PIRAEUS FACTORING TRADE CLAIMS SINGLE MEMBER S.A.

ANNUAL FINANCIAL REPORT
31 DECEMBER 2020

The Annual Financial Report attached hereto was approved by the Company's Board of Directors on 02 July 2021 and has been posted online at www.piraeus-factoring.gr

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

To

THE ORDINARY ANNUAL GENERAL MEETING

OF THE COMPANY'S SHAREHOLDERS

Dear Shareholders,

In accordance with the Company's Articles of Incorporation and article 150 of Law 4548, we hereby submit to the General Meeting the Directors' Report and the Company's 2020 Financial Statements along with our relevant remarks for your approval.

Financial Environment

In 2020, despite the persistence of the growth dynamics observed in the first two months of the year, the Greek economy was affected by the conditions and the high level of uncertainty caused by the rapid global spread of the Covid-19 pandemic.

Following the conclusion of the third economic adjustment programme in August 2018, Greece joined the economic and fiscal policy coordination cycle of the European Semester and is now covered by enhanced surveillance under Regulation (EU) 472/2013. In this context, nine successful and timely reviews were completed from November 2018 until February 2021.

During 2019 and until the beginning of 2020, the credit rating agencies Moody's, S&P Global and Fitch had gradually upgraded Greece's credit rating to 'B1' (stable outlook), 'BB-' (positive outlook) and 'BB' (positive outlook), respectively. In April 2020, S&P Global and Fitch confirmed Greece's long-term creditworthiness on the 'BB-' and 'BB' scales, respectively, but revised the outlook to stable, from positive, due to the adverse consequences of the Covid-19 pandemic. In November 2020, Moody's upgraded Greece's credit rating to "Ba3" (stable outlook) on the basis of both the preservation of the focus on reforms in 2020 and the country's growth prospects in the following years.

In 2019, Greece regained its access to global debt markets with three (3) successful issues of Greek government bonds, while in 2020 five more issues of Greek government bonds were completed, at historically low cost. At the same time, in March the ECB decided to reinstate the waiver on securities issued by the Greek State in order to make such securities eligible for purchase under the its PEPP programme.

In 2019, real GDP grew by 1.9% on an annual basis, while the improvement in business and consumer confidence sent the Economic Sentiment Index (ESI) up to 105.6 points (annual average), its highest level since 2007. In 2020, real GDP fell by 8.2%, reflecting the effects of the Covid-19 pandemic, which were mainly evident in the decline in service exports and the decrease in private consumption. According to the explanatory budget report, in 2021 the economy is expected to recover at a rate of 4.8%. For the whole of 2020, support measures are estimated at €23.9 bn in total, including, in addition to fiscal measures (€11.6 bn), additional measures involving suspension of liabilities payment (€1.6 bn) and liquidity enhancement (€10.7 bn) including the estimated leverage from the banking system.

Due to the adverse macroeconomic developments related to the Covid-19 pandemic, as well as the expansionary measures adopted to address the pandemic, both the budget deficit and the current account deficit widened in 2020. The state budget balance on a modified cash basis recorded a deficit of €22.8 bn. In addition, in 2020, the current account deficit reached €11.2 bn, mainly due to the deterioration of the travel revenue surplus. Travel receipts fell annually by 76.5%. The economic climate indicator declined by 9.3 points in 2020 compared to 2019, to 96.4 points, reflecting the impact of the crisis on almost all sectors of economic activity and consumer expectations. The seasonally adjusted unemployment rate between January and December 2020 was 16.5% compared to 17.4% in the same period of 2019. However, the labour market was affected by the introduction of special operation rules to enterprises and the adaptation of measures to public health protection. In 2020, inflation stood at -1.2% on an annual basis (2019: 0.3%) reflecting, inter alia, the impact of reduced demand. The current health crisis has hit the Greek real estate market at a critical time, since this market has been showing significant signs of recovery over the last three (3) years. Commercial property prices - as shown by the Bank of Greece's office price index - rose by 2.0% year-on-year in the first half of 2020. Residential property prices - a Bank of Greece apartment price index - rose by 4.2% year-on-year in 2020.

The 17-21 July 2020 EU Summit endorsed the €750-billion ’Next Generation EU’ European Recovery Plan, including €390 billion in grants and €360 billion in loans to Member States. The plan prioritises key areas for the future of Europe, such as green growth and the digital transformation of economies. Of the above amounts, €34 billion has been allocated to Greece, including €20.9 billion in grants and €12.7 billion in loans. These are additional resources of the new 2021-2027 Multiannual Financial Framework. The Greek economy is expected grow strongly in the coming years, boosted by EU resources. Greece's economic recovery in 2021 is largely dependent on the restoration of tourism activity and the use of funds under the "Next Generation EU” plan.

The primary risk factors for the Greek economy, the Greek banking sector and especially for the Group are the international and domestic conditions in the macroeconomic environment and the financial market, mainly due to the impact of Covid-19. The depth and duration of the recession, the speed of the recovery, as well as the effective use of European Recovery Fund funds will be decisive factors that will determine the long-term impact of the Covid-19 pandemic on the Greek economy, the banking sector and the Group. Therefore, a potentially slow and weak economic recovery, coupled with systematically high unemployment and a potential decrease in property prices could have a negative impact on the quality of the Group's loan portfolio, and subsequently on its profitability and capital adequacy. Moreover, geopolitical developments in the broader region are an additional risk factor.

Development of the Company's operations

The total annual turnover of the factoring market in Greece fell to €14.43 bn. in 2020 compared to €15.05 bn. in 2019.

Piraeus Factoring managed to increase its turnover by 10% from €2.32 bn. in 2019 to €2.55 bn. in 2020 and further increased its market share to 17.74% from 15.42%. Loan balances as at 31/12/2020 rose to €369,444 thousand, increased by 11% compared to balances as at 31/12/2019, while earnings before tax rose to €3,593 thousand.

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 2016, 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 that marked the company's course in 2020 include:

1. Client base growth, expansion of existing co-operation schemes by mainly financing SMEs and supporting exports, higher market share and non-performing loans (NPLs) kept at particularly low levels.

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

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

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

Risk Management

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

Credit Risk

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

The Group's credit operations include:

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

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

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

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

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

Operational risk

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

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

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

Throughout 2020 the Company implemented the annual application cycle of the operational risk management framework. More specifically, the following procedures were implemented within the said framework:

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

Liquidity risk

Liquidity risk is the existing or future risk for results and capital that arises from the organisation's failure to comply with its obligations when such obligations become payable, without incurring significant losses.

It reflects the possibility of cash inflows not being sufficiently covered by cash outflows, considering any non-anticipated delays in repayments or payments which are higher than anticipated. Liquidity risk includes the risk of non-anticipated increases in the cost of asset financing with similar maturities and at similar interest rates, as well the risk of being the Company being unable to liquidate positions timely and on reasonable terms.

The Company's main sources of financing include common bond loans and credits through current accounts on the basis of relevant agreements concluded with the parent Bank and other financial organisations (EBRD).

Projected course of business for the Company

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

The Company's plans and outlook will depend on the effect of Covid-19 on the global, the European and the Greek economies and are summarised as follows:

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

2. Maintain portfolio quality and low bad debts.

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

4. Focus on further developing International Factoring services in collaboration with members of Factors Chain International (FCI), thus contributing to the promotion of exports.

5. Improve its effectiveness and organisation by automating procedures and digitising documents.

The above will be achieved by making full use of the potential offered by the new factoring services IT application (proxima+), so as to both 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 its skilled personnel, the support provided by the parent Bank, but mostly by the Company's commitment towards its clients to create value by providing services and products customized to their needs.

Securities or equity held by the Company

None.

Cash in foreign currency

The Company has limited deposits in foreign currency.

Branches

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

Use of Financial Instruments

The Company does not make use of any derivative or other financial instruments.

Staff

The Company's management relies on a team of experienced and competent executives who are fully aware of the Company's business and the market conditions, thus contributing to the proper functioning and further development of the Company's operations.
The Company's staff rose to 37 employees as at 31/12/2020. The Management's relations with the staff are excellent and there are no employment issues.

Environmental issues

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

Research and Development Activities

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

ALTERNATIVE PERFORMANCE MEASURES (APMs)				
No.	**APM**	**APM Definition – Calculation**	**2020**	**2019**
1	Pro-forma Total Capital Adequacy Ratio	Total regulatory capital / risk-weighted assets	18.41%	19.20%
2	Non-Performing Exposures (NPEs)	On-balance sheet credit exposures before provisions, which: (a) are more than 90 days past due; (b) have been impaired or the debtor is unlikely to pay (UTP) without the liquidation of security, irrespective of any overdue amount or the number of days in arrears; (c) have not been forborne and their monitoring period, as specified by the European Banking Authority, has not expired; (d) have been contaminated by amounts (a) as specified by the European Banking Authority or are UTP exposures.	31,704	43,351
3	Non-Performing Loans (NPLs)	Consumer before provisions, more than 90 days past due	13,811	13,942
4	NPE provision coverage ratio	Provisions for loans to (/) NPEs	53.14%	38.46%
5	NPE Ratio	NPEs to (/) Loans before provisions	8.21%	12.44%
6	NPL Ratio	NPLs to (/) Loans before provisions	3.58%	4.00%
7	Provisions for loans	Provisions for loans	16,846	16,672
8	Loans before provisions	Loans before provisions	386,290	348,541
9	Loans after provisions	Loans after provisions at amortised cost	369,444	331,869
10	Net Commissions Income	-	2,208	3,265
11	Net Interest Income	-	5,066	6,037
12	Net result after tax	Net result after tax	2,714	5,808
13	Total Net Income		7,950	13,906
14	Operating Expenses	Total Operating Expenses	4,164	4,095
15	Result before provisions	Profit for the period before provisions, impairment and tax	3,786	9,811
16	Result before tax	Profit for the period before income tax	3,593	7,776

Significant losses

There are no losses recorded this or in previous periods, while no losses are expected in the current period.

Other significant events

- On 27/08/2020, the Board of Directors of "Piraeus Bank S.A." (hereinafter referred to as the "Bank" or the "Demerged Entity") approved a draft agreement the Bank's demerger by way of hive-down of its banking activity sector and the establishment of a new company - credit institution (hereinafter referred to as the "Beneficiary" or the "New Bank"), in accordance with the provisions of Article16 of Law 2515/1997 and Articles 57 (3) and 59-74 of Law 4601/2019. By a relevant announcement to the General Commercial Registry (G.E.MI.) on 30/12/2020, the Beneficiary under the name "Piraeus Bank Société Anonyme" was established in the Municipality of Athens; the Beneficiary replaces, as universal successor, the Demerged Entity, in the total of the property contributed to it as reflected in the transformation balance sheet of the Demerged Entity as at 31 July 2020, while the assets of such Demerged Entity shall be transferred as balance sheet items of the Beneficiary, in accordance with article 16(5) of Law 2515/1997. The Company's financial statements are included in the consolidated financial statements of the "Piraeus Bank SA" Group of Companies with the use of the total consolidation method.

-Mr. Christodoulou Konstantinos was appointed CEO on 31/12/2020 following the resignation of Ms. Styliani Gonalaki.

- The year 2020 is characterized by the emergence of the coronavirus (Covid-19) and its spread at pandemic levels. The pandemic has forced all governments to take preventive measures and measures to limit the virus spread. In order to protect its employees and properly continue its operations, the Company has taken all necessary preventive measures and has developed the necessary applications that enable its staff to work both from the office and from home. In addition, it follows the announcements of the National Public Health Organisation (EODY) on issues related to the coronavirus, in order to follow all instructions and adopt measures related to staff protection and safety. Government measures to contain the pandemic, including the lockdown, the restriction of travel and of access to bank branches, affect the day-to-day operation of the Company and have therefore had a minor impact on its financial figures for the year 2020.

A number of measures have been announced and adopted to reduce the impact of the pandemic, both domestically and at European and global level. Specialized support packages have been announced both by central banks (ECB, FED) and by most governments including the EU and the Greek Government.

The Company closely monitors developments so that it can promptly respond to the requirements of the domestic as well as the global environment.

Apart from the above, there are no other events, subsequent to the financial statements as at 31 December 2020, which concern the Company and could have a significant impact on the Company's Individual Financial Statements.

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

Athens, 02 July 2021

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CEO
ELENI CH. VRETOU ID Card no. AB 515487	KONSTANTINOS D. CHRISTODOULOU ID Card no. AO 567451

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Company "Piraeus Factoring Trade Claims Single Member S.A." (the Company), which comprise the statement of financial position as at December 31, 2020, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company "Piraeus Factoring Trade Claims Single Member S.A." as of December 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (I.F.R.S.) as endorsed by the European Union.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as they have been transposed in Greek Legislation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of article 150 of L. 4548/2018 and its content is consistent with the accompanying financial statements for the year ended December 31, 2020.

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

Athens, 2 July 2021

The Certified Public Accountant

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STATEMENT OF COMPREHENSIVE INCOME

€ Thousand	Note	Period that ended on 31/12/2020	31/12/2019
Interest and equivalent income	5	13,793	15,478
Interest and equivalent expenses	5	(8,727)	(9,441)
NET INTEREST INCOME		5,066	6,037
Commission Income	6	9,461	9,266
Commission Expenses	6	(7,253)	(6,001)
NET COMMISSIONS INCOME		2,208	3,265
Other operating income	7	676	4,605
TOTAL NET INCOME		7,950	13,906
Staff expenses	8	(2,213)	(2,017)
General administrative expenses	9	(1,582)	(1,700)
Depreciation		(369)	(378)
Value impairment of loans and advances		(194)	(2,035)
TOTAL EXPENSES		(4,358)	(6,130)
EARNINGS BEFORE TAX		3,593	7,776
Income tax	10	(879)	(1,968)
YEAR EARNINGS (A)		2,714	5,808
Earnings per share (€)		0.46	0.99
Actuarial gains / (loss) of defined benefit plans (after tax)		(16)	(25)
Other Total Income After Tax (B)		(16)	(25)
Comprehensive total income after tax (A+B)		2,697	5,783

STATEMENT OF FINANCIAL POSITION

€ Thousand	Note	31/12/2020	31/12/2019
ASSETS			
Cash in hand & bank balances	11	22,442	13,713
Loans and advances to customers	12	369,444	331,869
Property with right of use	13	169	291
Intangible assets	14	271	392
Tangible assets	15	137	215
Deferred tax assets	19	1,834	2,222
Current tax assets	21	943	0
Other Assets	16	188	187
TOTAL ASSETS		**395,426**	**348,889**
LIABILITIES			
Loans	17	355,969	306,507
Retirement benefit obligations	20	723	663
Other liabilities	18	5,985	5,436
Current tax liabilities	21	0	332
TOTAL LIABILITIES		**362,677**	**312,938**
EQUITY			
Share capital	22	21,126	21,126
Share premium	22	2,770	2,770
Other reserves	23	2,746	2,626
Retained earnings	23	6,108	9,430
TOTAL EQUITY		**32,750**	**35,951**
TOTAL LIABILITIES & EQUITY		**395,426**	**348,889**

STATEMENT OF CHANGES IN EQUITY

€ Thousand	Note	Share Capital	Above par	Other Reserves	Retained earnings	TOTAL
Opening Balance as at 01 January 2019	**22**	**21,126**	**2,770**	**2,277**	**7,795**	**33,967**
Profit after tax	23	-	-	-	5,808	5,808
Total recognised net income after taxes		-	-	-	5,808	5,808
Reserves from actuarial gains/(losses)				(25)		(25)
Previous year's dividend paid	23				(3,800)	(3,800)
Earnings transferred to reserves	23	-	-	375	(375)	-
Balance as at 31 December 2019		**21,126**	**2,770**	**2,626**	**9,430**	**35,951**
Opening Balance as at 01 January 2020	**22**	**21,126**	**2,770**	**2,626**	**9,430**	**35,951**
Profit after tax	23	-	-	-	2,714	2,714
Total recognised net income after taxes		-	-	-	2,714	2,714
Reserves from actuarial gains/(losses)				(16)		(16)
Previous year's dividend paid	23				(5,900)	(5,900)
Earnings transferred to reserves	23	-	-	136	(136)	-
Balance as at 31 December 2020		**21,126**	**2,770**	**2,746**	**6,108**	**32,750**

CASH FLOW STATEMENT

€ Thousand	Note	Fiscal year ending 31 Dec 20 (as adjusted)	31 Dec 19 (as adjusted)
Cash flows from operating activities			
Earnings before tax		3,593	7,776
Adjustments to profit before tax:			
Loan impairment	12	194	2,035
Depreciation	13,14,15	369	378
Post-retirement benefits	20	40	112
Interest and equivalent expenses	5	8,727	9,441
Cash flows from operating activities before change to operating assets and liabilities		**12,923**	**19,742**
Changes of operating assets and liabilities			
Net (increase) / decrease in customer loans and receivables	12	(37,768)	1,072
Net (increase) / decrease in other assets	16	(0)	252
Net (increase) / decrease in other liabilities	18	549	(262)
Cash flows from operating activities before income taxe		**(24,297)**	**20,803**
Income tax paid		(1,761)	(744)
Net cash inflows / (outflows) from operating activities		**(26,058)**	**20,069**
Cash flow from investing activities			
Acquisition of tangible assets	15	(16)	(2)
Acquisition of intangible assets	14	(38)	(24)
Net inflows / (outflows) from investments		**(54)**	**(26)**
Cash flow from financing activities			
Bond loan issues/renewals		248,571	215,614
Bond loan repayments		(203,300)	(226,077)
Bond loan interest repayment		(8,565)	(9,351)
Other loans		4,036	6,452
Dividend paid		(5,900)	(3,800)
Net inflows / (outflows) from financing activities		**34,841**	**(17,162)**
Net increase / (decrease) of cash and cash equivalents		**8,729**	**2,871**
Start of year cash and cash equivalents	11	**13,713**	**10,842**
End of year cash and cash equivalents		**22,442**	**13,713**

During the current period, the Company amended the presentation of cash flows from operating activities and from financing activities, including interest and similar expenses, bond issues/renewals, bond repayments, bond loan interest repayments and other loans, for better presentation purposes.

1 General Information on the Company

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

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

The Company is a member of the Piraeus Bank Group, which on 31.12.2020 held a 100% interest in the Company's share capital. - On 27/08/2020, the Board of Directors of "Piraeus Bank S.A." (hereinafter referred to as the "Bank" or the "Demerged Entity") approved a draft agreement the Bank's demerger by way of hive-down of its banking activity sector and the establishment of a new company - credit institution (hereinafter referred to as the "Beneficiary" or the "New Bank"), in accordance with the provisions of Article16 of Law 2515/1997 and Articles 57 (3) and 59-74 of Law 4601/2019. By a relevant registration to the General Commercial Registry (G.E.MI.) on 30/12/2020, the Beneficiary under the name "Piraeus Bank Société Anonyme" was established in the Municipality of Athens; the Beneficiary replaces, as universal successor, the Demerged Entity, in the total of the property contributed to it as reflected in the transformation balance sheet of the Demerged Entity as at 31 July 2020, while the assets of such Demerged Entity were transferred as balance sheet items of the Beneficiary, in accordance with article 16(5) of Law 2515/1997. The Company's financial statements are included in the consolidated financial statements of the "Piraeus Bank SA" Group of Companies with the use of the total consolidation method."

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

These Financial Statements were approved for publication on 02 July 2021 by the Board of Directors, comprising the following persons:

Eleni X. Vrettou, Chairman
Efstratios D. Andrianis, Vice-chairman
Konstantinos D. Christodoulou, CEO
Athanassios F. Vlachopoulos, Director
Dimitrios H. Konstantopoulos, Director
Athanasios A. Andreadakis, Director
Eleftherios P. Bacharopoulos, Director

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

On 31/12/2020 the CEO Mrs. Styliani Gonalaki left the Company and was replaced by Mr. Konstantinos Christodoulou Konstantinos, on 9-10-2020 Mr. Efhymios Kyriakopoulos also left the Company and was replaced by Mr. Athanasios Andreadakis.

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

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

The company's duration is 50 years until 2048.

2 Summary of general accounting principles

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

2.1 Basis of preparation of the Financial Statements

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

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

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

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

2.2 Continuing operations

The Management have concluded that the Company's financial statements have been properly prepared on a Going Concern basis as at 31 December 2020, considering the Company's improved liquidity, profitability and capital adequacy and the impact of Covid-19 which is not expected to be substantial for the Company.

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

2.3 Adoption of International Financial Reporting Standards ("IFRS")

New standards, standard amendments and interpretations: New standards, standard amendments and interpretations have been published, mandatory for accounting periods starting on 01 January 2020 or later. The Company's estimates regarding the impact from application of the new standards, amendments and interpretations, are listed below.

<u>Standards and Interpretations which are mandatory for the current fiscal period</u>

IFRS 3 (Amendments) "Definition of business combination"

The new definition focuses on the concept of an undertaking's performance in the form of providing goods and services to customers as opposed to the previous definition which focused on returns in the form of dividends, lower costs or other economic benefits to investors and other parties. It further clarifies that, in order to be considered an undertaking, an integrated set of activities and assets must include at least an inflow and a substantial process jointly contributing significantly to the undertaking's ability to generate an outflow. Finally, it introduces the possibility of an optional review (or concentration review) simplifying the assessment of whether an acquired set of activities and assets is not an undertaking.

IAS 1 and IAS 8 (Amendments) "Definition of Material"

The amendments clarify the definition of material and how it should be used, supplementing the definition with guidance that had so far been provided in other IFRS parts. In addition, the clarifications accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistently applied to all IFRSs.

IFRS 9 and IFRS 7 (Amendments) "Interest Rate Benchmark Reform"

The amendments change certain requirements on hedge accounting in order to provide relief from the uncertainty arising from interest rate benchmark reform. Moreover, the amendments require companies to provide additional information to investors on their hedging relationships, which are directly affected by such uncertainties.

<u>Standards and Interpretations effective for subsequent periods</u>

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

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

IFRS 16 (Amendment) "Covid-19-Related Rent Concessions" (<u>applied to annual accounting periods starting on or after 1 June 2020</u>)

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

IFRS 4 (Amendment) "Deferral of the effective date to apply IFRS 9" (<u>applied to annual accounting periods starting on or after 1 January 2021</u>)

The amendment changes the defined expiry date for the temporary exemption specified in IFRS 4 "Insurance Contracts" from the application of IFRS 9 "Financial Instruments", so that entities are required to apply IFRS 9 for annual periods starting on or after 1 January 2023.

IFRS 9, IFRS 7, IFRS 4 and IFRS 16 (Amendments) "Interest Rate Benchmark Reform - Phase 2" <u>(applied to annual accounting periods starting on or after 1 January 2021)</u>

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

IFRS 16 (Amendment) "Property, Plant and Equipment — Proceeds before Intended Use" (<u>applied to annual accounting periods starting on or after 1 January 2022</u>)

The amendment prohibits the entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity prepares the item for its intended use. It also requires entities to separately disclose the amounts of proceeds and expenses associated with such produced items that are not the result of the entity's usual activity. The amendment has not yet been adopted by the European Union.

IFRS 37 (Amendment) "Onerous Contracts – Cost of Fulfilling a Contract" (<u>applied to annual accounting periods starting on or after 1 January 2022</u>)

The amendment clarifies that "the cost of fulfilling a contract" includes the directly related costs of fulfilling that contract and the allocation of other expenses that directly relate to fulfilling contacts. The amendment also clarifies that, before a separate provision for an onerous contract is recognised, an entity recognises any impairment loss on the assets used to fulfil the contract, rather than on assets that were only dedicated to that contract. The amendment has not yet been adopted by the European Union.

IFRS 3 (Amendment) “Reference to the Conceptual Framework” (applied to annual accounting periods starting on or after 1 January 2022)

The amendment updated the standard to refer to the Conceptual Framework for Financial Reporting issued in 2018, when there is a need to specify what constitutes an asset or liability in a business combination. In addition, an exemption was added for certain types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognise contingent assets as defined in IAS 37 at the date of acquisition. The amendment has not yet been adopted by the European Union.

IAS 1 (Amendment) “Classification of Liabilities as Current or Non-current” (applied to annual accounting periods starting on or after 1 January 2022)

The amendment clarifies that liabilities are classified as current or non-current based on rights that are in existence at the end of the reporting period. Classification is not affected by the entity's expectations or events after the reporting date. In addition, the amendment clarifies the meaning of the term “settlement” of a liability in IAS 1. The amendment has not yet been adopted by the European Union.

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

The amendments listed below include changes to four IFRSs. The amendments have not yet been adopted by the European Union.

IFRS 9 "Financial Instruments"

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

IFRS 16 “Leases”

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

2.4 Foreign currencies

A. Operating currency and presentation currency

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

B. Transactions and balances

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

2.5 Interest income and expenses

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

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

2.6 Commissions income and expenses

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

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

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

2.7 Loans and advances to customers

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

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

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

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

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

For financial assets:

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

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

Definition of Default

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

The definition of default is assessed at the factoring contract level for small and medium-sized enterprises with a turnover of up to €2.5 million and at the borrower level for other enterprises.

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

Primary criteria

- Significant increase of a financial instrument’s probability of default (PD) as at the reference date, compared to the initial recognition date, according to certain absolute (3% - 6.5%) and/or relevant (200%) limits.

Secondary criteria

- Existence of forbearance
- Loan behaviour (monitoring of maximum period in arrears during the last 12 months)

- Occurrence of a default event, as per the NPE Definition included in the EBA Guidelines, during the last 12 months.

Backstop

- More than 30 days in arrears

Main concepts of value impairment models

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

The Company rates Stage 3 customers individually. If a Stage 3 customer is not rated individually, a collective rating is applied.

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

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

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

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

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

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

This change is a change in accounting estimates in accordance with IAS 8.

The new DoD will apply at contract level for the retail portfolio and at debtor level for the non-retail portfolio.

The effect of applying the new DoD to the Company at the date of transition is insignificant.

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

Multiple economic scenarios for calculating expected credit losses

The Management has assessed the sensitivity of the Company's expected credit loss provision for loans and advances to customers at amortized cost, against reasonably possible changes in the real GDP growth rate, compared to the scenarios of future estimates used in the measurement of expected credit losses on 31 December 2020. The sensitivity analysis was carried out under the assumption of a 'favourable' and 'unfavourable' 1% shift in the three scenarios of future GDP estimates, which affected GDP growth estimates for the whole period. A full reassessment of all macroeconomic variables was carried out by the relevant models, taking into account the 'favourable' and 'unfavourable' adjustments to the GDP growth scenarios initially implemented, since GDP growth plays a key role in the identification of the other macroeconomic variables.

The following table shows the effect of ECLs on the portfolio of loans and advances to customers on amortised cost, as at 31 December 2020, for each alternative hypothetical scenario. The effect of ECLs should be assessed in the context of the sensitivity analysis as a whole, in conjunction with the explanatory notes above.

Alternative hypothetical scenario	**ECL effect**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Higher GDP (+1%)	-	(1)	(40)	**(41)**
Lower GDP (-1%)	-	1	48	**49**

2.8 Intangible assets

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

Intangible assets are recognised at acquisition cost.

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

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

2.9 Tangible Assets

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

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

• Computer hardware: 3-4 years

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

• Other fixtures and furniture: 5 years

• Transportation equipment: 6-7 years

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

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

2.10 Leases

<u>Lease identification</u>

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

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

<u>Separation of contract components</u>

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

<u>The Company as a tenant</u>

In accordance with the provisions of IFRS 16, upon entering into a contract the Company assesses whether the contract is or involves a lease on the basis of whether it has the right to control the use of a specified asset for a period of time, against an equivalent price and to substantially obtain all the economic benefits from the use of the asset.

In accordance with IFRS 16, the Company recognises new assets (Right of Use - “RoU”) and lease obligations for all lease contracts that meet the definition of lease.

At the lease commencement date, the Company recognises a Right of Use asset representing the lessee’s right to use the underlying asset, as well as a lease obligation representing the lessee’s obligation to make payments under the lease contract.

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

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

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

(c) recognizes depreciation of assets with right of use and impairment as defined in IAS 36 “Impairment of assets” in the Income Statement;

(d) recognizes financial costs in lease obligations; and

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

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

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

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

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

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

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

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

In the case of short-term leases (with a term of 12 months or less) and leases of low-value assets (less than €5 thousand), the Company recognises a lease expense using the straight-line method as permitted by IFRS 16.

2.11 Cash in hand & bank balances

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

2.12 Provisions

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

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

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

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

2.13 Employee benefits

Post-employment benefits include both defined contribution and defined benefit plans.

The Company's contributions to defined contribution pension plans are recognised as staff benefits in the respective period.

The obligation recorded in the Statement of Financial Position for the defined benefits plan 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.

2.14 Income tax

Income tax comprises current and deferred tax. The period's current tax comprises the tax which is expected to be paid on the period's taxable income based on tax rates applicable on the balance sheet closing date.

Deferred tax is the tax which is to be paid or recovered in the future and relates to accounting operations which have been carried out throughout the closing period but are classified as taxable income or deductible deferred charges. It is calculated in temporary differences between the tax base of receivables and payables and their corresponding book value.
Deferred tax assets and liabilities are calculated using the tax rates which are expected to be applied in the period during which the asset or liability will be settled, considering the tax rates (and laws) introduced until the Balance Sheet date.
Deferred tax assets are only recognised when future tax profit is likely and provides for a potential temporary differences exemption.
Current and deferred tax is recorded in Income Statement or directly in Net Book Value if it refers to assets directly recognised in Net Book Value.

2.15 Borrowing

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

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

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

2.16 Share capital

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

The Company does not have own shares.

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

2.17 Impairment of Assets

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

2.18 Related party transactions

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

2.19 Fair value measurement of assets and liabilities

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

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

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

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

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

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

2.20 Comparative data and rounding

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

3 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.

Deferred tax

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

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

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

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

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

Period's current and deferred tax

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

Employee benefits

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

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

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

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

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

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

Actuarial gains and losses

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

Past service cost

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

Impairment of Loans and Receivables

The Management measures and assesses the significant increase in credit risk by comparing default risk as at the "date of initial recognition" to default risk as at the "reporting date".
IFRS 9 introduces the expected credit loss model, which applies to all financial assets that are subject to impairment. On every reporting date, an impairment loss equal to the 12-month expected credit loss (corresponding to Stage 1) shall be recognised in the Statement of Comprehensive Income for all financial assets for which there is no significant credit risk increase since initial recognition.

Income tax

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

4 Financial Risk Management

4.1 Credit Risk

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

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

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

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

During the approval process, the overall credit risk for each counterparty is examined, along with 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 reduce the company's overall credit risk exposure are taken into account.

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

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

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

Non-recourse factoring: The Company does not have the right to return unpaid invoices to the supplier and consequently assumes all the risk for collecting the invoice. Regarding non-recourse factoring services, where the Company deems that a debtor future financial inability is likely according to its relevant Policy, it insures the credit risk with an insurance company.

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

Write-offs

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

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

The following table shows the Company's maximum credit risk exposure as at 31/12/2020 and 31/12/2019, excluding security or other credit protection measures. For balance sheet items, credit exposures are based on their book value as shown in the Statement of Financial Position.

Credit risk exposure of items in the Statement of Financial Position		
	31/12/2020	**31/12/2019**
Loans and advances to customers	386,290	348,541
Provisions	16,846	16,672
Loans and advances to customers (after provisions)	369,444	331,869
Other Assets	188	187

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

4.1.2 Loans and advances to customers

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

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

31 Dec 2019	Stage 1	Stage 2	Stage 3 individual	Stage 3 collective	Total
Loans and advances to customers					
Large Enterprises	59,196	75,736	9,854	0	**144,786**
SMEs	95,734	74,524	31,528	1,969	**203,755**
Total	**154,930**	**150,260**	**41,382**	**1,969**	**348,541**
Provisions 31/12/2019					
Large Enterprises	338	970	80	0	**1,388**
SMEs	703	1,126	13,064	391	**15,284**
Total	**1,041**	**2,096**	**13,144**	**391**	**16,672**
Loans and advances (after provisions)					
Large Enterprises	**58,858**	**74,766**	**9,774**	**0**	**143,398**
SMEs	**95,031**	**73,398**	**18,464**	**1,578**	**188,471**
Total	**153,889**	**148,164**	**28,238**	**1,578**	**331,869**

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

Breakdown of changes in loans and provisions breakdown by stage - 2020

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

Breakdown of changes in loans and provisions breakdown by stage - 2019

	31 Dec 2019			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Balances as at 1/1/2019	171,002	130,305	48,654	349,961
New receivables	24,124	21,360	9,614	55,098
Movements between stages				
To stage 1	36,053	-35,189	-864	0
To stage 2	-49,753	50,179	-426	0
To stage 3	-3,287	-4,067	7,354	0
Payments and other transactions	-23,209	-12,328	-20,981	-56,518
Balances as at 31/12/2019	**154,930**	**150,260**	**43,351**	**348,541**
Provisions				
Balances as at 1/1/2019	1,455	3,645	9,885	14,985
New receivables	174	381	549	1,104
Movements between stages				
To stage 1	1,158	-1,158	-	0
To stage 2	-448	448	-	0
To stage 3	-14	-165	179	0
Payments and other transactions	-1,284	-1,055	2,922	583
Balances as at 31/12/2019	**1,041**	**2,096**	**13,535**	**16,672**
Loans and advances (after provisions)				
Balances as at 1/1/2019	169,547	126,660	38,769	334,976
New receivables	23,950	20,979	9,065	53,994
Movements between stages				
To stage 1	34,895	-34,031	-864	0
To stage 2	-49,305	49,731	-426	0
To stage 3	-3,273	-3,902	7,175	0
Payments and other transactions	-21,925	-11,273	-23,903	-57,101
Balances as at 31/12/2019	**153,889**	**148,164**	**29,816**	**331,869**

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

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

	31 Dec 2019			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Large Enterprises				
Strong	32,840	-	-	32,840
Proposed	26,356	-	-	26,356
Case-specific monitoring	-	75,736	-	75,736
In default	-	-	9,854	9,854
Total	**59,196**	**75,736**	**9,854**	**144,786**
Provisions	338	970	80	1,388
Net value after provisions	58,858	74,766	9,774	143,398
Security value	56,855	90,330	14,470	161,655
SMEs				
Strong	65,702	-	-	65,702
Proposed	30,032	-	-	30,032
Case-specific monitoring	-	74,524	-	74,524
In default	-	-	33,497	33,497
Total	**95,734**	**74,524**	**33,497**	**203,755**
Provisions	703	1,126	13,455	15,284
Net value after provisions	95,031	73,398	20,042	188,471
Security value	111,554	80,379	27,113	219,046

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

	31 Dec 20			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Large Enterprises				
Performing	93,714	59,255	10,570	163,539
91-180	-	-	-	-
Over 180 days	-	-	78	78
Total	**93,714**	**59,255**	**10,648**	**163,617**
Provisions	590	793	79	1,462
Net value after provisions	93,124	58,462	10,569	162,155
Security value	113,230	77,889	15,845	206,964
SMEs				-
Performing	118,947	82,670	7,323	208,940
91-180	-	-	528	528
Over 180 days	-	-	13,205	13,205
Total	**118,947**	**82,670**	**21,056**	**222,673**
Provisions	877	1,601	12,906	15,384
Net value after provisions	118,070	81,069	8,150	207,289
Security value	115,546	105,155	10,704	231,405

	31 Dec 2019			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Large Enterprises				
Performing	59,196	75,736	9,776	144,708
91-180	-	-	-	-
Over 180 days	-	-	78	78
Total	**59,196**	**75,736**	**9,854**	**144,786**
Provisions	338	970	80	1,388
Net value after provisions	58,858	74,766	9,774	143,398
Security value	56,855	90,330	14,470	161,655
SMEs				
Performing	95,734	74,524	19,633	189,891
91-180	-	-	-	-
Over 180 days	-	-	13,864	13,864
Total	**95,734**	**74,524**	**33,497**	**203,755**
Provisions	703	1,126	13,455	15,284
Net value after provisions	95,031	73,398	20,042	188,471
Security value	111,554	80379	27,113	219,046

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

Forborne Loans and advances to customers	31/12/2020	31/12/2019
Loans to SMEs (before provisions)	3,806	4,411
Provisions for SMEs	1,144	1,251
Loans to SMEs (after provisions)	2,662	3,160

All forborne loans are classified as Stage 3 Loans.

NPLs rise to €13,811 thousand as at 31/12/2020 and the NPL ratio stands at 3.58%, compared to €13,942 thousand and 4% respectively as at 31/12/2019.

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

The following table presents a breakdown of the company's primary credit risk exposure in book values per industry as at 31 December 2020 and 31 December 2019. The Company has distributed risk exposures per counterparty industry.

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

Industry	31/12/2019			
	Stage 1	Stage 2	Stage 3	Total
Manufacturing	59,777	105,330	11,759	176,866
Provisions	386	1,128	221	1,735
Net value after provisions	**59,391**	**104,202**	**11,538**	**175,131**
Commercial	60,343	30,064	8,999	99,406
Provisions	324	596	4,725	5,645
Net value after provisions	**60,019**	**29,468**	**4,274**	**93,761**
Transport	3,554	3,171	1,166	7,891
Provisions	59	38	10	107
Net value after provisions	**3,495**	**3,133**	**1,156**	**7,784**
Construction	12,974	536	4	13,514
Provisions	113	19	-	132
Net value after provisions	**12,861**	**517**	**4**	**13,382**
IT	6,953	9,660	7,315	23,928
Provisions	42	292	-	334
Net value after provisions	**6,911**	**9,368**	**7,315**	**23,594**
Services	5,675	1,219	2,113	9,007
Provisions	66	16	445	527
Net value after provisions	**5,609**	**1,203**	**1,668**	**8,480**
Other	5,654	280	11,995	17,929
Provisions	51	7	8,134	8,192
Net value after provisions	**5,603**	**273**	**3,861**	**9,737**
Total loans	**154,930**	**150,260**	**43,351**	**348,541**
Total provisions	**1,041**	**2,096**	**13,535**	**16,672**
Net value after provisions	**153,889**	**148,164**	**29,816**	**331,869**

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

4.2 Market Risk

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

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

4.3 Foreign Exchange Risk

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

The following table summarises the Company's foreign exchange exposure as at 31/12/2020.

Assets and liabilities are presented per currency at book value.

As at 31 December 2020	EUR	GBP	USD	Other	Total
Assets foreign exchange risk					
Cash in hand & bank balances	21,297	487	653	5	22,442
Loans and advances to customers (after provisions)	369,113	-	331	-	369,444
Real estate investments	169	-	-	-	169
Intangible fixed assets	271	-	-	-	271
Tangible assets	137	-	-	-	137
Deferred tax assets	1,834	-	-	-	1,834
Current tax assets	943	-	-	-	943
Other Assets	188	-	-	-	188
Total assets	**393,950**	**487**	**984**	**5**	**395,426**
Liabilities foreign exchange risk					
Loans	354,525	506	938	-	355,969
Retirement benefit obligations	723	-	-	-	723
Other liabilities	5,985	-	-	-	5,985
Total liabilities	**361,233**	**506**	**938**	**0**	**362,677**
Net foreign exchange position of assets - payables	**32,719**	**(19)**	**46**	**5**	**32,750**
As at 31 December 2019					
Total assets	347,712	514	661	2	348,889
Total liabilities	311,771	516	651	0	312,938
Net foreign exchange position of assets - payables	**35,942**	**(2)**	**10**	**2**	**35,951**

4.4 Interest Rate Risk

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

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

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

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

The following tables offer comparative data for the previous period:

As at 31 December 2019 (as adjusted)	Up to 1 month	1 - 3 months	3 - 12 months	Interest free	Total
Assets					
Cash in hand & bank balances	13,713	-	-	-	13,713
Loans and advances to customers	-	324,121	7,479	269	331,869
Other Assets		-	-	187	187
Total Assets	**13,714**	**324,121**	**7,479**	**456**	**345,769**
Payables					
Liabilities to credit institutions	1,952	296,648	6,000	1,907	306,507
Other Liabilities	-	-	-	3,828	3,828
Total liabilities	**1,952**	**296,648**	**6,000**	**5,735**	**310,335**
Total Interest Rate Risk Gap	**11,761**	**27,474**	**1,479**	**(5,278)**	**35,434**

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

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

During the current period, the Company amended the presentation of liabilities in order to improve their presentation.

4.5 Liquidity Risk

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

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

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

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

Amounts appearing are contractual non discounted cash flows.

As at 31 December 2020	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Liabilities to credit institutions	-		10,154	352,761	6,140	369,055
Other Liabilities	-	1,002	4,983	-	-	5,985
Total liabilities	**-**	**1,002**	**15,137**	**352,761**	**6,140**	**375,039**
As at 31 December 2019 (as adjusted)						
Liabilities to credit institutions	-		5,246	298,086	6,320	309,652
Other Liabilities	-	1,111	4,324	-	-	5,436
Total liabilities	**-**	**1,111**	**9,570**	**298,086**	**6,320**	**315,087**

During the current period, the Company amended the presentation of liabilities in order to improve their presentation.

4.6 Operational risk

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

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

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

Throughout 2020 the Company implemented the annual application cycle of the operational risk management framework. More specifically, the following procedures were implemented within the said framework:

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

4.7 Fair values of assets and liabilities

a) Assets and liabilities not recorded at fair value

The fair value of loans and advances to customers, cash in hand & bank balances, other assets, loans and other payables at net book cost as at 31/12/2020 does not differ materially from the respective book value, as these are mostly short-term transactions at market interest rates.

b) Assets and liabilities recorded at fair value

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

4.8 Capital Adequacy

The Company's capital adequacy is supervised by the Bank of Greece, to which all data stipulated in Bank of Greece Governor's Act 2651/20- 1- 2012 are submitted.

As of 1 January 2010, capital adequacy is calculated in accordance with 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 and rose to 18.41% as at 31/12/2020 compared to 19.20% as at 31/12/2019.

Capital Adequacy calculation table as at 31/12/2020 & 31/12/2019		
Equity capital	**31/12/2020**	**31/12/2019**
Share Capital	21,126	21,126
Share premium	2,770	2,770
Reserves	2,746	2,626
Subordinated loans	6,000	6,000
Retained earnings	6,887	10,754
Accounting equity	**39,529**	**43,275**
Less: Intangible fixed assets	(271)	(392)
Regulatory Capital	**39,258**	**42,883**
Risk-Weighted Assets	**213,294**	**223,382**
Capital Adequacy Ratio	**18,41%**	**19,20%**

5 Net interest income

Interest and equivalent income	1/1-31/12/2020	1/1-31/12/2019
Loan Interest	13,793	15,478
Total interest and equivalent income	**13,793**	**15,478**
Interest and equivalent expenses		
Interest and borrowing expenses	(8,727)	(9,441)
Total interest and equivalent expenses	**(8,727)**	**(9,441)**
Net interest income	**5,066**	**6,037**

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. In FY 2019 interest income and expenses include a contribution amount of €1,2 million according to Law 128/1975.

6 Net commissions income

Commissions Income	1/1-31/12/2020	1/1-31/12/2019
From factoring business	9,461	9,266
Total commissions income	**9,461**	**9,266**
Commissions Expenses		
From factoring business	(7,253)	(6,001)
Total commissions expenses	**(7,253)**	**(6,001)**
Net Commissions Income	**2,208**	**3,265**

Commissions expenses for the year 2020 include commissions of €5,490 thousand to the parent Bank, compared to €4,098 thousand in 2019.

7 Other operating income

	1/1-31/12/2020	1/1-31/12/2019
Deposit interest	1	41
Income from other activities	144	125
Other income	531	4,439
Total	**676**	**4,605**

Other income for the year 2020 includes an amount of €521 against €4,425 thousand in 2019 refers to an assigned portfolio collection from clients.

8 Staff expenses

	1/1-31/12/2020	1/1-31/12/2019
Wages and salaries	(1,130)	(1,328)
Social security contributions	(291)	(339)
Other staff expenses	(66)	(97)
Retirement benefits (note 20)	(726)	(252)
Total	**(2,213)**	**(2,017)**

As at 31 December 2020, the Company's staff rises to 37 from 44 as at 31 December 2019.

9 General administrative expenses

	1/1-31/12/2020	1/1-31/12/2019
Rent	(8)	(5)
Third-party benefits	*(1,016)*	*(970)*
Insurance premiums	(2)	(2)
Third-party fees and expenses	(264)	(389)
Other administrative expenses	(293)	(334)
Total	**(1,582)**	**(1,700)**

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

10 Income tax

The Company's income tax rate for the year 2020 and the year 2019 is 24% according to article 22 of Law 4646/2019. In addition, according to the provisions of article 24 of Law 4646/2019, any distributed profit to members of the Management or staff is subject to 5% withholding tax on such distribution. Dividend payments to the parent Piraeus Bank S.A. are not subject to withholding tax (article 63 of Law 4172/2013).

	1/1-31/12/2020	1/1-31/12/2019
Current tax	(486)	(2,003)
Deferred tax (note 19)	(393)	35
Total	**(879)**	**(1,968)**

Tax on the Company's profit before tax is the amount that results by applying the base tax rate, i.e. 24% for the year 2020 and the year 2019 and is broken down as follows:

	1/1-31/12/2020	1/1-31/12/2019
Earnings before tax	3,593	7,776
Tax calculated by applying the applicable tax rates	(862)	(1,866)
Tax rate adjustment for deferred tax calculation	-	(83)
Tax on non-deductible expenses	(17)	(19)
Income tax	**(879)**	**(1,968)**
Period's actual tax rate	**24,5%**	**25,3%**

Tax Compliance Report

The Company has completed its income tax self-assessment procedure for all unaudited tax year including year 2010.

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

Unaudited tax years

For the years 2011 to 2016, the Company has been audited by PricewaterhouseCoopers S.A. and for the year 2017 to 2019 it has been audited by Deloitte Auditors S.A. and has received unconditional “Tax Compliance Reports” according to the applicable provisions (article 82 para.5 Law 2238/1994 for the 2011-2013 period and article 65A of Law 4174/2013 for the 2014-2019 period).

For year 2020, the tax audit carried out by Deloitte Auditors S.A. is still in progress. Management does not expect any significant tax liabilities to arise after completion of the tax audit, compared to the ones recorded and presented in the Financial Statements.

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

11 Cash in hand & bank balances

	31/12/2020	31/12/2019
Cash in hand	1	2
Sight deposits	22,441	13,711
Total	**22,442**	**13,713**

12 Loans and advances to customers

	31/12/2020	31/12/2019
Loans and advances to businesses		
Recourse	*180,937*	*165,571*
Partial recourse	*139,835*	*128,695*
Non-recourse	*65,518*	*54,276*
Total loans and advances	**386,290**	**348,541**
Less: Provisions for losses (impairment) from loans & advances	(16,846)	(16,672)
Total loans and advances to customers	**369,444**	**331,869**

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

	31/12/2020	31/12/2019
Opening balance	**16,672**	**14,985**
Year expense	194	1,708
Less: year write-offs	(20)	(21)
Closing balance	**16,846**	**16,672**

The provision expense for 2019 includes an amount of €328 thousand that relates to an impairment provision for receivables from suppliers that is shown in other assets, while a reversed provision of €4 thousand in included in 2020 , as note 16.

13 Property with right of use

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

2019 **Acquisition value**	
	Property Right of Use
Opening balance as at 1 January 2019	**0**
Application of IFRS 16	412
Balance as at 31 December 2019	**412**
Accumulated Amortisation	
Opening balance as at 1 January 2019	**0**
Year expense	(122)
Accumulated Amortisation as at 31 December 2019	**(122)**
Net book balance as at 31 December 2019	**291**

14 Intangible assets

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

2019 Acquisition value	
	Software
Opening balance as at 1 January 2019	**2,993**
Additions	24
Balance as at 31 December 2019	**3,017**
Accumulated Amortisation	
Opening balance as at 1 January 2019	**(2,469)**
Year expense	(156)
Accumulated Amortisation as at 31 December 2019	**(2,625)**
Net book balance as at 31 December 2019	**392**

15 Tangible Assets

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

2019	Furniture, electronic and other equipment	Transportation equipment	Total
Acquisition value			
Opening balance as at 1 January 2019	**1,263**	**4**	**1,267**
Purchases	2	-	2
Application of IFRS 16	65	63	128
Write-offs	-	-	-
Balance as at 31 December 2019	**1,330**	**67**	**1,397**
Accumulated Amortisation			
Opening balance as at 1 January 2019	**(1,080)**	**(3)**	**(1,083)**
Year expense	(74)	(25)	(99)
Write-offs	-	-	-
Accumulated Amortisation as at 31 December 2019	**(1,154)**	**(28)**	**(1,182)**
Net book balance as at 31 December 2019	**176**	**39**	**215**

16 Other Assets

	31/12/2020	31/12/2019
Prepaid expenses & accrued income	137	52
Deposits paid	2	2
Receivables from suppliers	324	343
Impairment allowance	(324)	(328)
Receivables from the Greek Government	0	88
Other debtors	49	30
Total	**188**	**187**

The amount of €324 thousand for the year 2020 and €328 thousand for the year 2019 relates to an impairment allowance in receivables from suppliers .

17 Loans

	31/12/2020	31/12/2019
Bond loans	331,918	286,648
Subordinated loans	6,000	6,000
Current accounts	10,000	10,000
Sight deposits	5,987	1,952
Accrued interest	2,064	1,907
Total	**355,969**	**306,507**

All liabilities to credit institutions are at floating rate.

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

€248,500 thousand concern a bond loan issued in 2020 to replace a previous bond loan of an equal amount; the loan comprises 497 bonds of €500 thousand each, maturing by 3/7/2023. The interest rate is three-month Euribor plus margin. Coupon payments are quarterly.

€917 thousand concern a bond loan in USD comprising 2 bonds maturing by 3/7/2023. The interest rate is three-month Libor plus margin. Coupon payments are quarterly.

€501 thousand concern a bond loan in GBP comprising 1 bond maturing by 3/7/2023. The interest rate is three-month Libor plus margin. Coupon payments are quarterly.

€82 mln concern a bond loan comprising 164 bonds of €500 thousand each, maturing by 16/7/2021. This loan shall be renewed upon maturity. The interest rate is three-month Euribor plus margin. Coupon payments are quarterly.

An amount of €10 mln relates to a quarterly revolving credit from EBRD through a current account. The interest rate is equal to the three-month Euribor plus a margin. Interest payments are quarterly.

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

18 Other liabilities

	31/12/2020	31/12/2019
Liabilities to insurance funds	64	75
Deferred income and accrued expenses	40	53
Liabilities to suppliers	1,278	966
Due to customers	3,119	2,363
Lease obligations	223	381
Other liabilities	273	370
Other taxes - duties	988	1,227
Total	**5,985**	**5,436**

Liabilities to customers include amounts payable mainly through management Factoring.

19 Deferred tax

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

Deferred tax assets	31/12/2020	31/12/2019 (as adjusted)
Pensions and other retirement benefits	154	140
Value impairment of loans and receivables	1,602	1,976
Reserves	9	5
Other temporary differences	69	101
Deferred tax assets	**1,834**	**2,222**

During the current period, the Company amended the presentation of reserves in order to improve their presentation.

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

Deferred Tax (Statement of Comprehensive Income)	1/1-31/12/2020	1/1-31/12/2019
Pensions and other retirement benefits	14	31
Value impairment of loans and receivables	(374)	16
Other temporary differences	(33)	(12)
Total	**(393)**	**35**

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

Deferred tax (Equity)	1/1-31/12/2020	1/1-31/12/2019
Reserves	4	5
Total	**4**	**5**

20 Post-retirement benefit obligations

Current benefit plan

Severance grant according to Law 2112/1920 and Law 4093/2012

Severance grants are offered to the majority of the Company's employees 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 which are terminated before meeting the retirement eligibility criteria or are subject to special retirement conditions shall be considered as contracts of indefinite duration; therefore, the provisions of Law 2112/1920 on pension compensations shall apply.

On 12 November 2012, Law 4093/2012 (E.K A'222) specified a 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 consecutive 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:

The amounts recorded in the Statement of Financial Position are as follows:	31/12/2020	31/12/2019
Present value of liabilities	723	663
Liability in the statement of financial position	723	663
The amounts recorded in the Statement of Comprehensive Income are as follows:		
Cost of current service	13	19
Financial cost	5	9
(Profit) cost of cuts / settlements / termination	708	224
Total	726	252
Benefits paid by employer	-	-
Total included in staff expenses (Note 8)	726	252
Change of obligation in the Statement of Financial Position:	**31/12/2020**	**31/12/2019**
Opening balance	663	517
Paid contributions	(686)	(140)
Total expense recognised in the income statement	**726**	**252**
Actuarial (gains) of defined benefits plans	20	34
Liability in the statement of financial position	723	663
Reconciliation of present value of liabilities		
Opening balance of present value of liabilities	663	517
Cost of current service	13	19
Financial cost	5	9
Benefits paid by employer	(686)	(140)
Additional expenses / (Income) or payments	708	224
Actuaria (gains) / losses	20	34
Closing balance of present value of obligations	**723**	**663**

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

	31/12/2020	31/12/2019
Inflation	1,35%	1,40%
Discount rate	0,53%	0,96%
Future salary increases	1,35%	1,40%
Average future employment rate	10.05	19.58

Sensitivity analysis	Change in the liability (%)		
	Change	Increase	Decrease
Discount rate	0,50%	-4,90%	5,40%
Future salary increases	0,50%	5,30%	-4,90%

The amount of €726 thousand which is included in staff expenses (against €252 thousand in 2019) is due to the voluntary exit plan implemented by the Management in October 2020 and is offset by the corresponding reduction of staff expenses for employees who made use of this plan. The plan provided incentives for employees of the Bank and its Greek subsidiaries in the framework of the "Agenda 2020" strategic plan through cost rationalisation measures.

21 Current tax receivables and payables

	31/12/2020	31/12/2019
Current income tax receivables	943	-
Current income tax liabilities	-	(332)
Total receivables/(payables) from year's income tax.	**943**	**(332)**

22 Share Capital

	Share Capital	Above par	Total
Opening balance as at 01 January 2020	21,126	2,770	23,896
Balance as at 31 December 2020	**21,126**	**2,770**	**23,896**
Opening balance as at 1 January 2019	21,126	2,770	23,896
Balance as at 31 December 2019	**21,126**	**2,770**	**23,896**

The total number of approved common registered shares is 5,868,233, with a par value of €3.6 per share. All common shares have been issued and the share capital is fully paid-in. The Company does not own any treasury shares.

23 Other reserves and retained earnings

	31/12/2020	31/12/2019
Regulatory Reserves	2,499	2,363
Reserves from specially-taxed income (Law 2238/1994)	43	43
Taxed and other reserves	205	220
Retained Earnings/(Loss)	6,108	9,430
Total other reserves and retained earnings	**8,854**	**12,056**

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

Other reserves are broken down as follows:

Other Reserves	31/12/2020	31/12/2019
Opening balance	2,626	2,277
Extraordinary reserves from staff compensation provisions (IAS 19)	(16)	(25)
Earnings to legal and other reserves	137	375
Closing balance	**2,746**	**2,626**

Profit (loss) balance carried forward	31/12/2020	31/12/2019
Opening balance	9,430	7,795
Year profit/ (loss)	2,714	5,808
Dividend distribution	(5,900)	(3,800)
Earnings to other reserves	-	(84)
Earnings to legal reserves	(136)	(291)
Closing balance	**6,108**	**9,430**

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

24 Dividend per share

The General Shareholders' Meeting held on 9/10/2020 decided on a dividend distribution amounting to €5,900 thousand. The Company's Board of Directors will propose to the General Shareholders' Meeting a dividend distribution to the amount of €1,200 thousand from the 2020 year profit.

25 Related party transactions

a) Transactions with members of Management

	31/12/2020	31/12/2019
Salaries and other fees	102	124
Total	**102**	**124**

b) Transactions with affiliated companies

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

Transactions with the parent company until 30/12/2020 were consolidated in the former Piraeus Bank while after 30/12/2020, when the demerger took place, they were consolidated in the new Piraeus Bank.

In the context of its business operations, the company also deals with other Piraeus Bank Group companies, i.e. Piraeus Leasing SA, Semithea SA and other related companies.

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

During the current period, the Company amended the presentation of transactions with related parties in order to improve their presentation.

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

	31/12/2019			01/01/2019-31/12/2019
(as adjusted)	Receivables	Payables	Income	Expenses
Parent	12,793	296,679	327	13,433
Other related parties	24,322	233	2,297	6
Total	**37,115**	**296,913**	**2,624**	**13,439**

26 Commitments for contingent liabilities

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

27 Lease obligations

The Company's lease portfolio

Leases of office buildings: The company leases office buildings in Athens and Thessaloniki. The lease in Athens expires on 30/9/2021 and the lease in Thessaloniki expires on 31/12/2026. The main terms of the new leases (duration, etc.) are similar for all tenants.

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

Leases of office equipment: The company leases office equipment for its operational needs. The lease term expires on 31/12/2022.

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

	31/12/2020	31/12/2019
Up to 1 year	121	158
1 - 5 years	86	191
Over 5 years	16	32
Total undiscounted obligations	223	381

As at 31 December 2020, the present value of lease obligations amounts to €214 thousand (31 December 2019: €367 thousand) and is broken down in the table below.

	31/12/2020	31/12/2019
Up to 1 year	**118**	**153**
1 - 5 years	**80**	**183**
Over 5 years	**16**	**31**
Total discounted obligations	**214**	**367**

Lease obligations are included under "Other obligations".

28 Auditor fees

For the years that ended on 31 December 2020 and 2019, the fees paid to the Company's Auditor (Deloitte S.A.) are broken down in the following table, pursuant to article 43a of Law 2190/1920, as amended by article 30 of Law 3756/2009.

	31/12/2020	31/12/2019
Regular Statutory Audit	39	39
Tax Audit	14	14
Total	**53**	**53**

29 Events after the reporting period

Apart from the above, there are no other events, subsequent to the financial statements as at 31 December 2020, which concern the Company and could have a significant impact on the Company's Individual Financial Statements.

Athens, 2 July 2021

The Chairman of the Board of Directors	The CEO	For PWC BUSINESS SOLUTIONS SA The CFO
ELENI CH. VRETTOU ID Card No.: AB 515478	KONSTANTINOS D. CHRISTODOULOU ID Card No.: AO 567451	PANAGIOTIS D. GEORGIOU ID Card No.: AZ 525970 ECG Licence No.: A 12685