636	792	57,844	78,833
91-180			0	
181-365			0	
365+ days	78	78	0	
Total	**163,617**	**1,462**	**162,155**	**206,964**
Stage 1	93,714	590	93,124	113,230
Stage 2	59,255	793	58,462	77,889
Stage 3	10,648	79	10,569	15,845
Total	**163,617**	**1,462**	**162,155**	**206,964**
SMEs				
Current	94,131	1,685	92,446	76,903
1-30 days	42,540	496	42,044	59,930
31-90 days	72,269	979	71,290	92,458
91-180	528	196	332	487
181-365	589	236	353	477
365+ days	12,616	11,792	824	1,150
Total	**222,673**	**15,384**	**207,289**	**231,405**
Stage 1	118,947	877	118,070	115,546
Stage 2	82,670	1,601	81,069	105,155
Stage 3	21,056	12,906	8,150	10,704
Total	**222,673**	**15,384**	**207,289**	**231,405**

The 2020 allocations have been reclassified in order to become comparable with the 2021 amounts

NPLs before provisions as at 31-12-2021 rise to € 14,169 thousand and the NPLs ratio rises to 2.92%, compared to € 13,811 thousand and an NPLs ratio of 3.58% as at 31-12-2020.

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

	31 Dec 21			
	Stage 1	Stage 2	Stage 3 individual	Total
Loans and advances to customers				
SMEs	-	314	3,334	3,648
Provisions				
SMEs	-	32	1,109	1,141
Loans and advances (after provisions)				
SMEs	-	282	2,225	2,507

	31 Dec 20			
	Stage 1	Stage 2	Stage 3 individual	Total
Loans and advances to customers				
SMEs	-	-	3,806	3,806
Provisions				
SMEs	-	-	1,144	1,144
Loans and advances (after provisions)				
SMEs	-	-	2,662	2,662

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 2021 and 31 December 2020. The Company has distributed risk exposures per counterparty industry.

Industry	31/12/2021			
	Stage 1	Stage 2	Stage 3	Total
Manufacturing	200,532	17,197	10,014	227,743
Provisions	1,232	178	239	1,649
Net value after provisions	199,300	17,019	9,775	226,094
Commercial	117,697	18,283	6,036	142,016
Provisions	809	434	4,617	5,860
Net value after provisions	116,888	17,849	1,419	136,156
Energy	1,675			1,675
Provisions	4			4
Net value after provisions	1,671	0	0	1,671
Transport	11,373	333	52	11,758
Provisions	91	16	34	141
Net value after provisions	11,282	317	18	11,617
Construction	17,162			17,162
Provisions	85			85
Net value after provisions	17,077	0	0	17,077
IT	25,175	7,513	3,669	36,357
Provisions	134	176	291	601
Net value after provisions	25,041	7,337	3,378	35,756
Services	10,391	3,198	1,210	14,799
Provisions	54	192	111	357
Net value after provisions	10,337	3,006	1,099	14,442
Other	23,511	0	10,184	33,695
Provisions	152	0	7,396	7,548
Net value after provisions	23,359	0	2,788	26,147
Total loans	407,516	46,524	31,165	485,205
Total provisions	2,561	996	12,688	16,245
Net value after provisions	404,955	45,528	18,477	468,960

Industry	31/12/2020			
	Stage 1	Stage 2	Stage 3	Total
Manufacturing	107,713	71,215	10,440	189,368
Provisions	584	918	256	1,758
Net value after provisions	**107,129**	**70,297**	**10,184**	**187,610**
Commercial	59,577	34,443	8,449	102,469
Provisions	462	531	4,719	5,731
Net value after provisions	**59,115**	**33,912**	**3,711**	**96,738**
Energy	6,897	-	-	6,897
Provisions	84	-	-	84
Net value after provisions	**6,813**	**-**	**-**	**6,813**
Transport	4,290	5,848	31	10,169
Provisions	69	154	17	240
Net value after provisions	**4,221**	**5,694**	**14**	**9,929**
Construction	16,519	-	-	16,519
Provisions	113	-	-	113
Net value after provisions	**16,406**	**-**	**-**	**16,406**
IT	7,374	21,822	1,571	30,767
Provisions	80	646	328	1,054
Net value after provisions	**7,294**	**21,176**	**1,243**	**29,713**
Services	5,868	1,692	147	7,707
Provisions	46	60	111	217
Net value after provisions	**5,822**	**1,632**	**36**	**7,490**
Other	4,423	6,905	11,066	22,394
Provisions	29	85	7,553	7,649
Net value after provisions	**4,394**	**6,820**	**3,531**	**14,745**
Total loans	**212,661**	**141,925**	**31,704**	**386,290**
Total provisions	**1,467**	**2,394**	**12,985**	**16,846**
Net value after provisions	**211,194**	**139,531**	**18,719**	**369,444**

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 31/12/2021.

Assets and liabilities are presented per currency at book value.

As at 31 December 2021	EUR	GBP	USD	Other	Total
Assets foreign exchange risk					
Cash in hand & bank balances	9,125	523	2,196	2	11,846
	468,537	15	408		468,960
Loans and advances to customers (after provisions)					
Property with right of use	74				74
Intangible fixed assets	189				189
Tangible assets	117				117
Deferred tax assets	909				909
Current tax assets	142				142
Other Assets	124				124
Total assets	**479,217**	**538**	**2,604**	**2**	**482,361**
Liabilities foreign exchange risk					
Loans	436,943	541	2,596		440,080
Retirement benefit obligations	259				259
Other liabilities	7,088		2		7,090
Total liabilities	**444,290**	**541**	**2,598**	**0**	**447,429**
Net foreign exchange position of assets - payables	**34,928**	**(3)**	**6**	**2**	**34,932**
As at 31 December 2020					
Total assets	393,889	487	984	5	395,365
Total liabilities	360,979	506	938	0	362,423
Net foreign exchange position of assets - payables	**32,912**	**(19)**	**46**	**5**	**32,943**

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 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.

As at 31 December 2021	Up to 1 month	1 - 3 months	3 - 12 months	Interest free	Total
Assets					
Cash in hand & bank balances	11,846	-	-	-	11,846
Loans and advances to customers	-	466,067	2,382	511	468,960
Other Assets		-	-	124	124
Total Assets	11,846	466,067	2,382	635	480,929
Liabilities					
Loans	1,871	429,613	6,000	2,596	440,080
Other Liabilities		-	-	5,915	5,915
Total liabilities	1,871	429,613	6,000	8,511	445,996
Total Interest Rate Risk Gap	9,975	36,454	(3,618)	(7,876)	34,933

The following tables offer comparative data for the previous period:

As at 31 December 2020	Up to 1 month	1 - 3 months	3 - 12 months	Interest free	Total
Assets					
Cash in hand & bank balances	22,442	-	-	-	22,442
Loans and advances to customers	-	365,246	3,454	744	369,444
Other Assets	-	-	-	188	188
Total Assets	**22,442**	**365,246**	**3,454**	**932**	**392,073**
Liabilities					
Loans	5,987	341,918	6,000	2,064	355,969
Other liabilities	-	-	-	4,775	4,775
Total liabilities	**5,987**	**341,918**	**6,000**	**6,839**	**360,745**
Total Interest Rate Risk Exposure	**16,455**	**23,328**	**(2,546)**	**(5,907)**	**31,329**

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 2021	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Loans	-	10,016	190,947	247,811	2,060	450,834
Other Liabilities	-	1,046	6,044	-	-	7,090
Total liabilities	-	11,062	196,992	247,811	2,060	457,924
As at 31 December 2020						
Loans	-		10,154	352,761	6,140	369,055
Other Liabilities	-	1,002	4,983	-	-	5,985
Total liabilities	**-**	**1,002**	**15,137**	**352,761**	**6,140**	**375,039**

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 2021 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 31-12-21 of loans and receivables on 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 Company's capital adequacy is supervised by the Bank of Greece, to which figures are submitted in accordance with Bank of Greece Governor's Act 2651/20-01-2012, as amended by Executive Committee Act 193/27-9-2021 of the Bank of Greece.

The capital adequacy ratio compares the company's regulatory capital with the risks (risk-weighted assets) that the Company assumes. Regulatory capital includes core tier 1 capital (share capital, reserves) and non-core capital (subordinated securities). Risk-weighted assets include credit risk and operational risk. In calculating the credit and operational risk, the company follows the standardised approach.

The Company's capital adequacy ratio stood well above the minimum required by the the Bank of Greece Governor's Act and stood at 14.69 % as at 31-12-2021 compared to 18.50 % as at 31-12-2020.

Capital Adequacy calculation table as at 31-12-2021 & 31-12-2020		
Equity	**31-12-2021**	**31-12-2020 as restated**
Share Capital	21,126	21,126
Share premium	2,770	2,770
Reserves	2,924	2,764
Subordinated loans	6,000	6,000
Retained earnings	8,503	7,062
Accounting equity	**41,322**	**39,721**
Less: Intangible fixed assets	(189)	(271)
Regulatory Capital	**41,132**	**39,451**
Risk-Weighted Assets	**279,954**	**213,294**
Capital Adequacy Ratio	**14.69%**	**18.50%**

5 Net interest income

Interest and equivalent income	1/1-31/12/2021	1/1-31/12/2020
Loan Interest	14,306	13,793
Total interest and equivalent income	**14,306**	**13,793**
Interest and equivalent expenses		
Interest and borrowing expenses	(10,108)	(8,727)
Total interest and equivalent expenses	**(10,108)**	**(8,727)**
Net interest income	**4,197**	**5,066**

Interest income includes interest from advances - prepayments. Impaired loans 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	1/1-31/12/2021	1/1-31/12/2020
From factoring business	9,784	9,461
Total commissions income	**9,784**	**9,461**
Commissions Expenses		
From factoring business	(8,089)	(7,253)
Total commissions expenses	**(8,089)**	**(7,253)**
Net Commissions Income	**1,695**	**2,208**

Fee expenses for the 2021 fiscal period include fees to the parent Bank rising to € 6,471 thousand against € 5.490 thousand in the 2020 fiscal period.

7 Other operating income

	1/1-31/12/2021	1/1-31/12/2020
Deposit interest	0	1
Income from other activities	161	144
Other income	1,391	531
Total	1,552	676

Other income for the year 2021 includes an amount of € 1,389 thousand against € 521 thousand that refers to an assigned portfolio collection from clients.

8 Staff expenses

	1-1-2021 to 31-12-2021	1/1-2020 to 31/12/2020 as restated
Wages and salaries	(754)	(1,130)
Social security contributions	(215)	(291)
Other staff expenses	(65)	(66)
Retirement benefits (note 20)	(527)	(792)
Total	**(1,560)**	**(2,279)**

As at 31 December 2021, the Company's staff rises to 32 from 37 as at 31 December 2020.

9 General administrative expenses

	1-1-2021 to 31-12-2021	1/1-31/12/2020
Third-party remuneration and benefits	(1,541)	(1,425)
Telecommunications expenses	(61)	(63)
Rent	(32)	(8)
Other tax	(16)	(16)
Insurance premiums	(2)	(2)
Other administrative expenses	(67)	(68)
Total	**(1,718)**	**(1,582)**

The 2020 allocations have been reclassified in order to become comparable with the 2021 amounts.

10 Income tax

The company's income tax rate for the financial year 2021 was 22 % in accordance with Article 120(1) of Law 4799/2021, while in 2020 it was 24 %. In addition, according to the provisions of article 24 of Law 4646/2019, it is specified that in the case of distribution of profits to members of the management or staff, 5% withholding tax on distributed profits shall be applied. Dividend payments to the parent Piraeus Bank S.A. are not subject to withholding tax (article 63 of Law 4172/2013).

	1-1-2021 to 31-12-2021	1/1-2020 to 31/12/2020 as restated
Current tax	(333)	(486)
Deferred tax (note 19)	(864)	(377)
Total	**(1,197)**	**(863)**

Tax on the Company's earnings before tax is the amount obtained using the base tax rate, i.e. 22% for the 2021 fiscal period and 24% for the 2020 fiscal period, and is broken down as follows:

	1-1-2021 to 31-12-2021	1/1-2020 to 31/12/2020 as restated
Profits before tax	4,385	3,527
Tax calculated by applying the applicable tax rates	(965)	(846)
Tax rate adjustment for deferred tax calculation	(148)	-
Tax on non-deductible expenses	(84)	(17)
Income tax	**(1,197)**	**(863)**
Period's actual tax rate	**27.3%**	**24.5%**

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 2020 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 2014-2020).

For year 2021, 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

	31-12-2021	31/12/2020
Cash in hand	1	1
Sight deposits	11,845	22,441
Total	**11,846**	**22,442**

12 Loans and advances to customers

	31-12-2021	31/12/2020
Loans and advances to businesses		
Recourse	*237,369*	*180,937*
Partial recourse	*170,453*	*139,835*
No recourse	*77,383*	*65,518*
Total loans and advances	**485,205**	**386,290**
Less: Provisions for losses (impairment) from loans & advances	(16,246)	(16,846)
Total loans and advances to customers	**468,960**	**369,444**

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

	31-12-2021	31/12/2020
Opening balance	**16,846**	**16,672**
year income (expense)	(565)	194
Less: year write-offs	(36)	(20)
Closing balance	**16,246**	**16,846**

The revenue forecast for 2021 includes an amount of € 2 thousand relating to a reversal of the impairment allowance on suppliers' receivables shown under other assets, while a reversal of a provision of € 4 thousand is included in the expense of 2020 in the form of Note 16.

13 Property with right of use

2021 **Acquisition value**	
	Property Right of Use
Opening balance as at 01 January 2021	**412**
Additions	0
Balance as at 31 December 2021	**412**
Accumulated Amortisation	
Opening balance as at 01 January 2021	**(243)**
Year expense	(95)
Accumulated Amortisation as at 31 December 2021	**(338)**
Net book balance as at 31 December 2021	**74**

2020 **Acquisition value**	
	Property Right of Use
Opening balance as at 01 January 2020	**412**
Additions	0
Balance as at 31 December 2020	**412**
Accumulated Amortisation	
Opening balance as at 01 January 2020	**(122)**
Year expense	(121)
Accumulated Amortisation as at 31 December 2020	**(243)**
Net book balance as at 31 December 2020	**169**

14 Intangible assets

2021 Acquisition value	
	Software
Opening balance as at 01 January 2021	**3,055**
Additions	75
Balance as at 31 December 2021	**3,130**
Accumulated Amortisation	
Opening balance as at 01 January 2021	**(2,784)**
Year expense	(156)
Accumulated Amortisation as at 31 December 2021	**(2,941)**
Net book balance as at 31 December 2021	**189**

2020 Acquisition value	
	Software
Opening balance as at 01 January 2020	**3,017**
Additions	38
Balance as at 31 December 2020	**3,055**
Accumulated Amortisation	
Opening balance as at 01 January 2020	**(2,625)**
Year expense	(159)
Accumulated Amortisation as at 31 December 2020	**(2,784)**
Net book balance as at 31 December 2020	**271**

15 Tangible Assets

2021	Furniture, electronic and other equipment	Transportation equipment rights-of-use	Total
Acquisition value			
Opening balance as at 01 January 2021	**1,342**	**44**	**1,386**
Purchases	21	53	74
Write-offs		(6)	(6)
Balance as at 31 December 2021	**1,363**	**92**	**1,454**
Accumulated Amortisation			
Opening balance as at 01 January 2021	**(1,223)**	**(26)**	**(1,249)**
Year expense	(75)	(19)	(94)
Write-offs		6	6
Accumulated Amortisation as at 31 December 2021	**(1,298)**	**(39)**	**(1,337)**
Net book balance as at 31 December 2021	**65**	**52**	**117**

2020	Furniture, electronic and other equipment	Transportation equipment rights-of-use	Total
Acquisition value			
Opening balance as at 01 January 2020	**1,330**	**67**	**1,397**
Purchases	16	-	16
Write-offs	(4)	(23)	(27)
Balance as at 31 December 2020	**1,342**	**44**	**1,386**
Accumulated Amortisation			
Opening balance as at 01 January 2020	**(1,154)**	**(28)**	**(1,182)**
Year expense	(71)	(17)	(88)
Write-offs	2	19	21
Accumulated Amortisation as at 31 December 2020	**(1,223)**	**(26)**	**(1,249)**
Net book balance as at 31 December 2020	**119**	**18**	**137**

16 Other Assets

	31-12-2021	31/12/2020
Prepaid expenses & accrued income	104	137
Deposits paid	2	2
Receivables from suppliers	322	324
Impairment allowance	(322)	(324)
Other debtors	18	49
Total	**124**	**188**

The amount of € 322 thousand for 2021 and € 324 thousand for the financial year 2020 refers to an impairment allowance in supplier's receivables.

17 Loans

	31-12-2021	31-12-2020
Bond loans	419,613	331,918
Subordinated loans	6,000	6,000
Current accounts	10,000	10,000
Overdrafts	1,871	5,987
Accrued interest	2,596	2,064
Total	**440,080**	**355,969**

All liabilities to credit institutions are at floating rate.

An amount of €6,000 thousand concern two subordinated loans (€ 4,000 thousand maturing on 27/2/2026 and €2,000 thousand maturing on 22/12/2027). The interest rate is six-month Euribor plus margin. Interest payments are half-yearly.

An amount of € 236,500 thousand refers to a bond loan consisting of 473 bonds each of € 500 thousand that mature until 3-7-2023. The interest rate is three-month Euribor plus margin. Coupon payments are quarterly.

An amount of € 2,576 thousand refers to a bond loan in USD consisting of 5 bonds of € 500 thousand each that mature until 3-7-2023. The interest rate is three-month Libor plus margin. Coupon payments are quarterly.

An amount of € 537 thousand refers to a bond loan in GBP consisting of 1 bond; the said loan shall mature until 3-7-2023. The interest rate is three-month Libor plus margin. Coupon payments are quarterly.

An amount of € 80,000 thousand refers to a bond loan consisting of 160 bonds of € 500 thousand each that mature until 29-10-2023, the said loan will be renewed at maturity. The interest rate is three-month Euribor plus margin. Coupon payments are quarterly.

An amount of € 100,000 thousand refers to a bond loan consisting of 200 bonds of € 500 thousand each that matures until 16-7-2023, the said loan will be renewed at maturity. The interest rate is three-month Euribor plus margin. Coupon payments are quarterly.

An amount of €10,000 thousand relates 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.

In 2021, two new bond loan agreements totalling € 220 million were signed, of which € 20 million was used in 2022.

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

18 Other liabilities

	31-12-2021	31-12-2020
Liabilities to insurance funds	45	64
Payable expenses	39	40
Liabilities to suppliers	1,624	1,278
Liabilities to clients	4,024	3,119
Lease obligations	147	223
Other liabilities	183	273
Other taxes - duties	1,028	988
Total	**7,090**	**5,985**

Liabilities to customers include amounts payable mainly through management Factoring.

19 Deferred tax

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

Movement in the deferred tax assets	31-12-2021	31-12-2020 as restated
Opening balance	1,773	2,222
Pensions and other retirement benefits	(115)	14
Value impairment of loans and receivables	(581)	(375)
Impairment of other assets	-	1
Retained earnings & reserves	(2)	4
Other temporary differences	(14)	(33)
Change due to tax rate change	(153)	-
Change due to the IAS 19 accounting principle	-	(61)
Deferred tax assets	**909**	**1,773**

Deferred tax assets	31-12-2021	31-12-2020 as restated
Pensions and other retirement benefits	39	154
Value impairment of loans and receivables	816	1,524
Impairment of other assets	71	78
Reserves	(61)	9
Other temporary differences	44	69
Change due to the IAS 19 accounting principle	-	(61)
Deferred tax assets	**909**	**1,773**

The deferred tax affecting the year's earnings is broken down as follows:

Deferred Tax (Statement of Comprehensive Income)	1/1 - 31/12/2021	1/1-31/12/2020 as restated
Pensions and other retirement benefits	(83)	31
Value impairment of loans and receivables	(701)	(370)
Impairment of other assets	(7)	(4)
Other temporary differences	(73)	(33)
Total	**(864)**	**(377)**

The deferred tax impact on the year's equity is broken down as follows:

Deferred tax (Equity)	1/1- 31/12/2021	1/1-31/12/2020 as restated
Reserves	2	1
Total	**2**	**1**

20 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 change in the recognition method documents a change in accounting policy. Further details on the impact of the change in the accounting policy are given in Note 2.13. 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:

The amounts recorded in the Statement of Financial Position are as follows:	31-12-2021	31-12-2020 (as restated)
Present value of liabilities	259	469
Liability in the statement of financial position	259	469
The amounts recorded in the Statement of Comprehensive Income are as follows:		
Cost of current service	12	10
Financial cost	0	3
(Profit) cost of cuts / settlements / termination	515	779
Total	527	792
Total included in staff expenses (Note 8)	527	792
Change of obligation in the Statement of Financial Position:	**31-12-2021**	**31-12-2020**
Opening balance	469	**358**
Benefits paid by employer	(735)	(686)
Total expense recognised in the income statement	527	792
Actuarial (gains) of defined benefits plans	(2)	5
Liability in the statement of financial position	**259**	**469**
Reconciliation of present value of liabilities		
Opening balance of present value of liabilities	469	663
Cost of current service	12	10
Financial cost	0	3
Benefits paid by employer	(735)	(686)
(Profit) cost of cuts / settlements / termination	515	779
Actuarial (gains) / losses	(2)	5
Change due to the IAS 19 accounting policy	-	(304)
Closing balance of present value of obligations	**259**	**469**

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:

	31-12-2021	31-12-2020 (as restated)
Inflation	2.05%	1.35%
Discount rate	0.74%	0.14%
Future salary increases	2.05%	1.35%
Average future employment rate	10.93	1.37

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%	-5.3%	5.60%
Future salary increases	0.50%	5.50%	-5.20%

The amount of € 527 thousand included in staff costs, compared to € 726 thousand in financial year 2020, is due to the voluntary departure schemes implemented by the Group's Management in October 2020, June & November 2021 and is offset by the corresponding decrease in staff costs for employees who made use of the scheme. The plan provided incentives for employees of the Bank and its Greek subsidiaries in the framework of the “Agenda 2020” strategic plan through cost rationalisation measures.

21 Deferred tax receivables and payables

On 31-12-2021, the company had a receivable of € 142 thousand, while on 31 December 2020 it had a receivable of € 943 thousand, which was collected in 2021.

	31-12-2021	31-12-2020
Current income tax receivables	143	943
Current income tax liabilities	(1)	-
Total	**142**	**943**

22 Share Capital

	Share Capital	Share Premium	Total
Opening balance as at 01 January 2021	21,126	2,770	23,896
Balance as at 31 December 2021	**21,126**	**2,770**	**23,896**
Opening balance as at 01 January 2020	21,126	2,770	23,896
Balance as at 31 December 2020	**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.

23 Other reserves and retained earnings

	31-12-2021	31-12-2020 (as restated)
Regulatory Reserves	2,658	2,499
Reserves from specially-taxed income	43	43
Taxed and other reserves	223	223
Retained Earnings/(Loss)	8,113	6,283
Total other reserves and retained earnings	**11,037**	**9,047**

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	31-12-2021	31-12-2020 (as restated)
Opening balance	2,764	2,626
Extraordinary reserves from staff compensation provisions (IAS 19)	1	(16)
Earnings to legal and other reserves	159	136
Change due to the IAS19 accounting principle	-	18
Closing balance	**2,924**	**2,764**

Retained earnings brought forward	31-12-2021	31-12-2020 (as restated)
Opening balance	6,283	9,430
Profit for the year	3,189	2,664
Dividend distribution	(1,200)	(5,900)
Earnings to legal reserves	(159)	(136)
Change due to the IAS19 accounting principle	-	225
Closing balance	**8,113**	**6,283**

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.

24 Dividend per share

By decision of the Shareholders' General Meeting on 8-92021, a dividend of € 1,200 thousand was paid. The Company's Board of Directors will propose to the Shareholders' Annual Ordinary General Meeting a dividend payment € 900 thousand from profits for the year 2021.

25 Συναλλαγές με συνδεδεμένα μέρη

a) Transactions with members of Management

	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Salaries and other fees	107	102
Total	**107**	**102**

b) Transactions with affiliated companies

The group is controlled by the parent company of the Bank, 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 also deals with other Piraeus Bank Group companies, i.e. Piraeus Leasing SA, Semithea SA and other related 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 amount to € 1,000 as at 31-12-2021 and to zero as at 31-12-2020.

The provisions for receivables from other related parties amount to € 324 thousand as at 31-12-2021 and to € 281 thousand 31-12-2020.

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

	31-12-2021		01-01-2021 to 31-12-2021	
	Receivables before provisions	Liabilities	Income	Expenses
Parent	11,675	431,056	176	17,529
Other related parties	24,112	77	2,041	3
Total	**35,787**	**431,133**	2,217	17,532

	31-12-2020			01/01/2020-31/12/2020
	Receivables before provisions	Liabilities	Income	Expenses
Parent	22,772	346,863	494	15,103
Other related parties	29,765	213	2,069	4
Total	**52,537**	**347,076**	2,564	15,107

26 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.

27 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 expired on 30-9-2021 and the company is in negotiations with its parent for its renewal; this is expected to be completed in 2022. 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 expires on 31-12-2022.

The table below shows the contractual undiscounted non-cash flows of the Company's total lease liabilities as at 31-12-2021 and 31-12-2020. The Company has chosen to exclude recognition for short-term leases; therefore, the following analysis does not include leases with a residual maturity of less than 12 months from 1 January 2019.

	31-12-2021	31-12-2020
Up to 1 year	51	124
1 - 5 years	102	91
Over 5 years	-	17
Σύνολο μη προεξοφλημένων υποχρεώσεων	152	232

As at 31 December 2021, the present value of lease obligations rises to €147 thousand (31-12-2020: € 223 thousand) and is broken down in the table below.

	31-12-2021	31-12-2020
Up to 1 year	**48**	**121**
1 - 5 years	**98**	**86**
Over 5 years	**-**	**16**
Total discounted obligations	**147**	**223**

Lease obligations are included under "Other obligations".

28 Auditor fees

For the fiscal years that ended on 31-12-2021 and in 2020, the fees of the company's statutory auditor (Deloitte Certified Public Accountants S.A.) are set out in the table below, according to Article 43a of Codified Law 2190/1920, as amended by Article 30 of Law 3756/2009.

	31-12-2021	31-12-2020
Regular Statutory Audit	37	39
Tax Audit	14	14
Total	**51**	**53**

29 Restatement of comparative allocations

In 2021, the Company recalculated the provision as at 31-12-2020 for "Employee post-retirement benefits" and revised (in accordance with the provisions of Article 28 of Law 4308/2014) the comparative information presented in the financial statements for the financial year 2021 (as Note 2.13). The effects of this reform are presented in the following tables:

STATEMENT OF COMPREHENSIVE INCOME	31-12-2020 *(as restated)*	Restatements	31-12-2020 *(as published)*
Interest and equivalent income	13,793		13,793
Interest and equivalent expenses	(8,727)		(8,727)
NET INTEREST INCOME	5,066		5,066
Commission Income	9,461		9,461
Commission Expenses	(7,253)		(7,253)
NET COMMISSIONS INCOME	2,208		2,208
Other operating income	676		676
TOTAL NET INCOME	7,950		7,950
Staff expenses	(2,279)	(66)	(2,213)
General administrative expenses	(1,582)		(1,582)
Depreciation	(369)		(369)
Value impairment of loans and advances	(194)		(194)
TOTAL EXPENSES	(4,424)		(4,458)
EARNINGS BEFORE TAX	3,527		3,593
Income tax	(863)	16	(879)
PROFIT FOR THE YEAR (A)	2,664	(50)	2,714
Earnings per share (€)	0.45		0.46
Actuarial gains / (loss) of defined benefit plans (after tax)	(4)	12	(16)
Λοιπά Συνολικά Έσοδα Μετά Φόρων	(4)	12	(16)
Comprehensive total income after tax (A+B)	2,659	(38)	2,697

STATEMENT OF FINANCIAL POSITION

	31-12-2020 as restated	Restatements	31-12-2020 as published
ASSETS			
Cash in hand & bank balances	22,442		22,442
Loans and advances to customers	369,444		369,444
Property with right of use	169		169
Intangible assets	271		271
Tangible assets	137		137
Deferred tax assets	1,773	(61)	1,834
Current tax assets	943		943
Other Assets	188		188
TOTAL ASSETS	**395,365**	**(61)**	**395,426**
LIABILITIES			
Loans	355,969		355,969
Retirement benefit obligations	469	(254)	723
Other liabilities	5,985		5,985
TOTAL LIABILITIES	**362,423**	**(254)**	**362,677**
EQUITY			
Share capital	21,126		21,126
Share premium	2,770		2,770
Other reserves	2,764	18	2,746
Retained earnings	6,283	175	6,108
TOTAL EQUITY	**32,943**	**193**	**32,750**
TOTAL LIABILITIES & EQUITY	**395,365**	**(61)**	**395,426**

30 Events after the reporting period

Ukraine crisis

The invasion of Russia in Ukraine on February 24, 2022 caused a humanitarian crisis in the region and had a negative impact on global economy, mainly as a result of higher energy and commodity prices that fuelled higher inflation, which led to weaker household and business confidence. The extent of these impacts will largely depend on how the conflict develops. In collaboration with its parent Bank, the Company has adopted all the required measures for its compliance with the sanctions imposed by relevant authorities.
The Company is not directly exposed to these countries and the Management believes that any impact will not be significant.

On 29-03-2022, Mr. Theodoros Tzouros was elected Chairman of the Board of Directors, following the resignation of Ms Eleni Vrettou.

Apart from the above, there are no other events, subsequent to the financial statements as at 31-12-2021, which concern the Company and could have a significant impact on the Company's Financial Statements.

Athens, 08 July 2022

The Chairman of the BoD	**The Chief Executive Officer**	**For PWC BUSINESS SOLUTIONS SA** **The Chief Financial Officer**
THEODOROS A. TZOUROS **ID Card no. AO 891508**	**KONSTANTINOS D. CHRISTODOULOYU** **ID Card no. 567451**	**PANAGIOTIS N. GEORGIOU** **ID Card no. AZ 525970-** **E.C.G. license no. A 12685**