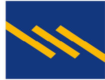
ΠΕΙΡΑΙΩΣ FACTORING 

PIRAEUS FACTORING S.A.

ANNUAL FINANCIAL REPORT

31 DECEMBER 2017

The attached Annual FinancialReport was approved by the Company's Board of Directors on 26 June 2018 and has been posted online at www.piraeus-factoring.gr

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BOARD OF DIRECTORS' REPORT
OF "ΠΕΙΡΑΙΩΣ FACTORING S.A."

To the
ANNUAL ORDINARY GENERAL MEETING
OF THE COMPANY'S SHAREHOLDERS

Dear Shareholders,

According to the Company's Articles of Association and article 136 of Law 2190/20, which refers to the Management Report of the Board of Directors of companies preparing Financial Statements in accordance with the International Financial Reporting Standards (I.F.R.S.), we hereby submit to the General Meeting, the Company's Financial Statements for accounting period 2017, with our remarks thereon, and ask you to approve them.

Company financial position and progress of operations

After many years of recession, 2017 is seen as the year when Greek Economy returns to growth, stability in terms of fiscal adjustment, further loosening of capital controls, and a considerable recovery in terms of expectations and the confidence of financial markets.
In 2017, the country's GDP grew, on average, by 1.4%, strengthening the economy's growth prospects which is expected to attain a growth rate of 2% in 2018. Moreover, the economic climate index was improved reaching 96.6 points, up from 91.8 points in 2016, reaching its highest point of the past three years. This rise is connected with the climate improvement in all business activity sectors, as well as the boosting of the consumer confidence index.

The main developments in the domestic banking sector in 2017 were the gradual recovery of operating profitability, maintaining capital adequacy at a satisfactory level, diversification of the banks' sources of financing and a slight decline of the stock of non-performing exposures compared to the set targets, however this stock is still high (EUR100.4 bn in September 2017).

In 2018, the banking system will have to consolidate its loan portfolio through effective management of non-performing exposures, the extrajudicial mechanism for the settlement of debts, property auctions and sales of loan portfolios to credit claim management companies, to enable the bank to increase its financing operations.
Moreover, in 2018, financial institutions and banks will be obliged to adapt to new challenges, key amongst which, the implementation of International Financial Reporting Standard 9 (IFRS 9) and the adoption of a more rigorous handling of provisions fro non-performing exposures.

As a result of the successful completion of the 2nd review of the Greek programme, as well as the positive prospects for growth and Greece's public finances, international rating agencies have upgraded the country's credit rating, the yield of Greek bonds has dropped considerably, and the country turned to the financial markets for the first time in three years and issued a 5-year bond, and, in December 2017, also carried out a successful debt-swap of the bonds that were issued during the PSI programme.

During the recession, the total annual turnover of the factoring market in Greece was resilient and even increased, recording €13.1bn in 2017 from €12.7bn in 2016.
In the context of the above volatile environment, Piraeus Factoring increased its turnover by 14% from €1.75 bn in 2016 to €2 bn in 2017, strengthening its market share from 13.9% to 15.3%, and profit before tax of €10,200 thousand, up 10% from 2016.

The company continued on a positive track in 2017, increasing its loan balances by 18.2% compared to 2016 to €319,718 thousand on 31.12.2017, while reducing the NPL percentage to 3.5% (2017) compared to 4.2% (2016), placing further emphasis on rational credit risk management.

Piraeus Factoring has created a systematic and rigorous risk management framework, and has taken all the necessary measures to better shield itself against financial risks of any nature, with the main aim of implementing and improving the framework for minimisation of the Company's exposure to price risk (interest rate risk), credit risk, exchange risk and market and liquidity risk. The Company's exposure to such risks is monitored by the competent bodies.
The Company's capital adequacy is supervised by the Bank of Greece to which all required figures are submitted in accordance with Bank of Greece Governor's Act 2651/20.01.2012, which replaced act 2640/18.01.2011.
Moreover, a Bank of Greece Governor's Act sets out the minimum ratios (core capital and capital adequacy) that the Company must have.
As of 1 January 2010, the new supervisory framework (Basle II) that was incorporated in Greek Law by way of law 3601/2007, also applies to the calculation of the capital adequacy of factoring companies, based on Bank of Greece Governor's Act 2622/21.12.2009.

The main developments of the company in 2017 are:

1. Broadening of the Company's customer base while increasing its market share and keeping NPLs at particularly low levels (3.45%).

2. Marketing of new hybrid products (Reverse Factoring) and provision of new, specialised services.

3. Upgrading of existing system and investments in specialised software able to support large work volumes and new products, in a secure environment through the systematic control and monitoring of credit and operating-management risk.

4. Further development of synergies with the parent Bank, and strengthening of partnership with the parent Bank's Business Centres and Corporate Banking Directorate

5. Gradual integration in year 2017 of various quality improvements and additions to the factoring services IT application (proxima+), both in terms of the need to meet supervisory/regulatory requirements, and to further optimise and automate customers' and buyers' risk analyses/assessments, enabling a more accurate determination of business risks

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 in their turnover, while boosting their extroversion. This is achieved with the injection of direct liquidity, effective development-management and insurance of their customers, both in the Domestic and in the International market.

The Company's plans and prospects for the current year can be summarised as follows:

1. To increase its market share and profitability, by supporting Greek economy sectors which constitute growth pillars, anticipating the recovery of the economy.

2. To maintain the portfolio quality and low bad debts.

3. To continuously improve services provided to customers and support them in their development plans abroad.

4. To place emphasis on further developing International Factoring services, either operating directly in foreign markets or through two-factor factoring, in collaboration with members of Factors Chain International (FCI), thus contributing to exports promotion.

5. Further development of hybrid products (Supply Chain Finance) through the parent Bank's network.

The above will be achieved by making full use of the potential offered by the new factoring services IT application (proxima+), so as to achieve economies of scale in the context of the effort to reduce operating expenses, and increase workforce productivity.

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

Securities or equity held by the Company
None.

Available foreign exchange
The Company has limited FX deposits.

Company real estate
None.

Company Branches
The Company has offices in Thessaloniki, on the crossroads of 106, Megalou Alexandrou str., & 13, Pavlou Mela str.

Significant losses for the Company
There are no losses recorded this year or in previous years, and no losses are expected in the current accounting period.

Other significant events

- On 7.6.2018, Ms Fotini Ioannou was appointed Chairman of the Board of Directors, following the resignation of Mr Ilias Milis.
- The issue of a new 3-year bond loan of €100,000 thousand has been approved, to replace a €50,000 thousand bond loan maturing in June 2018.

Apart from the above events, there are no other events subsequent to the financial statements of 31.12.2017 concerning the Company which would have a significant impact on the Company's Individual Financial Statements

Concluding our report, we find it appropriate to thank the entire staff for their contribution to the Company's success.

Nea Smyrni 26.6.2018

THE CHAIRMAN OF THE BOARD	THE CEO
IOANNOU D. FOTINI	VARDAKARI N. HARIKLIA
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TRUE TRANSLATION

Independent Auditor's Report

To the Shareholders of "Piraeus Factoring S.A."

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Company "Piraeus Factoring S.A." (the Company), which comprise the statement of financial position as at December 31, 2017, 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 S.A." as of December 31, 2017, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards 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. During our audit, we remained independent of the Company, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as transposed in Greek legislation and the ethical requirements relevant to the audit of the financial statements in Greece. We have fulfilled our responsibilities in accordance with the provisions of the currently enacted law and the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company, for the year ended December 31, 2016, were audited by another audit firm. The Certified Public Accountant issued an unqualified opinion for the respective year on June 22, 2017.

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 Entity'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 articles 43a of Greek Codified Law 2190/1920 and its content is consistent with the accompanying financial statements for the year ended December 31, 2017.

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

Athens, June 28, 2018

The Certified Public Accountant

Dimitrios Katsibokis
Reg. No. SOEL: 34671
Deloitte. Certified Public Accountants S.A.
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STATEMENT OF COMPREHENSIVE INCOME

	Note	1 January to	
		31 December 2017	**31 December 2016**
Interest and similar income	5	14.568	12.946
Interest expense and similar charges	5	(6.987)	(5.721)
NET INTEREST INCOME		**7.581**	**7.225**
Commission Income	6	9.005	8.065
Commission Expense	6	(1.318)	(1.070)
NET COMMISSION INCOME		**7.687**	**6.995**
Other operating income	7	88	126
TOTAL NET INCOME		**15.356**	**14.347**
Staff costs	8	(1.998)	(2.048)
Administrative expenses	9	(2.013)	(1.840)
Depreciation and amortisation	13, 14	(145)	(74)
Impairment losses on loans & advances to customers	12	(1.000)	(1.124)
TOTAL OPERATING EXPENSES		**(5.156)**	**(5.086)**
PROFIT BEFORE TAX		**10.200**	**9.261**
Income tax	10	(2.874)	(2.692)
PROFIT AFTER TAX (A)		**7.326**	**6.569**
Actuarial gains / (losses) of defined benefit obligations (after tax)		**(15)**	**(46)**
Other comprehensive income net of tax (B)	19	(15)	(46)
Total comprehensive income for the year, net of tax (A+B)		**7.310**	**6.523**

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2017	31 December 2016
ASSETS			
Cash and cash equivalents	11	8.641	3.110
Loans and advances to customers	12	319.718	270.542
Intangible assets	13	674	159
Property, plant and equipment	14	255	65
Deferred tax assets	18	3.345	3.563
Other assets	15	226	209
TOTAL ASSETS		**332.859**	**277.648**
LIABILITIES			
Due to credit institutions	16	294.279	236.003
Retirement benefit obligations	19	356	306
Other provisions	10	0	130
Other liabilities	17	3.537	3.886
Income tax liabilities	20	148	96
TOTAL LIABILITIES		**298.320**	**240.420**
EQUITY			
Share capital	21	21.126	21.126
Share premium	21	2.770	2.770
Other reserves	22	1.896	1.545
Retained earnings	22	8.748	11.788
TOTAL EQUITY		**34.539**	**37.228**
TOTAL LIABILITIES & EQUITY		**332.859**	**277.648**

STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share premium	Other Reserves	Retained earnings	TOTAL
Opening Balance as at 01 January 2016	21	**21.126**	**2.770**	**1.263**	**5.548**	**30.706**
Profit after taxes	22	-	-	-	6.569	6.569
Total recognised net income after taxes		-	-	-	**6.569**	**6.569**
Reserves from actuarial gains/(losses)				**(46)**		**(46)**
Earnings transferred to reserves	22	-	-	**328**	**(328)**	-
Balance as at 31 December 2016		**21.126**	**2.770**	**1.545**	**11.789**	**37.228**
Opening Balance as at 01 January 2017	21	**21.126**	**2.770**	**1.545**	**11.789**	**37.228**
Profit after taxes	22	-	-	-	7.326	7.326
Total recognised net income after taxes		-	-	-	**7.326**	**7.326**
Reserves from actuarial gains/(losses)				**(15)**		**(15)**
Dividend paid	22.23				**(10.000)**	**(10.000)**
Earnings transferred to reserves	22	-	-	**366**	**(366)**	-
Balance as at 31 December 2017		**21.126**	**2.770**	**1.896**	**8.748**	**34.539**

CASH FLOW STATEMENT

	Note	Fiscal year ending	
		31-Δεκ-17	**31-Δεκ-16**
Cash flows from operating activities			
Profit before tax		10.200	9.261
Adjustments to profit before tax:			
Plus: impairment losses on loans and advances to customers	12	1.000	1.124
Plus: depreciation and amortisation	13, 14	145	74
Plus: retirement benefit obligation	19	28	229
Cash flows from operating activities before changes in operating features of assets and liabilities		**11.373**	**10.688**
Changes of operating assets and liabilities			
Net (increase) / decrease in loans and advances to customers	12	(50.176)	(62.588)
Net (increase) / decrease in other assets	15	(17)	37
Net (increase) / decrease in due to credit institutions	16	58.276	50.128
Net (increase) / decrease in other liabilities	17	(349)	985
Cash flows from operating activities before income tax payment		**19.107**	**(749)**
Income tax paid		(2.726)	(3.487)
Net cash inflows / (outflows) from operating activities		**16.381**	**(4.236)**
Cash flows from investment activities			
Acquisition of property, plant and equipment	14	(249)	(3)
Acquisition of intangible assets	13	(601)	-
Net inflows / (outflows) from investments		**(850)**	**(3)**
Cash flows from financing activities			
Dividend paid		(10.000)	
Net inflows / (outflows) from financing activities		**(10.000)**	**0**
Net increase / (decrease) of cash and cash equivalents		**5.531**	**(4.239)**
Cash and cash equivalents at the beginnig of the year	11	**3.110**	**7.349**
Cash and cash equivalents at the end of the year		**8.641**	**3.110**

1 General Information about the Company

The Company was established in 1998 by Piraeus Bank; it is a factoring company operating in Greece, with its registered office at 163 Synggrou ave., 17121 Nea Smyrni, is registered in the General Commercial Registry (GEMI) under no. 3021501000 and the Registry of Societes Anonymes under no 41224/01/B/98/357(2014). Its 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 Company receives accounts receivable invoices from traders and pays them a percentage of the receivable amount and withholds its commission. The Company's financial statements offer a breakdown of the amounts paid to traders against their receivables and seeks to collect from end customers.

The Company's Financial Statements were approved for publication on 26.6.2018 by the Board of Directors consisting of the following persons:

Fotini D. IOANNOU, Chairman
Efthimios P. KYRIAKOPOULOS, Vice-Chairman
Hariklia N. VARDAKARI, CEO
Efstratios D. ANDRIANIS, Member
Athanassios F. VLAHOPOULOS, Member
Dimitrios H. KONSTANTOPOULOS, Member
Kallinikos A. KALINKO-KALLINIKOS, Member

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

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

The Financial Statements have been prepared according on the basis of the historical cost principle.

Preparing 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 notification 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 Foreign currencies

Assets and liabilities in foreign currencies are regularly (monthly) measured with the corresponding exchange rates. The resulting profit/losses are entered in the period results.

2.3 Interest income and expenses

Interest income and expenses result from interest-bearing items of the Statement of Financial Position, and recognised on an accrual basis, using the effective interest rate, 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.

2.4 Commission income and expenses

Commission income and expenses are recognised on an accrual basis at the time the services are rendered to the customers or the Company.
Transaction income or expenses related to the creation of financial instruments measured at the unamortised cost, are deferred and amortised throughout the life of such instruments based on the effective rate.

2.5 Loans and other customer receivables

Receivables are initially entered at their fair value (which includes the transaction cost) and then measured at the unamortised cost based on the effective rate. In the case of significant and material evidence that the Company won't be in a position to collect all due amounts according to the contractual terms, a provision is created in order to impair the value. The provision amount is the difference between book value and recoverable proceeds.

A receivable is impaired, when its current book value is greater than its expected future recoverable proceeds.
On every Financial Statements preparation date, the Company examines whether there is any objective evidence that a receivable or group of receivables has been impaired. If such evidence exists, the recoverable amount of the receivable or group of receivable is calculated, and a provision created for the value impairment of receivables.

The following constitute objective evidence that a receivable or group of receivables has been impaired or is non-collectible:
I. Significant financial difficulty of the borrower.
II. Default on loan agreement terms (e.g. non-payment of or delayed interest or principal payments).

III. The Company, for financial or legal reasons relating to the borrower's financial difficulty, agrees on a loan workout which would not have been considered by the Bank under different conditions.
IV. Possibility of borrower's bankruptcy or other financial reorganisation.
V. Evidence indicating a measurable reduction in estimated future collections of a group of loans, although such reduction remains untraceable when examining each loan of the group separately, including:

- Unfavourable changes in the payments plan of the balances of the group's borrowers (e.g. increase of receivables in arrears due to problems in the industry), or
- national or local financial conditions relating to delays in loan servicing for a particular group (e.g. increased unemployment rate in a region where a group of borrowers are active, reduced value of properties held as security in the same region, or unfavourable changes to the operating conditions of an industry affecting the borrowers included in the group).

Impairment assessment is conducted individually at borrower level for all loans that the company considers significant, and collectively on a borrower group level for cases considered less important. Receivables assessed at borrower level for which there was no evidence of impairment, significant or other, are classified in groups of receivables with similar credit risk features and assessed collectively. Receivables assessed at borrower level for which there was no evidence of impairment, significant or other, are classified in groups of receivables with similar credit risk features and assessed collectively.
For the purpose of collective impairment assessment, financial assets are grouped according to similar credit risk characteristics (e.g. according to company assessment criteria taking into account the nature of the financial asset, the inductry, geographical area, typoe of security and other factors). These characteristics are related to the projection of future cash flows for groups of such assets, suggesting the debtor's ability to pay all arrears as per the contractual terms of the financial assets being assessed.
The future cash flows connected to a group of financial assets that are collectively assessed for impairment, are estimated based upon contractual cash flows of the company's assets and upon historical loss data for assets with similar credit risk characteristics. Historical loss data are adjusted to current observations in order to reflect current conditions which did not impact the period that the historical loss data refer to, and also to remove any effects of the conditions prevailing in the historical period that do not exist today.

The estimates for changes in future cash flows of groups of assets must reflect and be directly proportional to changes in observed data from period to period (for instance, changes to unemployment rates, price levels, normality or not in payments, or any other factors that are indicative of changes to the likelihood of losses for the company, as well as the extent of such changes). The methodology and assumptions used to assess future cash flows are regularly reviewed by the company, so as to minimise any differences between loss assessments and actual loss data.

When a receivable is non collectible, it is written off against the relevant impairment provision. Such receivables shall be written off after completion of all the necessary procedures and provided the loss amount has been determined. Subsequent recoveries of amounts previously written off, operate to reduce the loan impairment provision amount in the statement of comprehensive income.

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 by entering the difference in the statement of comprehensive income.

Receivables are derecognised when securing cash flows is no longer possible, or when the company has transferred the bulk of risks and benefits to third parties.

2.6 Intangible assets

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

2.7 Property, plant and equipment

Owner-occupied property, plant and equipment are measured at the historical cost, less the accumulated depreciation and accumulated impairment. Property, plant and equipment are examined for impairment when there is evidence of impairment.

Property, plant and equipment depreciation is calculated using the straight line method based on the estimated useful life, as follows:
• Computer hardware and software: 3-4 years
• Improvements on leased property: The shorter between useful life and lease term
• Other fixtures and furniture: 5 years
• Transportation equipment: 6-7 years

Subsequent expenses are recorded as in increase of the tangible assets' book value, 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 book value are recorded in the Statement of Comprehensive Income.

2.8 Leased fixed assets

The Company as a lessee:
Leases where the lessor essentially maintains all risks and rewards of ownership, are classified as operating

leases. Payments concerning operating leases (net of any incentives offered by the lessor) are recognised in the income statement proportionally to the lease term.

2.9 Cash in hand & bank balances

Cash and cash balances include balances with a maturity under three months from acquisition, such as: cash and bank balances.

2.10 Provisions

Provisions are recognised when the Company has legal or constructive obligations as a result of past events which may lead to outflows that can be reliably estimated. Provisions are reviewed before the preparation of Financial Statements to reflect optimum estimates.

2.11 Benefits to employees

Post-employment benefits include both defined contribution and defined benefit schemes.
The Company's contributions to defined contribution pension schemes are recognised as staff benefits in the respective period.
The obligation recorded in the Statement of Financial Position for the defined benefits scheme is the present value of the defined benefit commitment on the date of the Statement of Financial Position. The defined benefit commitment is calculated annually by an independent actuary using the projected unit credit method.
The provision created is based on an actuarial study prepared by an independent actuary using the projected unit credit method, according to which the cost for staff retirement compensations is recorded in the Statement of Comprehensive Income so that the respective cost will be allocated and recognised to the period when employees provide their services. The respective liability appearing on the Statement of Financial Position is calculated as the present value of cash flows based on the interest rate of high credit rating corporate bonds, with maturities matching that of the liability's.
Actuarial gains/losses are recognised directly in equity when incurred. Recycling of said gains/losses in the Statement of Comprehensive Income is not possible.

2.12 Deferred income tax

Deferred tax concerns cases of temporary differences between the tax base of assets and liabilities and their respective book value. Deferred taxes are measured using the applicable tax rates or the tax rates that will apply on the date of the Statement of Financial Position and expected to apply on the date that the deferred tax assets will be used and deferred tax liability will be settled. Deferred tax assets are recognised for all deducted temporary differences and the unused tax losses when it is likely that there will be adequate tax income to cover the temporary differences. The value of deferred tax assets is reviewed on each Statement of Financial Position preparation date, and reduced when it is not likely that there will be adequate tax income to cover the deferred tax assets.

The main temporary differences arise from loan provisions and the recognition of the liability from employee benefits, according to IAS 19. Deferred tax assets are only recognised only to the extent that it is probable that they be recognised in the future.
Greece offsets deferred tax assets and deferred tax liabilities only when the relevant conditions of IAS 12 are met.

2.13 Borrowing

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

Subsequently, borrowing is measured at the unamortised 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.

2.14 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 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.

2.15 Impairment of Assets
Assets with an undetermined useful life are not amortised but reviewed for impairment annually and when certain events offer indications that the book value may not be recoverable. The Company had no such evidence on the date of the Statement of Financial Position. Amortised assets are subject to impairment review when there are indications that their book value shall not be recovered. The 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.

2.16 Related party transactions
Related parties include: a) The parent Piraeus Bank, b) Companies controlled by the parent Bank and with which our Company is under common control, c) Members of the Company's BoD and Management and d) First degree relatives (spouses, children, etc.) of the members of the BoD and of 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 conducted under terms equivalent to those prevailing in purely commercial transactions.

2.17 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:** Measurement is conducted based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

• **Level 2:** Measurement is conducted using inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

• **Level 3:** Measurement is conducted using unobservable inputs for the asset or liability.

2.18 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.

2.19 New standards, standard amendments and interpretations

New Accounting Standards, Amendments and Interpretations to existing accounting standards effective from 1 January 2017
The following new accounting standards, amendments, and interpretations to existing accounting standards, have been issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU), are mandatory for the year closing (section A) or for subsequent years (sections B and C).

(A) The following amendments to IFRS have been issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU), and are effective as of 1.1.2017:

IAS 12 (Amendment) "Recognition of deferred tax assets for unrealized losses" (effective from 1 January 2017). The amendment clarifies the recognition of deferred tax assets for unrealised losses related to financial instruments measured at fair value.

IAS 7 (Amendment) "Disclosures" (effective from 1 January 2017). The amendment introduces mandatory disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

2014-2016 Improvements to IFRS (December 2016)

IFRS 12 "Disclosure of interests in other entities" (effective from 1 January 2017). The amendment clarifies that the disclosure requirements of IFRS 12 apply to interests classified as held for sale.
The above amendments do not have a significant impact on the financial statements.

(B) The following new IFRS and amendments to IFRS have been issued by the International Accounting Standards Board (IASB) and were adopted by the European Union (EU) by December 2017. Their application is not mandatory in 2017 and there was no early adoption by the Company:

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective as of 1 January 2018 or later).

IFRS 9 "Financial Instruments" includes provisions regarding the classification and measurement of financial assets and liabilities, and introduces the expected credit risk loss model which replaces the current model of realized losses. Moreover, the standard includes revised provisions on the hedge accounting model, which aim to align hedge accounting with risk management processes.
Adoption of the revised provisions is optional.

The Company will fully adopt IFRS 9 on 1 January 2018, without restating the corresponding comparative data and by making the transitional disclosures. Note 27 is relevant to the transitional disclosures of IFRS 9.

IFRS 15 "Revenue from Contracts with Customers" (effective as of 1 January 2018 or later). The standard establishes the principles that need to be applied in order to provide useful information to users of financial statements, regarding the nature, amount, time and certainty of income and cash flows that result from a contract with a customer. The new standard applies to all contracts with customers, except the ones that are under the scope of other standards, such as financial leases, insurance policies and financial instruments. According to the standard, a company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration. A new revenue recognition model is introduced, by applying the following five steps: identify the contract, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognise the revenue. The performance obligation notion is new and in effect represents a promise in a contract with a customer to transfer to the customer either: a) a good or service that is distinct; or b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

IFRS 15 (Amendment) "Revenue from Contracts with Customers" (effective as of 1 January 2018 or later). The amendment provides specific guidance on how to identify performance obligations, determine the company as a "principal" or "agent" and on accounting for licenses of intellectual property.

IFRS 16 "Leases" (effective from 01 January 2019). IFRS 16 was issued in January 2016 and replaces IAS 17. The purpose of the standard is to ensure that lessees and lessors disclose substantial information on transactions regarding leases, while introducing a single lessee accounting model, requiring lessees to recognise the right-of-use of assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or financial, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. Upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee, while subsequently it is measured at cost less accumulated depreciation and impairment, unless the asset maintains its fair value. Accordingly, the lease liability is measured at the present value of the lease payments. The standard has been adopted by the European Union.

IFRS 4 (Amendments) "Application of IFRS 9 Financial Instruments to IFRS 4 Insurance Contracts" (effective from 01 January 2018). The amendments introduce two approaches: a) an option that permits entities issuing insurance contracts to reclassify from profit or loss to other comprehensive income, any discrepancies that may result from application of IFRS 9 prior to the issue of the new standard on insurance contracts, and b) an optional temporary exemption from applying IFRS 9 until 2021 for entities whose predominant activity is issuing insurance contracts.

2014-2016 Improvements to IFRS (December 2016)

IAS 28 "Investments in Associates and Joint Ventures" (effective from 1 January 2018). Clarifies that when venture capital, mutual funds and similar companies may choose to measure their participation in associates or joint ventures at fair value through thw income statement, this will have to be done separately for each associate or joint venture upon initial recognition.

IFRS 1 "First-time Adoption of International Financial Reporting Standards" (effective from 01 January 2018). The amendment deletes paragraphs E3-E7 regarding short-term exemptions.

(C) The following new IFRS and amendments to IFRS have been issued by the International Accounting Standards Board (IASB) but, until December 2017 had not yet been adopted by the European Union (EU) and are not applied by the Bank.

IAS 40 (Amendment) "Investment Property" (effective from 01 January 2018). The amendment clarifies that the transfer of a property inside or outside real estate investments, should only take place when there is a change in the use of the property. This change in use occurs when the property meets or ceases to meet the definition of investment property and should be documented appropriately. Amendments have not yet been adopted by the European Union.

IFRS 2 (Amendments) "Share-based Payment" (effective from 01 January 2018). The amendment clarifies the measurement of cash-settled share-based payment transactions and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. Moreover, the amendment introduces an exception regarding the principles of IFRS 2 based on which a payment should be addressed as equity-settled in cases where the employer is obliged to withhold an amount to cover tax obligations of employees arising from share-based payments, and pay said amount to the tax authorities. Amendments have not yet been adopted by the European Union.

IFRIC 22 (Amendment) "Foreign Currency Transactions and Advance Consideration" (effective from 01 January 2018). This Interpretation offers guidance on how to determine the transaction date, when the standard is applied, regarding transactions in foreign currency, IAS 21. The Interpretation applies in the case of the receipt or payment of advance consideration in a foreign currency. The interpretation has not yet been adopted by the European Union.

IFRS 17 “Insurance Contracts” (effective from 01 January 2021). The new standard replaces IFRS 4. The purpose of the standards is the consistent accounting for all insurance contracts and measurement of insurance liabilities at current values not historical cost, based a) on current estimates of future cash flows and b) the discount rates reflecting the characteristics of said flows as well as non-financial risks. The standards has not yet been adopted by the European Union.

IFRS 9 (Amendments) “Prepayment Features with Negative Compensation” (effective from 01 January 2019). The amendment allows measurement of symmetric options containing prepayments with negative compensations either at the amortised cost or at fair value through other comprehensive income, instead of at fair value through profit and loss.

IAS 28 (Amendments) “Long-term interests in Associates and Joint Ventures” (effective from 01 January 2019). The amendment clarifies the accounting treatment for long-term interests in associates and joint ventures - where the equity method is not applied - by using IFRS 9.

IAS 19 (Amendments) “Employee Benefits” (effective from 01 January 2019). The amendment clarifies that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

IFRIC 23 “Uncertainty over income tax treatments” (effective from 01 January 2019). The Interpretation aims at reducing variety in the way entities recognise and measure tax liabilities or tax assets, when there is uncertainty over income tax treatments related to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

2015-2017 Improvements to IFRS (December 2017)

IFRS 3 (Amendment) “Business combinations” (effective from 01 January 2019). The amendment clarifies that where an entity acquires the control of a business which is a joint operation, then it shall remeasure the interests held in that business.

IFRS 11 (Amendment) “Joint arrangements” (effective from 01 January 2019). The amendment clarifies that where an entity acquires the joint control of a business which is a joint operation, then the entity shall not remeasure the interests it held in that business.

IAS 12 (Amendment) “Income Tax” (effective from 01 January 2019). The amendment clarifies that all tax effects from dividends (e.g. distribution of profit) must be recognised in the income statement, irrespective of how the tax results.

IAS 23 (Amendment) “Borrowing costs” (effective from 01 January 2019). The amendment clarifies that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowings made specifically to obtain that qualifying asset as part of the funds that it has borrowed generally.

3 Estimates and assumptions in applying accounting principles

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.

1. Impairment of Loans and Receivables

On every Financial Statements preparation date, the Company examines whether there is any objective evidence that a receivable or group of receivables has been impaired. If such evidence exists, the recoverable amount of the receivable or group of receivable is calculated, and a provision created for the value impairment of receivables. The provision amount is recorded in the Statement of Comprehensive Income. Such evidence is described in accounting principles 2.5. Estimates, assumptions and the methodology used are regularly reviewed so that failure top collect receivables will not lead to significant deviations from estimated impairment and actual losses.

2. 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 the income tax and deferred tax liabilities/assets of the period where the determination is finalised.

4 Financial Risks Management

4.1 Credit Risk

Credit risk concerns cases of counterparty default to fulfil their transactional obligations. Especially in the case of financing, this risk concerns cases default on the part of a debtor in paying part of 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 rating plays a major role in setting limits for each counterparty. This rating is based on the counterparty's quantitative and qualitative characteristics.
Counterparty credit rating assessment methods differ in case of individual 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 analysing of the sector where the business operates, while from smaller businesses, emphasis is on qualitative characteristics of the businesses themselves.

During the approval process, the overall credit risk for each counterparty is examined, as well as the group of counterparties related to each other, and credit limits approved by various units of the company are combined. In determining credit limits, securities or guarantees that can reduced 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 assumption, 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. Regarding non-recourse factoring services, where the Company deems that there is a likelihood of the debtor's future financial inability, it insures the credit risk with an insurance company.

Counterparty credit ratings and credit exposures in conjunction with respective approved limits are systematically monitored.

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

The following table shows the company's maximum credit risk exposure on 31.12.2017 and 31.12.2016, without taking into account any security and other credit protection measures. For balance sheet items, credit exposures are based on their book value as it appears in the Statement of Financial Position.

Credit risk exposure of items in the Statement of Financial Position	**31/12/2017**	**31/12/2016**
Advances to businesses	336.216	286.006
Advances to individuals	220	338
Other Assets	226	209

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

Loans and advances to customers are summarised as follows:

Loans and advances to customers	**31/12/2017**	**31/12/2016**
A. Loans and advances neither past due nor impaired	291.670	256.094
B. Loans and receivables in arrears and not impaired	28.373	9.286
C. Impaired loans and receivables	16.392	20.964
Before provisions	**336.435**	**286.344**
Less: Impairment provisions	(16.718)	(15.802)
After provisions	**319.718**	**270.542**

Loans and advances to customers (before provisions)	**31/12/2017**	**31/12/2016**
Rating		
Satisfactory stable	327.772	275.928
Bad debts	8.663	10.416
Total	**336.435**	**286.344**

A. Loans and advances neither past due nor impaired	**31/12/2017**			**31/12/2016**		
	Loans to individuals (Retail)	Loans to businesses	**Total loans and advances**	Loans to individuals (Retail)	Loans to businesses	**Total loans and advances**
Satisfactory stable	14	291.656	**291.670**	7	256.087	**256.094**
Total	**14**	**291.656**	**291.670**	**7**	**256.087**	**256.094**

B. Loans and receivables in arrears and not impaired	**31/12/2017**			**31/12/2016**		
	Loans to individuals (Retail)	Loans to businesses	**Total loans and advances**	Loans to individuals (Retail)	Loans to businesses	**Total loans and advances**
In arrears 1 - 90 days	0	28.372	**28.372**	0	7699	**7.699**
In arrears 91 - 180 days	0	0	**0**	0	1.461	**1.461**
In arrears 181 - 360 days	1	0	**1**	4	122	**126**
In arrears > 360 days	-	-	**-**	-	-	**-**
Total	**1**	**28.372**	**28.373**	**4**	**9.282**	**9.286**

C. Impaired loans and receivables	**31/12/2017**			**31/12/2016**		
	Loans to individuals (Retail)	Loans to businesses	**Total loans and advances**	Loans to individuals (Retail)	Loans to businesses	**Total loans and advances**
Impaired loans and receivables	205	16.187	**16.392**	327	20.637	**20.964**
Total	**205**	**16.187**	**16.392**	**327**	**20.637**	**20.964**

Loans to businesses also include forborne loans of €6,716 thousand on 31.12.2017 compared to €8,539 thousand on 31.12.2016.

4.1.3 Concentration of financial assets risk with exposure to credit risk

The following table analyses the company's primary credit risk exposure in book values, per activity sector as at 31 December 2017. The Company has distributed risk exposures per counterparty activity sector.

Activity sectors	31/12/2017	31/12/2016
Industry/Handicraft	170.317	142.193
Commercial companies	95.563	78.661
Other companies	70.336	65.152
Individuals	220	338
Total	**336.435**	**286.344**

4.2 Market risk

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

The policy describes the key market risk management definitions and sets out the roles and responsibilities of involved units and staff. Every unit of Piraeus Bank Group has been assigned specific market risk limits which are systematically monitored. Limits are not only set for trading book items, but for the other items in the Statement of Financial Position (banking book) of the units, and refer to value-at-risk, earnings-at-risk and Sensitivity Indicators.

To cover against interest rate risk, the Company covers its customers' receivables with corresponding loan agreements.
Based on balances as at 31 December 2017, a 50 bp increase or decrease in the interest rate, would have impacted earnings by € 1,438 thousand and -€ 1,438 thousand, respectively. Moreover, a 100 bp increase or decrease in the interest rate, would have impacted earnings by € 2,876 thousand and -€ 2,876 thousand, respectively.

4.3 Foreign Exchange Risk

The Company is exposed to the effects of changing exchange rates hat affest 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 position as at 31/12/2017. Assets and liabilities are presented per currency at book value:

As at 31 December 2017	EUR	USD	Total
Assets foreign exchange risk			
Cash in hand & bank balances	7.640	1.001	8.641
Loans and advances to customers (after provisions)	319.641	77	319.718
Intangible fixed assets	674	-	674
Tangible assets	255	-	255
Deferred tax assets	3.345	-	3.345
Other Assets	226	-	226
Total assets	**331.781**	**1.078**	**332.859**
Liabilities foreign exchange risk			
Loan obligations	293.219	1.060	294.279
Retirement benefit obligations	356	-	356
Other provisions	0	-	0
Other obligations	3.516	21	3.537
Income tax liabilities	148	-	148
Total liabilities	**297.239**	**1.081**	**298.320**
Assets - liabilities net foreign foreign exchange position	**34.543**	**(3)**	**34.540**
As at 31 December 2016			
Total assets	276.255	1.393	277.648
Total liabilities	239.044	1.376	240.420
Assets - liabilities net foreign foreign exchange position	**37.210**	**17**	**37.227**

4.4 Interest Rate Risk

The Interest Rate Risk is defined as the risk of loss resulting from changes to interest rate markets. Interest rates variations affect the Company's profit, changing the net interest income, as well as the value of other revenues or expenses that are vulnerable 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 flow (or even cash flow itself) varies with the interest rate.

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. Where for any receivables or liabilities there is no regular contractual maturity date (open accounts) or an interest-rate repricing date (sight or savings deposits), then these shall be classified in the time period up to one month.

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Interest free	Total
As at 31 December 2017							
Assets							
Cash in hand & bank balances	8.641	-	-	-	-	-	8.641
Loans and advances to customers	-	311.055	8.663	-	-	-	319.718
Other Assets		-	-	-	-	4.500	4.500
Total Assets	**8.642**	**311.055**	**8.663**	**0**	**-**	**4.500**	**332.859**
Liabilities							
Liabilities to credit institutions	4.762	281.561	6.000	-	-	1.957	294.279
Other Liabilities	-	-	148	-	-	3.893	4.041
Total liabilities	**4.762**	**281.561**	**6.148**	**-**	**-**	**5.849**	**298.320**
Total Interest Rate Gap	**3.881**	**29.494**	**2.515**	**0**	**-**	**(1.350)**	**34.539**

The following tables offer comparative data for the previous period:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Interest free	Total
As at 31 December 2016							
Assets							
Cash in hand & bank balances	3.110	-	-	-	-	-	3.110
Loans and advances to customers	-	260.126	10.416	-	-	-	270.542
Other Assets		-	-	-	-	3.996	3.996
Total Assets	**3.111**	**260.126**	**10.416**	**0**	**-**	**3.996**	**277.648**
Liabilities							
Deposits from credit institutions	1.773	226.707	6.000	-	-	1.523	236.003
Other Liabilities	-	-	96	-	-	4.322	4.418
Total liabilities	**1.773**	**226.707**	**6.096**	**-**	**-**	**5.845**	**240.420**
Total Interest Rate Gap	**1.337**	**33.420**	**4.320**	**0**	**-**	**(1.849)**	**37.227**

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.

4.5 Liquidity Risk

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

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

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

The following table analyses Liabilities items in time bands, depending on the remaining time to maturity.
Amounts appearing are contractual non discounted cash flows.

As at 31 December 2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Liabilities to credit institutions		121	7.906	303.823	-	311.850
Other Liabilities	-	1.053	2.484	-	-	3.537
Total liabilities	**0**	**1.174**	**10.390**	**303.823**	**-**	**315.387**
As at 31 December 2016						
Liabilities to credit institutions		60	3.521	233.687	-	237.268
Other Liabilities	-	998	2.888	-	-	3.886
Total liabilities	**0**	**1.058**	**6.409**	**233.687**	**-**	**241.154**

4.6 Fair values of assets and liabilities

a) Assets and liabilities not recorded at fair value

The following table shows book and fair values for assets and liabilities not recorded at fair value in the company's Statement of Financial Position.

	Book value		Fair value	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Assets				
Loans and advances to customers	319.718	270.542	319.718	270.542

	Book value		Fair value	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Liabilities				
Loan obligations	288.279	230.003	288.279	230.003

The fair value of loans and advances to customers on 31.12.2017 and of their loan obligations measured at the unamortised cost, does not differ materially form the respective book value, as these are mostly short-term transactions at market interest rates. Interest rates are regularly adjusted and due to their short term are discounted at the risk free interest rate.

The following table shows the fair value ranking of assets and liabilities recorded at the amortised cost, according to the hierarchy levels of IFRS 13.

Breakdown of fair values in levels	Level 1	Level 2	Level 3	Total
Financial assets				
Loans and advances to customers (after provisions)			319.718	319.718
- Loans to individuals			34	34
- Loans to businesses			319.684	319.684
Financial liabilities				
Loan obligations	-	-	288.279	288.279

Moreover, on 31.12.2017 there are long-term loan obligations to the amount of €6,000 thousand from two subordinated loans of €4,000 thousand maturing on 27.2.2026 and €2,000 thousand maturing on 22.12.2027.

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

4.7 Capital Adequacy

The Company's capital adequacy is monitored by the Bank of Greece, to which all data stipulated in Bank of Greece Governor's Act 2651/20-1-2012 are submitted.
As of 1 January 2010, the new supervisory framework (Basle II) that was incorporated in Greek Law by way of law 3601/2007, also applies to the calculation of the capital adequacy of factoring companies, based on Bank of Greece Governor's Act 2622/21.12.2009.

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 was considerably higher than the minimum requirement according to the Bank of Greece Governor's Act, to 15.70% on 31.12.-2017 compared to 17.34% on 31.12.2016

CAPITAL ADEQUACY CALCULATION TABLE FOR 31.12.2017 AND 31.12.2016

	31/12/2017	31/12/2016
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	21.126	21.126
SHARE PREMIUM	2.770	2.770
RESERVES	1.896	1.545
SUBORDINATED LOAN	6.000	6.000
RETAINED EARNINGS	8.748	11.788
ACCOUNTING EQUITY	**40.539**	**43.228**
LESS: INTANGIBLE FIXED ASSETS	(674)	(159)
REGULATORY CAPITAL	**39.866**	**43.069**
RISK-WEIGHTED ASSETS	254.002	248.395
CAPITAL ADEQUACY RATIO	15.70%	17.34%

5 Net interest income

Interest and similar income	**1/1-31/12/2017**	**1/1-31/12/2016**
Loan Interest	14.568	12.946
Total interest and similar income	**14.568**	**12.946**
Interest expense and similar charges		
Interest and borrowing expenses	(6.987)	(5.721)
Total interest expence and similar charges	**(6.987)**	**(5.721)**
Net interest income	**7.581**	**7.225**

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 commission income

Commission Income	**1/1-31/12/2017**	**1/1-31/12/2016**
From factoring activities	9.005	8.065
Total commission income	**9.005**	**8.065**
Commission Expenses		
From factoring activities	(1.318)	(1.070)
Total commission expenses	**(1.318)**	**(1.070)**
Net Commission Income	**7.687**	**6.995**

7 Other operating income

	1/1-31/12/2017	**1/1-31/12/2016**
Income from securities	37	84
Income from incidental activities	50	43
Other revenues	1	0
	88	**127**

8 Staff costs

	1/1-31/12/2017	1/1-31/12/2016
Wages and salaries	(1.495)	(1.399)
Social security contributions	(365)	(325)
Other staff expenses	(109)	(94)
Retirement benefits (note 19)	(28)	(229)
	(1.998)	**(2.048)**

As at 31 December 2017, the Company numbers 50 staff, the same as on 31 December 2016.

9 Administrative expenses

	1/1-31/12/2017	1/1-31/12/2016
Rent	(216)	(270)
Third-party benefits (loans to staff)	(910)	(736)
Insurance premiums	(3)	(3)
Third-party fees and expenses	(572)	(479)
Other administration expenses	(312)	(352)
	(2.013)	**(1.840)**

Other administration expenses includes general company expenses for transportation, travel, consumables, cleaning services and publications.

10 Income tax

	1/1-31/12/2017	1/1-31/12/2016
Current tax	(2.779)	(2.631)
Deferred tax (note18)	(224)	(61)
Reversal of provision for unaudited year 2010.	130	-
	(2.874)	**(2.692)**

The Company reversed the provision for possible tax that would result following a possible tax audit of the 2010 tax year, due to the closure of said year according to a relevant decision of the Council of State.
Tax on the Company's profit before tax is the amount that results by applying the base tax rate, i.e. 29%, the same as in the year 2016 and is broken down as follows:

	1/1-31/12/2017	1/1-31/12/2016
Profit before tax	10.200	9.261
Tax calculated by applying the applicable tax rates	(2.958)	(2.686)
Tax on non-deductible expenses	(46)	(6)
Reversal of provision for unaudited year 2010.	130	-
Tax	**(2.874)**	**(2.692)**
Actual year tax rate	**28.2%**	**29.1%**

Tax Compliance Report

For years 2011 to 2015, Greek Societes Anonymes and Limited Liability Companies with mandatory auditing of financial statements, are obliged to receive an "Annual Certificate" as stipulated in para. 5, of article 82 of law 2238/1994 and article 65A of law 4174/2013, 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 Certificate" to the Company and submit same to the Ministry of Finance, electronically. From year 2016 onwards, the "Annual Certificate" 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 years 2011 to 2016, the Company has been audited by PricewaterhouseCoopers S.A. and has unqualified received "Tax Compliance Certificates" according to the applicable provisions (article 82 para.5 Law 2238/1994 for years 2011-2013 and article 65A of Law 4174/2013 for years 2014-2016.

For year 2017, the tax audit is carried out by Deloitte Certified Auditors Accountants S.A. . 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.

11 Cash and cash equivalents

	31 December 2017	31 December 2016
Cash in hand	2	2
Sight deposits	7.438	1.877
Time deposits expiring until 3-1-2018	1.201	1.231
	8.641	**3.110**

12 Loans and advances to customers

	31 December 2017	31 December 2016
Loans and advances to businesses		
With recourse	270.528	235.065
Without recourse	65.688	50.941
	336.216	**286.006**
Loans and advances to individuals		
With recourse	15	15
Without recourse	205	323
	220	**338**
Total loans and advances	**336.435**	**286.344**
Less: Provisions for losses (impairment) from loans and advances	(16.718)	(15.802)
Total loans and advances to customers	**319.718**	**270.542**

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

	31/12/2017		**31/12/2016**	
	Loans to individuals	Corporate loans	Loans to individuals	Corporate loans
Starting balance (1/1/2017 and 1/1/2016 respectively)	**234**	**15.568**	**1.588**	**15.869**
Year expense	(48)	1.048	644	480
Less: year write-offs		84	1998	781
Starting balance (31/12/2017 and 31/12/2016 respectively)	**186**	**16.532**	**234**	**15.568**

13 Intangible assets

2016

Acquisition value	**Software**
Balance as at 01 January 2016	2.235
Additions	144
Balance as at 31 December 2016	**2.379**
Accumulated Amortisation	
Balance as at 01 January 2016	(2.171)
Year expense	(49)
Accumulated Amortisation	**(2.220)**
Net book balance as at 31 December 2016	**159**

2017

Acquisition value	**Software**
Balance as at 01 January 2017	2.379
Additions	601
Balance as at 31 December 2017	**2.980**
Accumulated Amortisation	
Balance as at 01 January 2017	(2.220)
Year expense	(86)
Accumulated Amortisation as at 31 December 2017	**(2.306)**
Net book balance as at 31 December 2017	**674**

14 Property, plant and equipment

2016	**Furniture, electronic and other equipment**	**Transportation equipment**	**Total**
Acquisition value			
Balance as at 01 January 2016	1.009	4	1.013
Purchases	3	-	3
Write-offs	-	-	-
Balance as at 31 December 2016	**1.012**	**4**	**1.016**
Accumulated Amortisation			
Balance as at 01 January 2016	(924)	(2)	(926)
Year expense	(25)	-	(25)
Write-offs	-	-	-
Accumulated Amortisation as at 31 December 2016	**(949)**	**(2)**	**(951)**
Net book balance as at 31 December 2016	**63**	**2**	**65**

2017	Furniture, electronic and other equipment	Transportation equipment	Total
Acquisition value			
Balance as at 01 January 2017	1.012	4	1.016
Purchases	249	-	249
Write-offs	-	-	-
Balance as at 31 December 2017	**1.261**	**4**	**1.265**
Accumulated Amortisation			
Balance as at 01 January 2017	(949)	(2)	(951)
Year expense	(59)	-	(59)
Write-offs	-	-	-
Accumulated Amortisation as at 31 December 2017	**(1.008)**	**(2)**	**(1.010)**
Net book balance as at 31 December 2017	**253**	**2**	**255**

15 Other Assets

	31 December 2017	31 December 2016
Prepaid expenses & accrued income	71	53
Deposits paid	2	2
Receivables from suppliers	143	148
Other debtors	10	7
	226	**209**

16 Due to credit institutions

	31 December 2017	31 December 2016
Bond loans	281.561	226.707
Subordinated loans	6.000	6.000
Sight deposits	4.762	1.773
Accrued interest	1.957	1.523
	294.279	**236.003**

All liabilities to credit institutions are at floating rate.

€ 6,000 thousand concerns 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.

€ 243,000 thousand concerns a bond loan comprising 486 bonds each worth € 500 thousand, maturing by 3.7.2020. The interest rate is three-month euribor plus margin. Coupon payments are quarterly.

€ 37,500 thousand concerns a bond loan comprising 75 bonds each worth € 500 thousand, maturing by 11.5.2018. The interest rate is three-month euribor plus margin. Coupon payments are quarterly.

€ 1,061 thousand concerns a bond loan in USD comprising 2 bonds each worth € 500 thousand, maturing by 3.7.2020. The interest rate is three-month libor plus margin. Coupon payments are quarterly.

These loans are accounted for at the unamortised value.

17 Other Liabilities

	31 December 2017	31 December 2016
Liabilities to insurance funds	86	76
Deferred income and accrued expenses	65	298
Liabilities to suppliers	1.409	1.072
Liabilities to customers	950	1.462
Other Liabilities	20	19
Other taxes - duties	1.007	956
	3.537	**3.886**

18 Deferred tax assets

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

Deferred tax assets	31 December 2017	31 December 2016
Pensions and other retirement benefits	81	66
Loan impairment	3.219	3.392
Other temporary differences	45	105
Net deferred tax assets	**3.345**	**3.563**

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

	1/1-31/12/2017	1/1-31/12/2016
Deferred Tax (Statement of Comprehensive Income)		
Pensions and other retirement benefits	15	8
Loan impairment	(173)	(116)
Other temporary differences	(66)	48
	(224)	**(60)**

19 Retirement benefit obligations

Lump sum retirement compensation according to law 2112/1920 and law 4093/2012

The lump sum retirement compensation is payable to the majority of people employed in the Company, under the following terms:

Pursuant to law 4046/2012 and decision of the Hellenic Parliament (6/28/2/2012), as of 14 February 2012, all employee contracts terminated before meeting the retirement eligibility criteria or are subject to special retirement conditions, shall be considered as indefinite time contracts and therefore the provisions of law 2112/1920 on pension compensations, shall apply.

On 12 November 2012, law 4093/2012 (E.K A'222) cause the reduction of the legal compensation that had been set by law 2112/1920 in case of employee dismissal or retirement. Employees who, on 12 November 2012 have a service history of 16 continuous years with the same employer, shall be entitled to the full compensation amount for all working years until that date.

For employees who, on 12 November 2012, have a service history of less than 17 years with the same employer, the maximum legal compensation is 12 actual salaries. In both above cases and in case of normal retirement, if employees have supplementary insurance, then they receive 40% of the legal compensation, according to law 2112/1920. In case of incapacitation/disability before the retirement age o in case of early retirement, no compensation is payable. For lawyers, according to law 4194/2013, the benefit payable in case of retirement is 100%; in case of exit after 28 years of work, 100%; after 20 years of work, 66.67%, and after 15 years of work, 50%.

Obligations for compensation to staff based on actuarial studies:

	31/12/2017	31/12/2016
The amounts recorded in the Statement of Financial Position are as follows:		
Present value of obligations	356	306
Obligation in the statement of financial position	356	306
The amounts recorded in the Statement of Comprehensive Income are as follows:		
Cost of current service	23	21
Financial cost	5	6
(Profit) cost of cuts / settlements / termination	-	(23)
Total	28	4
Benefits paid by employer	-	225
Total included in staff expenses (Note 8)	28	229
Change of obligation in the Statement of Financial Position:	**31/12/2017**	**31/12/2016**
Starting balance	306	258
Paid contributions	-	(246)
Total expense recognised in the income statement	28	229
Actuarial (gains) of defined benefits schemes	22	65
Obligation in the statement of financial position	356	306
Reconciliation of present value of obligations		
Starting balance of present value of obligations	306	258
Cost of current service	23	21
Financial cost	5	6
Benefits paid by employer	-	(246)
Additional expenses / (Income) or payments	-	202
Actuarial (gains) / losses	22	65
Closing balance of present value of obligations	356	306

Main assumptions used:

	31 December 2017	31 December 2016
Discount interest rate	1.63%	1.70%
Future salary increases	1.75%	1.75%
Average future employment	21.52	21.52

Sensitivity analysis		**Change in the obligation (%)**	
	Change	**Increase**	**Decrease**
Discount interest rate	0.50%	-9.70%	10.90%
Future salary increases	0.50%	10.80%	-9.70%

20 Income tax liabilities

	31 December 2017	31 December 2016
Income tax liabilities	148	96
	148	**96**

21 Share capital

	Share Capital	Share premium	Total
Balance as at 01 January 2016	21.126	2.770	23.896
Balance as at 31 December 2016	**21.126**	**2.770**	**23.896**
Balance as at 01 January 2017	21.126	2.770	23.896
Balance as at 31 December 2017	**21.126**	**2.770**	**23.896**

The total number of approved common shares is 5,868,233, with a face value of € 3.6 per share. All common shares have been issued and the share capital is fully paid-in.

22 Other reserves and profit carried forward

	31 December 2017	31 December 2016
Regulatory Reserves	1.698	1.332
Tax-exempted reserves	43	43
Taxed and other reserves	154	170
Retained Earnings/(Loss)	8.748	11.788
Total other reserves and profit carried forward	**10.643**	**13.333**

Other reserves are broken down as follows:

Other Reserves	31 December 2017	31 December 2016
Starting balance	1.545	1.263
Extraordinary reserves from provisions for staff compensations (IAS 19)	(15)	(46)
Profit to legal reserves	366	328
Closing balance	**1.896**	**1.545**

Profit (loss) balance carried forward	31 December 2017	31 December 2016
Starting balance	11.788	5.548
Year profit/ (loss)	7.326	6.568
Dividend distribution	(10.000)	-
Profit to legal reserves	(366)	(328)
Closing balance	**8.748**	**11.788**

According to the law on Societes Anonymes 2190/1920, the Company is obliged to transfer 5% of its annual net profit to a legal reserve, until the accumulated reserve equals 1/3 of the paid-in share capital. This reserve cannot be distributed to shareholders, except in the case of liquidation.

23 Dividend per share

The General Shareholders Meeting of 24.11.2017 decided to distribute dividend of € 10,000 thousand.

The Company's Board of Directors will propose to the General Shareholders' Meeting the distribution of dividend to the amount of € 6,500 thousand from profit of year 2017 and previous years.

24 Related party transactions

a) Transactions with members of Management

	31 December 2017	31 December 2016
Salaries and other fees	121	104
	121	**104**

b) Transactions with affiliated companies

The group is controlled by the parent Piraeus Bank S.A. (established in Greece), which holds 100% of shares. In the frame of its activities, the company is transacting with other Piraeus Bank Group companies. All transactions with the parent Bank and related parties are conducted under terms equivalent to those prevailing in purely commercial transactions. The following are related party transactions.

	31/12/2017		01.01.2017- 31.12.2017	
	RECEIVABLES	LIABILITIES	INCOME	EXPENSES
Parent	8.135	294.480	500	8.286
Other related parties	-	2	67	177
TOTAL	**8.135**	**294.482**	**567**	**8.463**

	31/12/2016		01.01.2016- 31.12.2016	
	RECEIVABLES	LIABILITIES	INCOME	EXPENSES
Parent	3.006	236.341	418	6.861
Other related parties	6	18	39	185
TOTAL	**3.012**	**236.359**	**457**	**7.046**

25 Commitments and 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.

The Company leases means of transport through operating lease until 27.7.2021. According to the non-revocable operating lease agreements, the cumulative future payable lease amounts are € 74 thousand.

In more detail:

	31 December 2017	31 December 2016
Up to 1 year	28	28
1 - 5 years	46	75
Over 5 years	-	-
Total	**74**	**103**

The Company leases equipment through operating lease until 31.12.2022, and this is governed by the legislation on commercial leases. According to the non-revocable operating lease agreements, the cumulative future payable lease amounts are € 84 thousand.

In more detail:

	31 December 2017	31 December 2016
Up to 1 year	17	6
1 - 5 years	67	8
Over 5 years	**-**	**-**
Total	**84**	**14**

The Company leases office and auxiliary premises through operating lease until 31.7.2028, and this is governed by the legislation on commercial leases. According to the non-revocable operating lease agreements, the cumulative future payable lease amounts are € 1,804 thousand.

In more detail:

	31 December 2017	31 December 2016
Up to 1 year	160	220
1 - 5 years	786	83
Over 5 years	858	82
Total	**1.804**	**386**

Guarantees given to the Company:

There are no guarantees issued in the Company's name in 2017

26 Auditing companies’ fees

For the years that ended on 31 December 2017 and 2016, the fees paid to the Company’s statutory certified auditor accountant (Deloitte Certified Auditors Accountants S.A. in 2017 & PricewaterhouseCoopers S.A. in 2016) are broken down in the following table, pursuant to article 43a of law 2190/1920, as amended by article 30 of law 3756/2009.

	31 December 2017	31 December 2016
Regular Statutory Audit	50	41
Tax Audit	15	17
Total	**65**	**58**

27 IFRS 9 estimated impact

On 1 January 2018, the comp[any applied the requirements of IFRS 9 "Financial Instruments”. These disclosures that concern the transition to IFRS 9 "Financial Instruments", provide information to help understand the impact on the Company's Financial position from application of the new accounting standard on 1 January 2018.

The estimated impact from transition to IFRS 9 on the Company’s total provisions on 1 January 2018 compared to IAS ΔΛΠ 39 , was in the order of € 2.195 thousand, broken down per stage as follows:

Stage 1	(3.526)
Stage 2	4.538
Stage 3	1.183
	2.195

The estimated impact from transition to IFRS 9 on the Company’s Financial Statements on 1 January 2018, was in the order of €1,560 thousand, resulting from:

Reduction of Equity Capital (due to increased provisions for loans and advances to customers)	2.195
Less: Deferred tax assets	(635)
Net impact of transition to IFRS 9 on Equity Capital	1.560

The Company has adopted the regulatory transitional arrangements published by the EU (2017/2395) in December 2017 amending Regulation (EU) 575/2013 with the addition of article 473α. These transitional arrangements allow banks and financial institutions to include in their capital a percentage of the impact from application of IFRS 9 due to expected credit loss provisions, during the first five years of application. The percentage they may include drops from 95% in 2018 to 25% by 2022.

The estimated impact from application of IFRS 9 on the company’s total capital ratio is broken down below:

31.12.2017 according to IAS 39	15.70%
1.1.2018 according to IFRS 9 (based on transitional arrangements)	15.66%
1.1.2018 according to IFRS 9 (based on full application)	15.08%

All financial assets recognised based on IAS 39 shall be measured either at the amortised cost, or at fair value according to IFRS 9. Specifically,

- a debt security, held within a business model whose objective is to collect their contractual cash flows that are solely payments of principal & interest (“SPPI”) on the principal amount outstanding (SPPI test pass), must be measured at the amortised cost, unless the asset is designated at fair value through profit or loss (“FVTPL”), under the fair value option.

- a debt security, held within a business model whose objective is achieved both with the collection of contractual cash flows, and with the sale of the financial assets, and which has contractual terms that give rise, on specified dates, to cash flows that are solely payments of principal & interest on the principal amount outstanding (SPPI test pass), must be measured at fair value through other comprehensive income (“FVTOCI”), unless the asset is designated at fair value through profit or loss (FVTPL), under the fair value option.

- all other debt securities must be measures at at fair value through profit or loss (FVTPL).

IFRS 9 introduces the Expected Credit Losses (“ECL”) model, compared to the realised losses model of IAS 39, which will apply to all financial assets subject to impairment and certain off balance sheet commitments for loans and advances to customers as well as guarantees, and which replaces the realised losses model of IAS 39. The new standard adopts a “three Stage” approach (Stage 1, Stage 2, Stage 3), which reflects the changes in a financial asset’s credit quality since initial recognition. 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: a) where there is significant credit risk increase since initial recognition (Stage 2), b) which are credit-impaired (Stage 3) and c) which are purchased or originated credit impaired ("POCI"), impairment loss equal to the asset's lifetime expected credit losses shall be recognised. The Company has decided to apply the capital requirements regulation definition (CRR default).

A specific debtor is considered in default, when any one of the following two conditions applies:

The delay criterion: The debtor is more than 90 days past due in the payment of any material credit obligation towards the Company.
The criterion of possible failure to pay: The Company feels that the debtor will demonstrate failure to pay their credit obligations to the Company.

Many different factors are taken into account in determining a significant credit risk increase, which differ depending on the product and risk stage. The main factors reviewed in making this determination are the relevant changes to the probability of default from start of the relationship, and other specific criteria either as secondary indicators or as means of protection, such as placing in a monitoring category, existence of forbearance due to financial difficulties, indications of borrower behaviour towards their obligations (maximum arrears category in the current year) and arrears more than 30 days. The Company measures and assesses the significant increase in credit risk, comparing the risk of default on the "date of initial recognition" to the risk of default in the "reporting date".

The expected credit losses (ECL) are a function of the Probability of Default ("PD"), the Exposure at Default ("EAD") and the Loss Given Default ("LGD"), but also the time of the loss is also examined, and all factors are assessed accordingly, taking into account information regarding the future and applying experience-based judgement, so as to reflect factors that are not recorded in the models.

28 Events after the reporting period

- On 7.6.2018, Ms Fotini Ioannou was appointed Chairman of the Board of Directors, following the resignation of Mr Ilias Milis.
- The issue of a new 3-year bond loan of €100,000 thousand has been approved, to replace a €50,000 thousand bond loan maturing in June 2018.

Apart from the above, there are no other events, subsequent to the financial statements of 31.12.2017, that concern the Company and which would have a significant impact on the Company's Financial Statements.

Nea Smyrni, 26 June 2018

The Chairman of the BoD	The CEO	For ACT SERVICES S.A The CFO
IOANNOU D . FOTINI ID card no. 0000762983	VARDAKARI N. HARIKLIA ID card no. AH 064953	GEORGIOU N. PANAGIOTIS ID card no AZ 525970 - OEE license no. A' 12685