

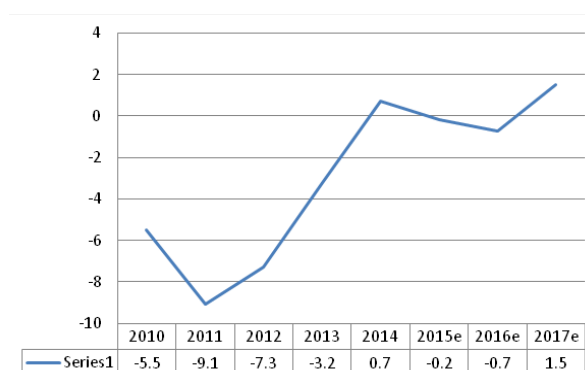


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INTRODUCTION

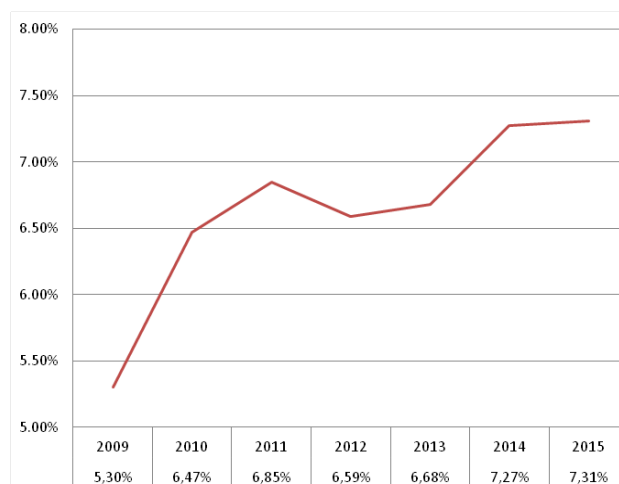
The Greek factoring industry, in its 20th year of operation, showed strong evidence of maturity and agility as it moved against the fragile way that the rest of the economy followed. It recorded a total €12.8 billion turnover compared with the €13 billion of the previous year, despite a negative GDP (-0.3 per cent), the launch of capital controls, high unemployment and the significant structural reforms that have been legislated, but not yet implemented. Moreover, the GDP factoring penetration ratio increased to 7.31 per cent from 7.27 per cent last year.

GDP in Greece 2010-2017est



Source: Piraeus Bank's Research Division

GDP Factoring Penetration 2009 - 2015



Source: Piraeus Bank's Research Division

In 2016, the key indicators belong, on the one hand, to the financial disruption caused by the capital controls, the new adjustments in payroll taxes and pension expenditures. On the other hand, to the restoration of business confidence, the low starting levels of economic activity, the robust tourism season and the acceleration of the absorption of EU funds and the privatization programme.

FACTORING INDUSTRY ENVIRONMENT

Political uncertainty, low consumption and capital controls continue to create a very difficult operating environment, especially for the small and medium-sized enterprises that dominate Greece's economy. Capital controls have been a significant drag both on trade and households. The capital relief measures have been a significant move towards easier import financing for companies. Most companies managed their payments abroad directly through banks. The capital controls brought an enhanced liquidity to many companies, no matter their size, which everybody was trying to circulate.

Deflationary pressures during 2015 remained high and put pressure on companies' pricing power in many sectors. On the other hand, profitability was impacted by a lack of financing and tax increases.

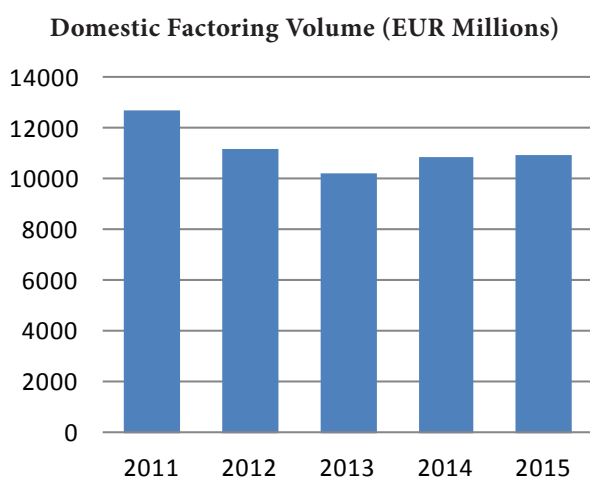
The autumn of 2015 brought the recapitalization of the four major Greek banks and the stabilization of the deposits. The former action might help to ease financing constraints for banks and stimulate credit for the private sector.

According to Piraeus Bank's Research Division, the outflow of deposits and the dependency of Greek banks on EU funding in 2015 had an adverse impact on the total credit formation. In 2016, the recapitalization and the gradual restoration of domestic confidence in the banking system will increase deposit inflows. Credit will stabilize in 2016 and start expanding by 2017.

Private consumption constitutes 70 per cent of the Greek GDP, and has declined over the crisis years. It is questionable if Greeks will continue financing the increase in consumption from their past wealth or through their stash of cash.

Tourism represents a large part of the Greek economy, and the increased revenues generated during 2015 led to a milder than expected recession.

MARKET PERFORMANCE AND SUPPLY



The seventh annual survey conducted by the Hellenic Factoring Association (HFA) showed the same picture as last year. In 2015, domestic factoring constituted 84.98 per cent of the total factoring volume (in 2014: 84.38 per cent), with the remaining 15.02 per cent (2014: 15.62 per cent) representing international businesses. As far as the domestic figures are concerned, an important point to make is that the bank holiday and the capital controls had been anticipated, to an extent, as the result of months of intense uncertainty. This made firms prepare themselves for possible negative consequences and as a result, limited the impact of the restriction that was later placed on their ability to finance their spending and production activities.

The allocation between recourse and non-recourse factoring out of the total volume of factoring in Greece is 58.79 per cent and 41.21 per cent respectively.

Credit insurers in Greece provided factors with credit

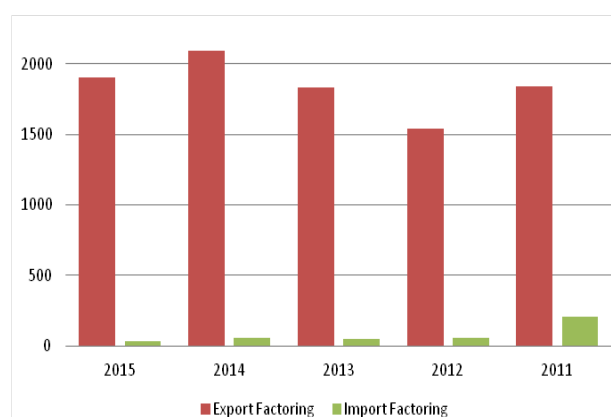
limits, especially in the case of international businesses.

Notification factoring reached 66.64 per cent, whereas non-notification held 33.36 per cent of total volume.

International factoring posted a 10.21 per cent decrease in 2015 according to HFA. This was mainly due to the capital controls and the low consumption power that households have. This directly affected the final prices of the goods or services offered in Greece. Many companies could not import raw material in order to finalize their product and export it globally. As a result, import factoring decreased by 42.99 per cent in 2015 and recorded a figure of €33 million, compared to €58 million in 2014.

Export factoring decreased by 9.31 per cent during 2015 and performed €1.9 billion compared to the €2.1 billion of 2014. It is believed that deteriorating economic prospects in the emerging markets slowed the Greek export diversification. Greek exporters need to be highly selective when looking for export opportunities. A combination of improved productivity, less bureaucracy (eg. the time involved in export procedures at the pre customs and customs stages in Greece remain high), low labour costs and high R&D expenditures may be the leading factors for the export boost.

Export & Import Factoring in Greece 2010-2015



The majority of the Greek factors are mainly bank subsidiaries and the minority belongs to bank divisions or branches from abroad. Factoring is expected to play a key role in the management of the portfolios of the banks, either by providing liquidity or through the administration and handling of NPLs.

The major players, which are subsidiaries of a bank group, are:

- Piraeus Factoring SA, Piraeus Bank Group, Full member of FCI + IFG

- EFG Factors SA, Eurobank Group, Full member of FCI + IFG and product development in order to meet the client requirements. Credit insurers will continue supporting the respective industry as long as it is performing efficiently.
- ABC Factors SA, Alpha Bank Group, Full member of FCI + IFG
- Ethniki Factors SA, National Bank of Greece Group, Full member of FCI + IFG
- Laiki Factors SA, Member of LAIKI POPULAR BANK CYPRUS, Associate member of FCI + IFG.

The first four factors dominate the Greek market with an aggregated share around of 98 per cent. Others that are division/Branch of a bank are:

- HSBC, Full member of FCI + IFG
- Attica Bank,
- FIM Bank, Associate member of FCI + IFG

On an institutional level, the Hellenic Factoring Association (HFA) is currently in its 7th year of operation, working closely with the EU Federation. Its activities mainly concern the development of factoring in Greece through presentations in the academic and business society and Basel III. It is worth mentioning the creation of its web site, <http://www.hellenicfactors.gr>, where the reader can have a closer look into the Greek factoring market.

FUTURE TRENDS

Issues such as growth through investment, the decisive relocation of resources to export-oriented production activities and the easing of limitations that keep the economy excessively regulated are still very crucial. Taking GDP into consideration, the economy is projected to grow again in the course of 2016 and 2017 but a full recovery will take time. The outlook of the Greek economy is expected to

improve after the post-capital controls shock. The expected relaxations of capital controls during 2016, combined with the utilization of the €11.5 billion structural funds, will be the key recovery drivers for the Greek economy. Taxation will still have a dominant role in the development of the economy and the use of electronic payments is considered a smart move. Competition has improved markedly but exports and investments remain weak.

The specific characteristics of factoring mean that it remains stable, according to the GDP factoring penetration ratio, because it is always expanding in all types of companies across Greece. Factors are always investing in technological



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Piraeus Factoring SA was established in 1998 and is a 100% subsidiary of Piraeus Bank Group which is one of the largest banks in Greece. The company is a member of the FCI since 1999 and one of the fastest growing factoring companies in Greece offering a full range of factoring products.

The close cooperation of Piraeus Factoring SA with Piraeus Bank has created an unparalleled synergistic potential that led to a double figure growth of the turnover in 2015 making it thus, one of the leading factoring companies in Greece with a significant market share.

In 2014, Piraeus Factoring SA became a full member of FCI.

Piraeus Factoring SA provides high quality service based on its in-depth knowledge and high quality people and can be a valuable solution partner for your business.

Our key strengths:

- 15 years of successful performance and high quality service
- a clientele comprised of most of the top companies in Greece
- customer satisfaction depicted in customer loyalty through time
- customer oriented philosophy by providing customer based solutions
- broad information database through our enlarged bank's branch network
- low percentage of non-performing loans



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ABC Factors was established in 1995 and is a 100% subsidiary of Alpha Bank, one of the leading banks in Greece, with a strong presence in international markets. The company offers a wide range of domestic and international factoring services, as well as forfaiting, and it holds the leading position in the Greek factoring market.

ABC Factors has been a full member of Factors Chain International since 1995 and a full member of the International Trade and Forfaiting Association since 2007. Furthermore, ABC Factors offers directly its services to several other European markets.

In 2015, ABC Factors demonstrated a robust performance both in terms of growth and profitability, especially taking into account the macroeconomic volatility which affected the domestic market in the second semester. During this period, the company was active to support diversified needs as they emerged, to effectively manage risk and to assist its clients overcome the adverse conditions.

The key strengths of ABC Factors are:

- More than 20 years of leading presence and accumulated expertise in the greek factoring market.
- Access to a wide network of correspondent factors, to handle export credit in a most efficient way.
- The ability to build and maintain strong relations with clients, through adapting the services to match specific needs.
- A well-diversified portfolio, paired with deep insight into various industries and different markets.
- A strong capital base, which allows for the consideration of large transactions and future expansion.



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Ethniki Factors, a wholly-owned subsidiary of the National Bank of Greece, was established in 2009, to continue offering factoring services that NBG Group has been providing for over 20 years.

On 31 December 2015, the company's corporate portfolio amounted to €408.4 million, and the total factoring volume reached €2,480.7 million against €2,139.7 million in 2014 (an increase of 15.9%). Profit for the period amounted to €6.6 million.

As a full member of FCI since 2011, Ethniki Factors focus on providing highly effective solutions to export companies, through international factoring services. As at the end of 2015, the company's turnover related to international factoring amounted to €418.9 million, of which €103.9 million had been executed via the two-factor system.

Greece - Directory of Factors

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